

# **An entrepreneurship-as-practice perspective on the development and growth of social enterprise in South Africa**

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## Abstract

Within the third sector, scarce resources make it difficult for social enterprises to survive financially, become more innovative and entrepreneurial, and generally grow and develop to scale. Although there is no agreement on the definition, the extant literature tends to frame social enterprise as critical for addressing challenging social problems. Social enterprise involves some degree of profit-making, while maintaining a strong focus on social mission. The latest literature points to social enterprise as an example of a hybrid organisational form that has the potential to act as a solution to complex social problems. However, the literature also highlights the considerable tensions inherent in hybridity, as well as the substantive mission-drift that inevitably occurs. The current body of knowledge does not describe how social enterprise growth and development occurs, nor does it adequately illustrate how social enterprise hybrids can continue to meet their important social missions while generating sufficient operating income to sustain themselves. Additionally, there is a dominant view that non-profit social enterprises may face difficulties in surviving as hybrids due to the risk of mission-drift. An in-depth study of non-profit social enterprises that had already reached scale was undertaken to address this. By doing so, a contribution was made to the development of the social entrepreneurship and social enterprise fields. The theory on social enterprise ideal-types was deepened. In addition, this study provides a framework for social enterprise growth and development within this organising context. Strategy-as-practice (SaP) core concepts as influencers within an entrepreneurship-as-practice (EaP) theoretical framework, contained by a social practice theory theoretical lens. The result was a focus on daily business management and strategic development practices. Additionally, contextualisation – as the link between the micro-context in each organisation and macro environment – was studied as the context for this growth and development.

Key words:

**Activity drift, business model, context, contextualisation, entrepreneurship-as-practice (EaP), entrepreneurial non-profit (ENP), hybrid, hybrid ideal, mission-drift, non-profit organisation (NPO), organisational change, practices, practitioner, praxis, scale, social business, social change, social enterprise, social entrepreneurship, social innovation, strategy-as-practice (SaP), systems-change, systems theory, Theory of Change (ToC), third sector, transition**

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# CHAPTER 1: Introduction to the study

## 1.01 Chapter introduction

Chapter one provides an introduction to the study, affording the background, delimitations, use of existing typologies, the research problem, problem statement, its rationale, objective, scope, and purpose. Thereafter, the research questions are presented in detail, briefly followed by the contributions arising from the study.

## 1.02 Background

The overarching social entrepreneurship body of literature has struggled with a lack of clarity on definition and scope for decades (Bacq & Janssen, 2011; Choi & Majumdar, 2014; Gordon, 2015; Mair, 2010; Saebi, Foss, & Linder, 2018; Steinman & Van Rooij, 2012; Wijnberg, 2012; Zhang & Swanson, 2013). Key authors suggest this is because the field is extensive and encompasses wide-ranging phenomena (Bacq & Janssen, 2011; Gordon, 2015; Grassl, 2012). More recently, there has been a move away from the struggle for definition towards exploring and understanding the social enterprise organisation (Defourny & Nyssens, 2016; Gordon, 2015; Grassl, 2012; Saebi et al., 2018).

The social enterprise concept encompasses organisations along a continuum, from purely non-profit through purely for-profit, all with a social mission of some kind (Defourny & Nyssens, 2010, 2016). Social enterprises are typically viewed as hybrid organisations with varying degrees of hybridity, employing “business-like activities characterized by some blend of profit motivation” (Brinckerhoff, 2000, p. 17), the application of “managerial and organizational design tools developed in for-profit business settings” (p. 17), and/or general “business thinking to structure and organize activity” (p. 17). Hybrid organisations “combine institutional logics in their efforts to generate innovative solutions to complex problems” (Jay, 2013, p. 137).

Social enterprises, in particular, frequently fulfil a necessary role in societies where both state support and market frameworks fail or are unable to respond adequately to all citizen needs (DSD, 2015; Urban, 2013). In particular, countries with emerging-market economies typically struggle with deep-rooted social issues, caused by large-scale poverty and unemployment and, as such, rely on social enterprises to meet numerous social needs (DSD, 2015; Urban, 2013).

While there is literature exploring how social enterprises financially sustain themselves to fulfil their social mission, limited studies go beyond financial reliance on government or

corporate grants (Battilana, Lee, Walker, & Dorsey, 2012; Ebrahim, Battilana, & Mair, 2014). There is also a dearth of understanding how organisations that are resource-constrained, operate in resource-constrained, and often chaotic, institutional environments (Littlewood & Holt, 2015, 2018a, 2018b; Rivera-Santos, Holt, Littlewood, & Kolk, 2015). In certain emerging-markets, it appears that social enterprises will not be able to achieve financial sustainability in the future, even where social need exists, without transitioning further to a still more entrepreneurial business model (Kang'ethe & Manomano, 2014; Karanda & Toledano, 2012).

### **1.03 Delimitations**

While this is an enormous study, with large amounts of original data collected and analysed, affording numerous empirical insights, it also has a number of delimitations, as follows.

#### **1.03.1 Delimitation 1a**

Although the researcher set out to study how non-profit organisations (NPOs) within this particular context transition to social enterprise, and receiving a full list of twelve HIV-healthcare NPOs operating at scale in South Africa from relevant state departments, the organisations studied actually reflected a range of legal registrations. In addition, no substantial transitions were found. The organisations had all either been initiated as hybrid organisations, and/or were comfortable with the hybridity that, by the time of the study, had already been practiced for a number of years.

#### **1.03.2 Delimitation 1b**

Due to the lack of a social enterprise sampling frame in South Africa, this study does not study NPOs transitioning, but social enterprises the government mistakenly labels civil society organisations (CSOs) – the Department of Health (DoH), or NPOs – the Department of Social Development (DSD), in that a list of the same twelve, large HIV-healthcare “NPOs” was obtained from these two separate government departments.

The list, comprising the entire population, of large, national organisations supporting the South African government’s HIV-health agenda by running clinical HIV services across the country, was ultimately revealed to not contain a single pure NPO, but to contain varying forms of hybrid social enterprise. Four cases ultimately participated in this study. All operated as mixed-model hybrid social enterprises. They all also appeared, from the outside, to be registered NPOs. Although this was not found to be the case, all operated under a non-profit philosophy. Consequently, the non-profit philosophy and culture was studied as part of understanding how the hybrid social enterprise, in this context, grows to scale.

### **1.03.3 Delimitation 2**

Most commonly, the literature refers to the lack of generalisability of qualitative case study results, as the most crucial limitation to the methodology (Baxter & Jack, 2008; Yin, 2014). The intention behind this study, however, was to gain a deep understanding of a particular phenomenon within a distinct context, bounded by place and by time (Creswell, 2013; Pettigrew, 2013; Yin, 2014), as opposed to generalising findings to all social enterprises operating all over the world.

In addition, the entrepreneurship-as-practice (EaP) literature asserts that in order to contribute to social practice theory, it is necessary to physically observe the situated entrepreneurial practices, making ethnography, grounded theory, a longitudinal study, or case studies the only viable research design options. Due to PhD study norms and regulations, a case study research design was selected and conscientiously applied, in order to add to building new theory in this field.

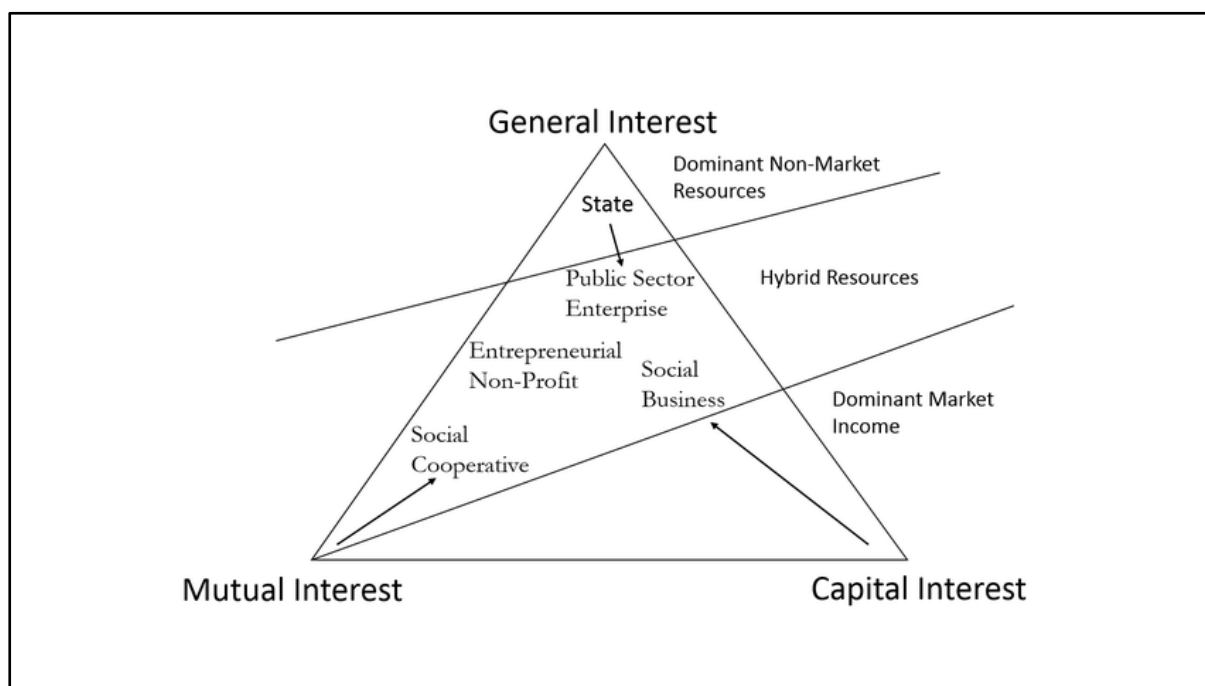
Legitimation, a philosophical “rethinking of such terms as validity, generalizability, and reliability” (Denzin & Lincoln, 2005, p. 19), was introduced to reduce the impact of the absence of theoretical generalisability inherent to qualitative case study research, thereby improving study legitimation. Legitimation included a rational evaluation of possible scientific assessment of the study in a post-constructivist era (Denzin & Lincoln, 2005).

## **1.04 Existing typologies and how they were used in this study**

The focus in the literature to date, has been on defining and categorising different types of social enterprises. However, these typologies typically are very narrow, focusing only on market forces, institutional factors, or resource-mix (Defourny & Nyssens, 2010, 2012, 2016). Littlewood and Holt (2015, 2018b) conducted a study on social enterprise in South Africa (SA) and developed a basic typology of social enterprise models as simple, advanced, complex, and partnership. Defourny and Nyssens (2010, 2012, 2016) developed an ideal-types classification of social enterprise business models that addresses market reliance, resource-mix, institutional trajectories, and principle area of interest as defining factors (see Figure 1, overleaf).

This typology identifies four business model types for social enterprise, namely the entrepreneurial non-profit (ENP), the social co-operative, the social business, and the public-sector social enterprise (Defourny & Nyssens, 2012, 2016). Market forces delineate organisations that employ business models and business practices, or that generate income to various degrees alongside a social mission. Institutional factors refer to how the organisation has been constituted, what support structures and voids are present in the context, and the governance mechanisms developed to manage these (Mair & Marti, 2009;

Mair, Mayer, & Lutz, 2015; Pache, Battilana, & Spencer, 2018). The resource-mix relates to how the organisation funds its work, and this has been the most common way of categorising social enterprises to date (Defourny & Nyssens, 2010, 2012, 2016). Defourny and Nyssens (2010, 2012, 2016) typology combines these and other existing typologies to allow for fuller representation of all these components in 'ideal-types'. Figure 1 below depicts Defourny and Nyssens' (2010, 2012, 2016) ideal-types typology.



**Figure 1: Ideal-types typology** (adapted from Defourny & Nyssens, 2016, p. 12)

The analytical framework derived from combining these typologies highlights principles of interest, allocating organisations to general (GI), mutual (MI) or capital (CI) interest. GI organisations are usually state initiatives that take the interests of the full community into account, although some social enterprises, notably those performing state-type services, also address more general interests. Organisations focusing on MI are usually membership organisations such as co-operatives working on common social goals. NPOs are viewed as sitting somewhere between the GI and MI corners. CI refers to reliance on the market and is usually conducted by for-profit companies (Defourny & Nyssens, 2010, 2012, 2016). The typology suggests that the middle section, where resources are of a hybrid nature in that they combine market (commercial) and non-market (non-profit, grant or state funding) resources, is the 'sweet spot' of social enterprise. This is even more clearly demonstrated in Figures 4 and 10 (p. 80 & p. 279).

This study focused on how competing tensions were managed in social enterprises, with hybrid business models and non-profit guiding philosophies, within this context. Assumptions drawn from the literature were that as the enterprise moved towards more GI and CI, it would move away from MI, its non-profit philosophy, and its social mission (Cornforth, 2014; Defourny & Nyssens, 2010, 2012, 2016). This is where mission tensions, ultimately resulting in mission-drift, would occur (Battilana et al., 2012; Cornforth, 2014; Doherty, Haugh, & Lyon, 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Grimes, Williams, & Zhao, 2018; Kodzi, 2015; Young, Jung, & Aranson, 2010; Young & Lecy, 2013). However, according to Defourny (2016), the cases selected for this study probably straddled both MI and GI, being HIV-healthcare NPOs that in many ways perform the work of the state (J. Defourny, personal communication, 19 October 2016).

A premise, therefore, was that as these organisations achieved greater financial independence, they could afford – and so would begin – to address more GI. Consequently, as opposed to moving away from the social mission, the social mission would broaden. However, in this study, the social mission did not broaden, nor did it appear to change in any way, having focused on GI from the start.

The Defourny and Nyssens (2010, 2012, 2016) typology was selected for this study as it provided a framework for thinking about the business practices, particularly governance practices and business model practices, that were assumed to be necessary for social enterprises to attempt to manage their hybridity tensions. While this typology provides a starting point, however, the pathway to alternative paradigms for combining market, institutional and resource models, and the practices that facilitate this, has not yet been fully elucidated.

#### **1.04.1      *The entrepreneurial non-profit (ENP)***

The concept of the ENP, although not entirely new (Sepulveda, 2014), is a relatively new conceptualisation developed by Defourny and Nyssens (2012, 2016), on behalf of the Emergence of the Social Enterprises in Europe (EMES) and the International Comparative Social Enterprise Models (ICSEM) research agendas. The ENP, located in the middle of the social enterprise ideal-types triangle, is defined as “any non-profit organizations developing any type of earned-income business in support of their social mission” (Defourny & Nyssens, 2016, p. 12). The ENP typically develops ways of complementing grants and donations by incorporating trading activities, market-related projects, and/or business-like practices (Defourny & Nyssens, 2012, 2016).

What distinguishes the ENP from other hybrid forms is the centrality of the social mission, as well as the inclusion of other entrepreneurial practices broader than only profit-

generation (Defourny & Nyssens, 2016). In addition, unlike the NPO, the ENP usually does not have any limits placed on it, for profit maximisation and distribution. Yet, similar to the NPO, the ENP has an asset lock that specifies how assets may be used and disposed of (Ridley-Duff & Bull, 2015).

In the social enterprise field to date, the social mission has been interpreted on any one of three levels: that the services/products are social in nature; that the focus is on social actors; or that wider societal values and concerns are addressed (Defourny & Nyssens, 2012, 2016). Within the ENP, however, the social mission is thought to represent all three levels simultaneously.

The EMES research network holds that for ideal social enterprises, the social mission, business model and governance structure are mutually dependent (Defourny & Nyssens, 2012, 2016). Consequently, governance and decision-making are emphasised in the ENP ideal-type, with a board holding this authority, albeit within a democratic vote system (Battilana & Lee, 2014; Defourny & Nyssens, 2012, 2016; Hendry, Kiel, & Nicholson, 2010; Mair et al., 2015; Pache & Santos, 2013). This is already typical for most registered NPOs in this context, required by legislation to have a constitution and a board (DSD, 2015, 2017).

In South Africa, no list of social enterprises exists (Fury, 2010; Myres, Mamabolo, Mugudza, & Jankelowitz, 2018) requiring study to typically be conducted with NPOs that may/not be generating additional income. The ENP, therefore, seems to advance a new hybrid organisational form because it does not focus solely on profit, appearing to offer an alternative to non-profit social enterprises with entrepreneurial ability, even if they do not consider themselves to be profit-making hybrids. The move to becoming more entrepreneurial and enterprising for mission-driven organisations is, consequently, about discovering the combination of financing that is best able to adjust to, and fit, the social mission (Defourny, 2017; Mair & Marti, 2009; Mair et al., 2015).

## **1.05 Background to the research problem**

Existing research does not adequately explain the South African context because most of the extant research has been conducted in wealthier economies where access to resources for social enterprises, although difficult, is still less fraught (ILO, 2016; Littlewood & Holt, 2015, 2018b). In these wealthier and more industrialised economies, it may be possible for organisations to elect to remain fully non-profit, as opposed to being forced to change to survive (Urban, 2008). Consequently, within these countries, hybridity appears to be driven as much by choice as by necessity (Battilana & Lee, 2014; Gordon, 2015; Grassl, 2012), while in emerging-markets, the element of choice is believed to be largely absent (Kang'ethe & Manomano, 2014; Urban, 2008).

This research study focused on how South African non-profit social enterprises – purportedly sitting between the MI and GI corners in Defourny and Nyssens' (2010, 2012, 2016) ideal-types typology – had, developed towards a more entrepreneurial organisational form to survive. Moreover, how this had been accomplished while growing to scale and, ultimately, 'success'. The organisations in this study survived, despite not having a defining corner of their own in the typology and only having limited access to resources in a resource-constrained emerging-market such as South Africa. Moreover, these organisations, historically viewed as NPOs, also appeared to be thriving in this context.

## **1.06 Problem statement**

Social enterprises struggle to access sufficient funding and to cope with the intricacies of managing increasingly complex organisations without the requisite management skills (McGee & Donoghue, 2009; Urban, 2008, 2015). More recently, lack of donor funding, changing donor objectives, local and global economic crises, and insufficient business expertise to sustain new, multifaceted organisation types have led to a number shutting their doors (McDonald, Weerawardena, Madhavaram, & Mort, 2015; Smith, Cronley, & Barr, 2012).

The context for this research considers the fact that there is increasing social need, both globally and in South Africa. In addition, due to the legacy of apartheid, the South African government does not have the capacity to provide fully for its citizens' social needs, and the NPOs that have historically done so argue that they are finding it increasingly difficult to access sufficient funding to sustain operations (Gordon, 2015; Kang'ethe & Manomano, 2014; Littlewood & Holt, 2015, 2018b; Smith et al., 2012; Urban, 2013).

As a result, these organisations need to find alternative ways of operating to financially sustain themselves. This pressure to develop into a new organisational form involves balancing the continued meeting of social needs with more entrepreneurial ways of raising and using funds, often without the necessary internal business capacity (Maier, Meyer, & Steinbereithner, 2016; Sepulveda, 2014).

The academic motivation for this study is that the dominant social entrepreneurship literature maintains that social enterprises are fragile organisations, that struggle to manage competing institutional tensions, and succumb to mission-drift, which further affects their sustainability (Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014). In addition, although business management practices are hypothesised and proposed (Mair & Marti, 2009; Mair & Schoen, 2007; Pache & Santos, 2013; Santos, Pache, & Birkholz, 2015), these have not yet been elucidated in the literature.

Large social enterprises, that have scaled successfully have typically not been studied globally. The South African, emerging-market context further impacts on the lack of available

knowledge (Littlewood & Holt, 2015, 2018b). Social entrepreneuring, or the practice of social entrepreneurship has not received attention in the literature, and as a result there is theoretical uncertainty as to how social enterprises operate 'in-practice' (Dey & Steyaert, 2016).

### **1.07 Purpose statement**

The purpose of this research study was to develop a deeper understanding of the growth and development practices of local social enterprises, the processes involved in business model design, the evolution towards hybrid social enterprise, and the discovery of the specific practices social enterprises could employ to balance competing logics, and therefore scale while mitigating the chances of mission-drift. In addition, this research study is part of a broader effort to strengthen the social entrepreneurship ecosystem in South Africa.

Strategy-as-practice (SaP) foundational concepts, not yet fully advanced within the entrepreneurship-as-practice (EaP) academic community, were applied with an EaP-oriented framework, all contained within an overarching social practice theoretical lens. SaP concepts were selected as the processes of growth and change were perceived as being strategic in nature. An EaP-oriented framework was selected to understand how these strategic developments and changes in business model occurred, as these theories focus on day-to-day practices, as seen within organisational 'doings and sayings' (Schatzki, 1996, p. 89).

Strategic decisions taken while these organisations grew and developed were considered using the key SaP and EaP concepts of practitioner, practices and micro-practices (or praxis), as well as the organising context and situated practices, as the theoretical framework. Consequently, social practice theory, utilising Bordieu (1972 - 2005) and Schatzki (1996 - 2018) as key theorists influencing both the strategy-as- and entrepreneurship-as-practice fields provides the predominant frame.

Ultimately, much of the practitioner data were removed from this final presentation as the findings were in line with the extant literature. In addition, due to the depth of the multi-level micro-practices research data collected, much of this data were also left out of the final presentation as the data were too dense to be practically presented. The practices, however, became a central focus of the practice model developed, due to their depth and consistency.

As a result of the contextualisation of the research, the context took on an (appropriately) considerable place within the study. This occasioned both a historical background chapter, one theme with two parts, and a role for context within the theoretical practice model.



## **1.08 Research objective**

The research objective, using EaP concepts, influenced by SaP constructs and within a social practice theoretical lens, was, therefore, to explore the transition and development processes that South African, non-profit, mission-driven hybrid social enterprises had undergone as they grew to scale.

An extensive review of the literature was undertaken to establish the theoretical gaps, and for relevant research questions to be developed (Alvesson & Sandberg, 2011). An entrepreneurship-as-practice theoretical lens was applied to study these social enterprises according to the daily management practices of the social entrepreneurs (Schatzki, 1996, 2001, 2002, 2005; Schwarz & Stensaker, 2016). Simultaneously, the researcher considered how the South African, emerging-market context, as well as the assortment of other organising contexts, such as the HIV-healthcare system, the non-profit sector, and South Africa's political environment, impacted on these enterprises as they grew, changed and developed (Welter & Gartner, 2016; Welter et al., 2019).

## **1.09 Research questions**

The primary research question focused on understanding how these organisations operated within hybrid structures (Battilana, 2018; Battilana & Lee, 2014; Jay, 2013; Lee & Jay, 2015). The sub-questions attempted to understand how this hybridity was obtained and maintained in this context, utilising the key framing concepts of practitioner, practices and praxis (Jarzabkowski, Balogun, & Seidl, 2007; Jarzabkowski, Smets, Bednarek, Burke, & Spee, 2013). In addition, how these situated practices changed over time due to the impact of the organising context was considered (Johannisson, 2014, 2018; Steyaert, 2007; Welter & Gartner, 2016; Welter et al., 2019).

Originating from gaps within the literature, and driven by unanswered practitioner questions, the primary research question was ultimately: how do South African hybrid social enterprises grow and scale without any mission-drift?

### **1.09.1 Sub-questions**

Three overarching sub-questions were asked. The first enquired as to: what contextual obstacles and/or facilitators resulted in the formation, and subsequent growth, of these hybrid social enterprises? The extant literature maintains that the context has a substantial impact on the organisation's initiation, and that subsequent institutional voids and tensions driven by the context must be managed (Cornforth, 2014; Kerlin, 2013). The researcher also observed the contextual obstacles and/or facilitators by observing the influences of the context, and the reciprocal impacts of the organisations. This observation primarily took place while witnessing

stakeholder meetings, board meetings and meetings between the organisations and one another, as well as between organisations and government stakeholders, and organisations and a key donor.

Sub-question two, informed by the SaP literature, asked what regular strategic practices were employed within the business model to facilitate growth and development. In addition, questions sought to understand the extent of mission-drift and whether there were practices to maintain the social mission and address strategic tensions. The strategic practices were also surveyed through observing strategic conversations and board meetings. In addition, the researcher reviewed the strategic documentation of each organisation, and examined whether there was consistency in strategic practices through doing so.

Finally, the third set of sub-questions queried what daily management practices were employed within the operational model to facilitate growth and development, while maintaining the social mission. These everyday management practices were discerned when the researcher spent time observing the managers and staff go about their day-to-day functions. These research questions, all derived from the EaP literature, are presented in more detail in chapter four (p. 63).

## **1.10 Importance and benefits of the study**

The social enterprise field in South Africa is in crisis, with closure due to lack of funding becoming more common, resulting in a deficiency of critical services to communities across the country (Kang'ethe & Manomano, 2014; Kodzi, 2015; Visser, 2011). This translates into pressure for mission-driven organisations to achieve operating sustainability through social enterprise growth and development practices (Jay, 2013; Lee & Jay, 2015; Van & Vredenburg, 2015). This is believed to be exacerbated by the absence of specific legislation and norms for these types of organisations, resulting in the lack of a formal support structure (Claeyé, 2017; Fury, 2010; Steinman & Van Rooij, 2012).

Nonetheless, it has become obvious that a new way of operating, and new strategies, models and tools to sustain mission-oriented social enterprises are needed. This study developed a practice model describing the strategic development processes and daily management practices required for hybrid social enterprises to develop more entrepreneurial and innovative business models in an emerging-market economy. Empirical research was deemed necessary as, at this stage in the development of the social enterprise academic field (Sassmannshausen & Volkmann, 2018), it is perceived as being of “considerable significance for social entrepreneurship as a field of scientific inquiry” (Hoogendoorn, Pennings, & Thurik, 2010, p. 3).

This study may be considered useful as Africa serves as a laboratory to test concepts that have not yet been tested in the West (Barnard, 2019). Furthermore, because so much is still unknown about social enterprise growth in emerging-markets (Jankelowitz & Myres, 2018; Kang'ethe & Manomano, 2014; Mair et al., 2015; Mair & Schoen, 2007; Steinman & Van Rooij, 2012) in Africa and southern Africa (Littlewood & Holt, 2015, 2018b; Rivera-Santos et al., 2015), as well as South Africa (Claeyé, 2017; Littlewood & Holt, 2015, 2018b; Myres et al., 2018; Urban, 2008, 2013), this research study is timeous.

## **1.11 Research contributions**

A number of theoretical, empirical and practical advancements to nascent theories and emergent fields are made by this study. In particular, three theoretical contributions emerged.

### ***1.11.1 When the social mission requires scale to bring about social change, there is less mission-drift because growth is built into the original mission***

When the intention is to scale, and the social mission is framed around scaling, mission-drift is less likely, even due to donor interference. Consequently, right from initiation, these organisations frame their social missions in terms of scaling for social change within the broader system.

The extant literature attends to the considerable tensions fundamentally evoked by the shift towards a more entrepreneurial business model, and particularly the introduction of a profit model (Alter, 2010; Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Grimes et al., 2018; Kodzi, 2015; Maier et al., 2016; McGee & Donoghue, 2009; Moss, Short, Payne, & Lumpkin, 2010; Smith, Gonin, & Besharov, 2013). Additionally, these authors argue that by introducing an income-generation strategy, social enterprises risk mission-drift that will undermine, and may even destroy, these organisations.

However, the existing body of literature does not adequately address whether these tensions automatically arise across every scenario, nor how they may be practically overcome. This study contributes to social entrepreneurship by finding that when the social mission is focused on social change, as opposed to creating mission-drift as the organisation grows, the organisation is equipped for scale in order to meet the mission.

The prevalent social change orientation was concluded to be a driving force to both ensure the predominance of the social mission, and result in substantial growth and influence – as well as subsequent scale – for the organisation. This is aligned to the newer literature advocating further study on how these competing tensions in hybrid business models can be

managed, in order to convert the 'hybrid ideal' (Battilana et al., 2012; Ebrahim et al., 2014) into a reality (Bacq et al., 2018; Battilana, 2018; Pache et al., 2018).

### **1.11.2 *Distinct strategic practices, practitioner actions, and management praxis facilitate business model evolution and management***

Changes in business strategy, such as the shift to a more entrepreneurial operating model or to a profit model, have largely been perceived of as being the result of changes in the business model (Chroner, Johansson, & Malmstrom, 2015; Schaltegger, Hansen, & Lüdeke-Freund, 2015; Young, 2001). Existing theories do not, however, provide an adequate understanding of how non-profit social enterprises manage resource-allocation, business models and mindset, particularly when the organisation is dependent on donor funding for financial sustainability. Also, as yet, no explanation of the process organisations must follow, or the factors involved to successfully grow and develop in this context have been presented.

Numerous typologies of business models have been put forward for social enterprise to date (Alter, 2010; Defourny & Nyssens, 2016; Gordon, 2015; Grassl, 2012), but none adequately address how these business models can be applied and altered for best use. A theoretical contribution, consequently, results from the application of social practice theory, to understand how competing profit-mission logics are managed within hybrid business models.

Utilising a strategic and entrepreneurial social practice theory framework, everyday business practices were enquired after and observed. The practices contain multiple micro-actions within each, and these facilitate a focus on mission accomplishment, while accelerating growth towards scale. Limited to no mission-drift was detected and instead the social mission was found to be the linchpin around which the business model was structured.

### **1.11.3 *A new interest is added to Defourny and Nyssens' (2016) social enterprise typology***

This study strengthens Defourny and Nyssens' (2010, 2012, 2016) social enterprise ideal-types model by offering an understanding of how hybrid social enterprise is being realised – through strategic, governance, financing, and management practices – in this specific context. In particular, pressure to push away from capital interests (CI) and towards more mutual interests (MI), for commercially registered enterprises was found.

The direction of this particular interest has not previously been included in the model, with the typical move being towards CI. One organisation, in particular, initiated as a for-profit business, described moving even closer to, as opposed to away from, the social mission. See Figures 1 (p. 4), 4 (p. 80) and 10 (p. 279) for further clarity.

#### **1.11.4 Empirical contributions**

By maintaining a focus on the organisation, the processes of strategic change, the organisation's dynamic business model, the social mission, organisational growth paths and processes, and any influence on the broader HIV-health sector in South Africa, this study moves away from a focus on the individual hero entrepreneur.

Furthermore, context was studied as both a contributor to, and a noteworthy detractor from, social enterprise development and growth. Contextualisation was thus approached as a considerable factor in the research study (Patriotta & Siegal, 2019; Welter et al., 2019).

#### **1.11.5 Practical contributions**

From a practical perspective, although there are reasonably delineated definitions of non-profit social enterprise success – as acquiring sufficient resources to be able to achieve the intended social mission (Salamon, 2010) – there are no recognised best practices to provide guidance. Social enterprises in emerging-market economies, in particular, require study precisely because both the context and the organisations operating therein are resource-constrained, making survival more difficult, while rendering these organisations indispensable (DSD, 2017; Littlewood & Holt, 2015, 2018b; Swilling & Russell, 2002).

This study strengthens the third sector and social entrepreneurship fields by expanding and furthering the conceptualisation of the hybrid business model within the mission-driven social enterprise. A study of how South African non-profit, mission-driven, multinational social enterprises grow and develop to become more entrepreneurial, financially sustainable, and ultimately reach scale was, consequently, undertaken to be of theoretical, empirical and practical value.

### **1.12 Scope of the study**

The scope of this research study encompassed the strategic development plans and business models of mission-driven social enterprises in the South African emerging-market context, employed to simultaneously achieve social mission and financial sustainability. As the third sector is extremely broad, and there is no sampling frame for social enterprises in South Africa (Myres et al., 2018), the scope was narrowed to South African HIV-healthcare NPOs that appeared to have transitioned to social enterprise, which were homogenous in function, and for which the organising context had only recently begun to change.

These organisations were selected as their entrepreneurial changes were thought to be more recent (and possibly still ongoing), rendering these specific cases particularly interesting. Homogeneous sampling, a form of purposive sampling, is utilised when the research objective is to comprehend and explain a specific group in depth (Crowe, Cresswell,

Robertson, Huby, Avery, & Sheikh, 2011). This sampling strategy is used when a researcher aims to study a phenomenon as it relates to what are considered "typical" or "average" members of the affected population (Creswell, 2013). Consequently, this sample was selected in order for the research questions to be appropriately answered.

The core practices were presumed to include strategic business model change and change communication strategies. It was considered a possibility that governance practices would also be found. Culture development practices were, additionally, identified as central practices. The social context, being the South African healthcare environment, was imagined primarily as impacting upon these organisations and on these organisational practices. What was discovered, in addition, was that not only were the organisations impacted by the context, but they actually exerted a considerable influence back on the organising context. Broadly, this study therefore fits within social practice theories, specifically SAP and EaP, as well as the growing body of social entrepreneurship literature.

### 1.13 Document contents

The document is structured as follows:

**Chapter one** (p. 1) introduces the study, provides the background and rationale to the problem, affords a summary of the research questions, and offers an overview of study contributions. **Chapter two** (p. 16) is a context framing chapter, providing an overview and understanding of the importance and peculiarities of this particular organising context, and its impact on the organisations studied.

The literature informing the study, how the concepts and terms were defined, as well as some of the difficulties and ambiguities within these definitions, is presented in **Chapter three** (p. 29) This chapter locates the research problem within the theoretical bodies studied, and forms the foundation of the study. **Chapter four** (p. 62) affords detailed research questions and summarises the study findings presented in more detail in chapters six (p. 109) to ten (p. 197).

The selected research design, methodology, strategy of enquiry and research methods are presented as **chapter five** (p. 72). In **Chapter six** (p. 109), the research study analysis on a case-by-case basis begins, starting with an exemplary or intrinsic case, case 1.

From **Chapter seven** (p. 135) the remaining three cases in the collective case study are presented, with chapter seven presenting the description and analysis of the second case. **Chapter eight** (p. 161) presents the description and analysis of case 3, and **chapter nine** (p. 179) presents the description and analysis of the fourth case.

The across-case analysis is presented in **Chapter ten** (p. 197). The findings of the study or themes emerging from the across-case analysis are provided in this chapter. In

addition, links between these study findings and the extant literature are made, as well as a synthesis of the findings across the four selected cases. Chapter ten also includes the theoretical practice models (p. 199 - 202).

**Chapter eleven** (p. 266) highlights propositions from the study (p. 268), as well as the theoretical, empirical and practical contributions. The theoretical model presented in chapter ten is re-presented (p. 268). Conclusions and recommendations for future research, based on the study limitations, are set out in **chapter twelve** (p. 285).

**References** begin on p. 292. Followed by **Appendix A** (from p. 312) which covers key concepts and terms, as well as acronyms and abbreviations used throughout. **Appendix B** (p. 316) contains examples of letters of consent to participate in the study. The originals have all been signed and filed. **Appendix C** contains examples of interview guides (p. 321).

## **CHAPTER 2: Contextual background as study frame**

### **2.01 Introduction**

Chapter two frames the study and is necessary due to both the relevance of context within this study, as well as the particular theoretical lens adopted. Contextualisation recognises the importance of the connections, relationships and interactions between organisational development and the broader macro-economic context, whereby the context creates the enterprise, while the enterprise creates the context (Baker & Welter, 2018; Steyaert, 2007; Welter et al., 2019). Contextualisation has, consequently, become more important in entrepreneurship research (Patriotta & Siegal, 2019; Welter & Gartner, 2016).

### **2.02 The relevance of studying context**

The mission-driven organisations (Myres et al., 2018) across the social enterprise continuum (Dart, 2004; Defourny & Nyssens, 2016) that are the subject of this study operate and survive in a very particular, emerging-market context. This is relevant because social entrepreneurship “creates novel business models, organizational structures, and strategies for brokering between very limited and disparate resources to create social value” (Seelos & Mair, 2005, p. 244). These emerging-market economies demand study because they are not as advanced socially and economically, and typically operate without access to sophisticated economic and institutional systems and frameworks, as in institutionally more developed economies (ILO, 2016; Dany, 2013; Zahra & Wright, 2011).

Because emerging-markets lack access to similar resources, skills and opportunities, they are disadvantaged when competing against institutionally more developed economies in the business environment (ILO, 2016). The South African context, in particular, is filled with multifaceted, tenacious social problems in a milieu where resources even for traditional entrepreneurship are scarce. This contradictory context contrarily has access to sophisticated systems and middle-income-level industries. But formal study in this arena has been limited (Littlewood & Holt, 2015, 2018b; Urban, 2008).

Zahra and Wright (2011) outline four dimensions of context that are salient to the study of entrepreneurship: spatial, institutional, social and temporal. The temporal dimension is particularly relevant to this study as it addresses the life cycle of an enterprise. It, therefore, “refers to the emergence of ventures over time and the implications of changes across this life cycle for the successful management and leadership of these companies” (p. 75). The authors



maintain that a further reason to study context is to enhance the field while directing, motivating, and at the same time inciting civic participation and public policy deliberations.

In addition, contextualising entrepreneurship research is necessary to reconstruct improved and stronger relationships with the phenomenon under study (Patriotta & Siegal, 2019; Van de Ven, 2007; Zahra & Wright, 2011). With social entrepreneurship specifically, contextualisation results in real, practical solutions by impacting on policy and on practice. When conducting research in an emerging-market economy, the context foregrounds the research study, as opposed to merely being an afterthought to explain components of the analysis (Patriotta & Siegal, 2019; Welter & Gartner, 2016).

### **2.03 The African context: sub-Saharan Africa**

The context in and of social enterprise is an established theme in research conducted in Africa (Myres et al., 2018). Karanda and Toledano (2012) maintain that local interpretations of opportunities, as well as community-level co-operation, are both critical in generating social value. Rivera-Santos et al.'s (2015) in-depth study of social entrepreneurship in Africa described four unique emerging-market dimensions particular to sub-Saharan Africa. Firstly, the acute poverty in sub-Saharan Africa was seen as a dominant influence, governing the choice of potential context-specific business models, particularly as social entrepreneurship was not automatically accepted in the region.

Secondly, informality – defined as the amount of institutional support in the system – was seen to have only a minor impact on the organisation's self-perception as a social enterprise, but to meaningfully influence the type of business contracts, challenges and opportunities in-country, with a notable amount of social entrepreneurship activities taking place in the informal economy (Rivera-Santos et al., 2015). The third dimension, being the importance and influence of ethnic group identities and cultural differences, was found to generate a novel institutional context for entrepreneurship in Africa. This manifests in community involvement in decision-making processes being the norm and, from an economically wealthier perspective, disrupts understood ways of engaging in business environments (Rivera-Santos et al., 2015). Barnard (2019) maintains that Africa's context is so unique, it can serve as a laboratory, to understand aspects of business management that are too far advanced to be properly studied, within these wealthier economies.

Finally, the historical structures and norms established by British or European colonisation, and still persisting, were viewed as having a marked influence on for-profit or non-profit intentions, the importance of the social mission, as well as more broadly, on both enterprise and society (Rivera-Santos et al., 2015). British colonisation appeared to leave formal structures and institutions behind, driving a desire for the formal economy and for-profit

business. Other European colonisation typically resulted in a greater emphasis on informal structures, and consequently a greater desire to help oneself and one another through social enterprise (Rivera-Santos et al., 2015). A country's particular colonial history, however, was found to influence the self-perception of the entrepreneur only, and not of their activities (Rivera-Santos et al., 2015). This also makes universals difficult to apply and highlights the importance of understanding each unique context.

Emerging-market contexts, particularly those in Africa, consequently require study precisely because the context is so unique, and because both the context and the organisations operating therein are resource-constrained, making survival more difficult and the need for resilience capabilities more acute (DSD, 2015; Karanda & Toledano, 2012; Littlewood & Holt, 2015, 2018a, 2018b; Myres et al., 2018; Rivera-Santos et al., 2015; Urban, 2008, 2013). So far, dialogue and debate about the “characteristics of African social enterprises and how they may differ from such ventures in other parts of the world remains limited” (Littlewood & Holt, 2018b, p. 9).

Against this background, Littlewood and Holt (2018a) advocate studies to understand resilience capabilities in sub-Saharan African countries exposed to continual change, and that may have much to teach their developed-economy counterparts about coping with scarce resources, and with an under-resourced, complicated and void institutional context (Littlewood & Holt, 2018a; Rivera-Santos et al., 2015). Sub-Saharan African social enterprises, given their diverse country contexts, can, however, be vastly different in form and execution to their counterparts in developed-economy countries (Rivera-Santos et al., 2015). These differences are evident in the conflicting understandings of profit versus social mission, different business models and strategies adopted, and the way in which the social enterprises are linked to, and apply, their networks (Rivera-Santos et al., 2015).

## **2.04 The South African context**

A country on the southern tip of Africa and rich in mineral resources, South Africa has historically been beset by colonisation, racial strife and economic inequality. Over the past two decades, since its transition to democracy in the 1990s, South Africa has worked to redress the inequities created by apartheid. Apartheid, which means ‘apartness’ in Afrikaans, was the racial segregation legislation and dogma that regulated interactions between the white minority and black majority of South Africa from 1948 and to the mid-1990s. Despite being commonly regarded as a middle-income emerging-market country, or an economy in transition, South Africa still exhibits considerable income disparities, and has one of the highest Gini coefficients in the world (Bhorat, 2015; Stats SA, 2017; World Bank Group, 2017).

This has resulted in a “brake on poverty reduction” (World Bank Group, 2018, p. xix), with 40% of the population living below the lower bound poverty line in 2015 (Stats SA, 2019). Unfortunately, because a different system was used to measure poverty after that, a lessening to 18.8% was found in 2019, as measured according to the 2011 purchasing power parity exchange rates (World Bank Group, 2019). Nevertheless, since the first democratically elected government was instated in 1994, there has been only a modest reduction in poverty (Bhorat, 2015). In 2016, GDP growth dropped to 0.4% from 1.3% in 2015, which was “the third consecutive year of negative per capita growth and stagnating poverty” (World Bank Group, 2017, p. 1). By the end of 2018, GDP growth had increased to a modest 1.0% (Trading Economics, 2019).

The fourth quarter of 2019 unfortunately saw an increase in the unemployment rate to 29.1% (Stats SA, 2019). Similar to many emerging-market countries, South Africa has a young demographic, with over half the population under the age of 35. In addition, youth battle to enter the labour market, resulting in a youth unemployment rate of over 50% (Stats SA, 2019). Unemployment, therefore, still “constitute[s] the major hurdle for South Africa to overcome . . . to eliminate poverty and reduce inequality” (World Bank Group, 2017, p. 1). According to the ILO (2016), in emerging-markets any business can be considered a social enterprise, because any employment creation is so necessary and provided over 50% of profit generated is reinvested in the business.

This contrarily makes South Africa a great breeding ground for social enterprise, which should be actively creating social entrepreneurs and generating social enterprises (Milson, 2017). However, this only occurs if civil society is strong and able to access available macro institutions (Karanda & Toledano, 2012; Kerlin, 2013; Milson, 2017). But South Africa has a scarcity of critical skills, often worsened by broad-based black economic empowerment (BBBEE) legislation intended to remedy the economic imbalances of its racially prejudiced past.

Unfortunately, BBBEE often actually precludes many social enterprises from accessing funding, largely due to people being unaware of the codes and misunderstanding how the legislation could support social enterprise (Fury, 2010; Steinman & Van Rooij, 2012). Compliance with BBBEE codes is mainly voluntary for NPOs but is now mandatory for NPCs and other companies. Regardless, non-compliance typically disqualifies organisations from doing business with the government, as well as with other private businesses that are compelled to comply (Claeyé, 2017; Myres et al., 2018). In addition, access to formal finance is limited for NPOs and social enterprises in SA, despite an effective corporate banking system (Myres & Jankelowitz, 2017).

In emerging-market contexts such as SA, social entrepreneurship therefore has a critical role as the state is unable to meet the extensive social need, and the market does not

have the capacity to provide for the poor and unemployed (Littlewood & Holt, 2018a; Rivera-Santos et al., 2015; Urban, 2013). Social entrepreneurship, initially perceived by the SA government as risky and social entrepreneurs as “maverick” (Urban 2008, p. 347), now affords a convincing argument for attaining social impact. Despite this, according to the Global Entrepreneurship Monitor (GEM), fewer than 2% of adults are involved in social entrepreneurship activity in South Africa (Bosma, Schott, Terjesen, & Kew, 2015).

Institutionally more developed economies thus appear to more easily produce successful social enterprises, particularly social enterprises arising from a desire for autonomy and legitimacy, as much as from the need for social and economic sustainability (Milson, 2017). Unlike in developed-economy contexts – where the Gini coefficient is much lower, resources more readily available and macro institutions more accessible (Karanda & Toledano, 2012; Kerlin, 2013) – attention to social enterprise in South Africa is still at an embryonic stage (Littlewood & Holt, 2015, 2018b; Myres et al., 2018).

#### **2.04.1 HIV/Aids in SA**

The first documented case of HIV in South Africa was in 1982 (Dernberger, 2014). However, “only after a truly massive number of people were infected with HIV did Aids gain the sufficient level of visibility for action” (Easterly, 2006, p. 244). Consequently, between 1990 and 2000, while South Africa – and the world – were absorbed by the country’s non-violent transition from apartheid to a new democracy, South Africa’s HIV prevalence spiralled out of control.

Today, South Africa has the largest HIV epidemic in the world, accounting for a third of all new infections in southern Africa, and with an estimated 7.7 million people living with HIV, 240,000 new HIV infections and 71,000 South African people dying from Aids-related illnesses in 2018 (UNAIDS, 2019). HIV prevalence remains high at 20.4% among the general population (UNAIDS, 2019). But today, South Africa also has the largest antiretroviral treatment (ART) programme in the world. This is primarily financed from its domestic resources, with treatment and care absorbing the biggest proportion of costs, and with only 13% of HIV funding received from external sources (SANAC, 2017).

Despite year-on-year budget increases for the HIV programme, even in the face of general health-budget reductions and ongoing negotiations for better antiretroviral (ARV) prices, there are still considerable funding gaps (SANAC, 2017). Still, the success of this ART programme is evident in the rise in national life expectancy, from 61.2 years in 2010 to 67.7 years in 2015 (SANAC, 2017).

The HIV organisations that grew up in the late 1990s and early 2000s were both products of the environment, firmly shaped by the political context, and creators of their environment, directly influencing it. These social enterprises did this by first putting HIV/Aids

on the agenda, and then developing programmes, services and products to meet the needs of a population infected and affected by HIV (Dernberger, 2014).

## **2.05 The social entrepreneurship research context in South Africa**

According to Littlewood and Holt (2015, 2018b), the social entrepreneurship phenomenon in South Africa could impact the global conversation on social and economic development. However, it remains under-researched (Littlewood & Holt, 2015, 2018a, 2018b; Urban, 2008). Key authors continue to acknowledge that “there is much about social entrepreneurship in South Africa that we still do not know” (Littlewood & Holt, 2015, p. 10).

A reliable database and sampling frame of social enterprises does not exist in South Africa. This inhibits both meaningful research and the development of policy (Fury, 2010). There is also an absence of tax legislation, and little understanding on whether and how social enterprises are categorised under South Africa’s BBEE legislation (Claeyé, 2017; Steinman & Van Rooij, 2012). Littlewood and Holt (2015, 2018b) maintain that legislating transformation through BBEE impacts resourcing and recruitment for social enterprises, creating a favourable socio-economic context that informs opportunities for social entrepreneurs.

In a study on the legal structures of social enterprises in South Africa, Claeyé (2017) asserted that social entrepreneurs were able to establish themselves specifically because of a range of policy initiatives. However, the current legal framework in SA does not take social enterprise into account. It is thus apparent that while research on social entrepreneurship in South Africa is mounting, there is still a considerable amount to be learned, and a great deal to be done to improve the system in which social enterprises must operate (Myres et al., 2018).

### **2.05.1 South African NPOs and social enterprises**

In South Africa, an NPO is defined “in terms of section 1 of the NPO Act, as a trust, company or other association of persons established for a public purpose and of which its income and property are not distributable to its members or office bearers except as reasonable compensation for services rendered” (DSD, 2015, p. 4). The fact that this definition does not mention profit-making *per se* implies that South African legislation may be open to rethinking the NPO business model within a hybrid social enterprise continuum. There is currently no definition in South Africa for the social enterprise, other than perhaps the non-profit company (NPC). An NPC is described as a civil society organisation that is not driven by profit, one that to be legally recognised must be incorporated as a business entity with the Companies and Intellectual Property Commission (CIPC), and which may apply for tax-exemption status to permit donations to be tax deductible (Coetzee, 2015).

In South Africa, as in the rest of the world, NPOs initially evolved to meet the needs of groups not catered for by governments during local and world wars (Swilling & Russell, 2002). However, South African NPOs became more critically active, providing state-like services during apartheid and the subsequent neglect and exclusion of the majority of the population (DSD, 2015; Kodzi, 2015; Littlewood & Holt, 2015, 2018b; Visser, 2011). At the end of apartheid, in the mid-1990s, much of the international aid NPOs were accustomed to accessing was moved to support the operations of the new democratic government (DSD, 2015; Kodzi, 2015). This was the first major shift in funding sustainability for NPOs in South Africa (DSD, 2015; Kang'ethe & Manomano, 2014; Karanda & Toledano, 2012; Kodzi, 2015; Visser, 2011).

Later funding shifts were linked to global economic downturns and to increased need in other parts of Africa (Urban, 2008). Although certain NPO sectors, such as the HIV field, continued to receive interest from large overseas donors (DSD, 2017; Littlewood & Holt, 2015, 2018b), changing needs in the field as well as changing political agendas in South Africa and abroad have resulted in these funds becoming less consistently available (DSD, 2017).

South African NPOs have become social enterprises by default, because they have been unable to sustain themselves in the current climate (Kang'ethe & Manomano, 2014; Karanda & Toledano, 2012; Urban, 2013). They have fewer opportunities to access international grants, or to obtain local government funds that are instead applied in state programmes (Kang'ethe & Manomano, 2014; Karanda & Toledano, 2012; Urban, 2013; Wingaard, 2013). In addition, the regulatory environment is not perceived as supportive of NPOs, despite the specific intention of the SA Non-profit Organisations Act of 1997 to develop an enabling regulatory environment (Wingaard, 2013).

By the end of December 2019, there were 224 496 registered NPOs in South Africa – up 61% in a four-year period (DSD, 2019). These registered organisations comprise a range of organisation types, from small community-based organisations (CBOs) at 93% of registrations to large NGOs, and even branches of international NPOs, making up 2.6%. Non-profit companies (NPCs) currently only make up 6% of registered organisations (DSD, 2019), despite a directive from the state that by 2015 all organisations needed to be registered as NPCs (Coetzee, 2015). There are also an estimated 200 000 unregistered CBOs, primarily responding to social need at the local level (Littlewood & Holt, 2015, 2018b), with the DSD (2017) maintaining that the numbers of all types of NPO increase daily. For NPOs in South Africa focused on HIV specifically, estimates range between 73 530 (Van Pletzen, Zulliger, Moshabela, & Schneider, 2014) and 136 453 (SANAC, 2017).

However, very few studies have been conducted on social entrepreneurship in South Africa beyond the individual social entrepreneur (Hayes, 2014; Visser, 2011), and some basic social enterprise typologies conducted by key academics who are, however, not local to the

context (Claeyé, 2017; Littlewood & Holt, 2015, 2018b). Until 2018, no local studies had focused on how South African mission-driven organisations sustain themselves and the business models they employ to do so (Littlewood & Holt, 2015, 2018b; Myres et al., 2018). “Particularly in South Africa, which is . . . beset by social inequalities . . . by developing capacity . . . social entrepreneurs can add value and meet the needs of groups who have been failed by previous government attempts at social redress” (Urban, 2008, p. 361).

### **2.05.2      *The Survey of Social Enterprises in South Africa***

The Survey of Social Enterprises in South Africa (SSESA) – the first national study of its kind, implemented and analysed by local academics – found that the majority of social enterprises in South Africa could be defined as micro social enterprises (Jankelowitz & Myres, 2018). Around 80% of these social enterprises employed fewer than 50 employees, reached a maximum of 100 beneficiaries, and had turnover below R500,000 per annum (Barnard, 2019; Jankelowitz & Myres, 2018; Myres et al., 2018).

In addition, the SSESA found only a handful of organisations falling into a large or multinational categorisation, with just 3% having turnover above R6 million per annum (Myres et al., 2018). It is the social mission-driven organisations in this second, far smaller, category that were examined in this research study.

## **2.06 The context of social enterprise**

Social entrepreneurship can be viewed as working towards resolving particular social needs on a micro-economic level, while developing the civil economy maxi-context in its entirety (Grassl, 2012). The macro-economic or maxi-context includes: a) the global and b) domestic economic projections, performance and stability; domestic resource-mobilisation; poverty, unemployment, inequality and any structural change; policy matters and concerns; regional views and concerns; and the political economy (African Development Bank Group, 2019).

The social enterprise sector is characterised by a continuum of hybrids of various types, from purely non-profit to purely profit-making, determined by the type of social need and availability of resources (Mair & Marti, 2006, 2009). In South Africa specifically, social entrepreneurship has a clear role as government initiatives are unable to meet social needs and markets are unable to provide for all consumers; with many enterprises unable to access the resources they need to operate (Sepulveda, 2014; Urban, 2008, 2013).

Battilana et al. (2012) propose what is termed the hybrid ideal, in which “managers do not face a choice between mission and profit, because these aims are integrated in the same strategy” (p. 1). This reinvestment in the social mission has the potential to fuel broad social change (Bacq et al., 2018; Battilana, 2018; Hendry & Seidl, 2003; Lumpkin, Moss, Gras, Kato,

& Amezcua, 2013; Pache & Santos, 2010, 2013). Nonetheless, it is considered unlikely in reality, and merely an ideal, due to the competing logics inherent in social enterprise (Battilana et al., 2012; Cornforth, 2014; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Kodzi, 2015; Grassl, 2012; Grimes et al., 2018; Smith & Besharov, 2019; Young et al., 2010; Young & Lecy, 2013).

Frank (2008) maintains that the commercialisation of the non-profit microfinance sector in emerging-market economies is driven by one or a combination of three influences: the desire to access profits, expansion of the service/product, and desire to achieve organisational sustainability. However, Louche and Hudon (2014), in their study on the transformation of the microfinance NPO to a for-profit format in similar economies, found that organisations adopting competing logics need to both redefine their identity and the boundaries of their work, as well as legitimise the hybridity. The authors further claim that this is less about profit and more about the desire for growth, external pressure or incentive to change, the belief that imitation will lead to similar success, and the desire for greater legitimacy (Louche & Hudon, 2014). Both studies hint at the necessity of adjusting the business model, as well as the requirement to have the capacity to implement the desired hybridity changes (Frank, 2008; Louche & Hudon, 2014).

## **2.07 The funding context**

The fact that the majority of beneficiaries do not pay, or do not pay fully, for services means non-profit organisations have to raise operating funds elsewhere (Al-Tabbaa et al., 2013; Stecker, 2014). This is typically done through fundraising. The most common form of fundraising is applying for grants, while other types include accessing CSR or government grants and contracts (McDonald et al., 2015; Sontag-Padilla, Staplefoote, & Gonzalez Morganti, 2012). There are also additional ways to access small amounts of funding. More recently, organisations have started to access their own income by charging for related (Alter, 2010; Battilana, 2018; Ebrahim et al., 2014; Stecker, 2014) or unrelated (Dart, 2004; Ebrahim et al., 2014; Stecker, 2014) services and products.

LaRose (2012) identifies seven income models that organisations with a mission versus profit philosophy can adopt, similar to Kim et al.'s (2011) ten non-profit business models outlined in the *Stanford Social Innovation Review*. These income models are categorised by participants, characteristics and income type, but are somehow separate from the organisation's social mission. Most importantly, they offer no answers to the question of *how* these business models are implemented. Nor whether organisations can successfully adopt profit plus mission philosophies instead.



Critically, hybrid organisations are required to develop a hybrid organisational culture that combines a shared set of norms and values (Battilana, 2018; Pache et al., 2018). These, in turn, determine work performance and are “able to sustain the joint pursuit of social and financial goals over time” (Battilana, 2018, p. 1287). Importantly, when financial and social goals are both given equal weight, mutually followed, and equally entrenched in all facets of the organisation, the organisational goals and activities may be able to address “the tensions that arise in this joint pursuit” (Battilana, 2018, p. 1 288).

### **2.07.1 Financial sustainability**

Sustainability has been broadly defined as the “integration of social and environmental concerns in firms’ strategy, operations, and business models, and the incorporation of a balance among economic, social, and environmental value creation so as to contribute to sustainable development” (Massa, Tucci, & Afuah, 2017, p. 47). How sustainability is defined in the third sector is markedly different to the for-profit arena, as it must consider both the availability of financial resources, as well as ongoing community and multi-stakeholder legitimacy, for long-term sustainability (Battilana, 2018; Sontag-Padilla et al., 2012; Urban, 2008; Young et al., 2012).

Complex relationships must be carefully negotiated with the communities served. In addition, donor relationships, and the interchange between all these contacts, must be tactfully managed while being mindful of competing priorities (André & Pache, 2016; Bacq et al., 2018; Battilana, Besharov, & Mitzinneck, 2017; Battilana, Sengul, Pache, & Model, 2015; McGee & Donoghue, 2009; Sepulveda, 2014; Young et al., 2012; Young & Kim, 2015; Zahra, Gedajlovic, Neubaum, & Shulman, 2009).

Because NPOs and certain social enterprises are subject to external donor whims and flux, they have been regarded as extremely delicate (Salamon et al., 1999). Despite these difficulties, however, these organisations play a serious economic role globally given their contribution to employment and capital spending (Salamon, 2010; Stecker, 2014). Yet the same theories developed in commercial entities cannot be applied to these enterprises. This is primarily because context is very important. Not just the environment – in this case, a middle-income emerging-market – but also the socio-economic, political and cultural environments (Mair & Marti, 2006).

In addition, the context of the organisation, and the sector, must also be considered (Karanda & Toledano, 2012; Kerlin, 2013; Pettigrew, 1997; Sassmannshausen & Volkmann, 2018; Urban, 2015). The non-profit context is distinctly different to the for-profit context, principally because the social mission takes precedence over generating even operating income (Bacq & Janssen, 2011; Mair, 2017; Mair & Marti, 2006; Weerawardena et al., 2010).

However, social enterprises in this context are comfortable with the different contexts, using the for-profit business environment to accomplish the non-profit social mission.

The assumption before the study was that the business model in the social enterprise begins with the beneficiary, and not with the service/product, making this context very different from a commercial one. The SaP theorists, moreover, based on work conducted in the public sector, acknowledge that strategy design and implementation in NPOs and social enterprises will likely be quite different (Jarzabkowski et al., 2007; Jarzabkowski et al., 2013).

This study, therefore, attempted to understand the financial and sustainability push and pull factors resulting in organisational growth and development. In addition, the study intended to explore the different business models available to social enterprises within this context for greater financial sustainability and autonomy, as they scaled.

## **2.08 The organising context: A move towards social enterprise**

Social enterprises have become popular, both in practice and in the literature, and are frequently seen as the answer to pressing social problems (Gordon, 2015; Grassl, 2012; Littlewood & Holt, 2015, 2018b; Sepulveda, 2014; Young, 2001). The thinking behind this is that social enterprises occur at the intersection between social context and the business realm, where it is assumed that the success and efficiency of business can be replicated relatively easily in social enterprise (Gordon, 2015; Maier et al., 2016). This is a controversial view, challenged for being neoliberal and too simplistic.

In emerging-markets, where business expertise in the third sector is frequently missing, tensions are more readily acknowledged (Littlewood & Holt, 2015, 2018b; Swilling & Russell, 2002). However, whether social enterprise is in fact the promised solution, and how these tensions are managed and overcome is not comprehensively addressed in the literature.

## **2.09 Contextualisation and the context**

EaP is a field of research, focusing on entrepreneuring (Gartner, Carter, & Hills, 2003; Steyaert, 2007) practices, whereby entrepreneurs actively influence their environments as opposed to only being influenced by it, or effectuation (Sarasvathy, 2003). Furthermore, theorists, while attempting to address the doing of strategy (Johnson et al., 2003), maintain that practice is what is inside the process (Johnson et al., 2003).

In addition, practice is seen as comprising the detailed activities within organisational procedures, connected to the process of organisational change. Practice is viewed as being intimately linked to process (Gartner, 1985; Jarzabkowski & Spee, 2009), with process outcomes typically seen as the result of strategic organisational change (Jarzabkowski & Spee, 2009). Chakravarthy and Doz (1992) hold that organisational process research is

conducted with organisational systems-as-wholes, thereby putting the micro back into the macro (as cited in Johnson et al., 2003).

Chia and MacKay (2007) contend “strategy process research examines how a particular organizational strategy emerges” (p. 220), as opposed to only the content of that strategy. Strategy process research further involves the study of behaviour in organisations, with a strong focus on the impact of the context in which the change process takes place, activities employed, daily practices of entrepreneurial leaders dealing with the complexity of managing a social enterprise (Battilana, 2018; Defourny & Nyssens, 2010; Ebrahim et al., 2014; Grimes et al., 2018; Kodzi, 2015; Sepulveda, 2014; Smith & Besharov, 2019), and the actions that emerge over time (Pettigrew, 2012, 2013).

Consequently, strategic process research attempts to generate knowledge of processes and outcomes, and to deepen the understanding of why and how outcomes evolve over time (Pettigrew, 1992, 2013). In addition, why they have evolved in that manner, and how exactly they result from the processes, is explored (Langley, Smallman, Tsoukas, & Van de Ven, 2013). The result is a holistic, as opposed to linear, explanation of process, developing multilevel theory construction and formulating models that describe these processes (Pettigrew, 1987, 1992).

The importance of context, although widely accepted in entrepreneurship literature, has only recently been acknowledged in social entrepreneurship literature (Dacin et al., 2010; Davidsson & Wiklund, 2001; Kerlin, 2013; Littlewood & Holt, 2015, 2018b; Steyaert, 2007; Urban, 2015). However, cognisance that processes are embedded in contexts (Baker & Welter, 2018; Gartner, 1985, 2016; Patriotta & Siegal, 2019; Pettigrew, 1992; Sassmannshausen & Volkmann, 2018), and of the prominence of context, is critical in both process research as well as research under the social entrepreneurship umbrella, as “researchers . . . have to situate the phenomenon in a specific context in order to understand it fully” (Mair, 2010, p. 5). Frequently, however, this is a gap within practice studies, process studies and entrepreneuring studies (Steyaert, 2007).

An understanding of the impact of the context is thought to provide a better understanding of the practices of entrepreneurship, as well as the organising context (Davidsson & Wiklund, 2001; Gartner et al., 2016; Johannisson, 2014; McKeever, Anderson, & Jack, 2014; Patriotta & Siegal, 2019; Welter et al., 2019). The social enterprise context, plus the South African emerging-market context, are accordingly critical elements to understand the social enterprise that develops as a response to the context (Sassmannshausen & Volkmann, 2018). The focus on the *how* in process research results in an attempt to identify the underlying mechanisms that drive processes, including the actions, reactions and interactions from various stakeholders, by analysing the process of change as the organisation changes from the present to the future (Pettigrew, 1987, 2012).

The context both impacts and is impacted on by the actions, reactions and interactions of various stakeholders as the organisation adapts and changes (McKeever et al., 2014; Patriotta & Siegal, 2019; Pettigrew, 1987). This is why EaP, as all-inclusive and dynamic, is especially pertinent in uncertain, complex contexts in which organisations are compelled to react to change in the environment by restructuring the way they generate, distribute and capture value (Gartner, 1985, 2016; Patriotta & Siegal, 2019; Zott & Amit, 2010).

More recently within practice studies the context has come to mean the connections between the organisation and the broader macro-economic context, and the impact of the organising context on the enterprise as well as the impact of the enterprise on the context (Baker & Welter, 2018; Gartner et al., 2016; Steyaert, 2007; Welter et al., 2019). In the social practice research arena, therefore, the context can be broadly defined as comprising the effect of geography, accessibility of legal and institutional structures, socio-economic milieu, and availability of social capital and skilled resources (Karanda & Toledano, 2012; Kerlin, 2013; Littlewood & Holt, 2015, 2018b; Myres et al., 2018).

## **2.10 Conclusion**

Because context is so critical (Baker & Welter, 2018), it merits a section of its own within this study. It is, therefore, necessary for studies of this nature, particularly those conducted in emerging-markets, to consider the importance of the impact of all the various contexts on the particular organisations being studied (Welter et al., 2019).

In addition, because context emerged as both a facilitator and an obstacle within the study, it forms an important part of the data analysis and presentation of results. Indeed, the impact of the context and vice versa resulted in a context-oriented practice model, arising out of this study, representing full contextualisation of this social entrepreneuring.

## CHAPTER 3: LITERATURE REVIEW

### 3.01 Chapter introduction

The social enterprise body of knowledge and social practice theory underpin this study so as to consider a combination of the social environment (Alter, 2010; Gordon, 2015) and the organisations that work to alleviate social issues (Dees, 1998; Young, 2001), while focusing on the entrepreneur who renders this possible in a sustainable manner (Battilana, 2018; Dees, 1998; Mair, 2010; Mair & Marti, 2006; Young et al., 2012; Young & Kim, 2015) by applying daily management practices to support social entrepreneuring.

This section will begin by examining the difficulties with defining core concepts in the social entrepreneurship field. Thereafter, the theoretical lens applied to this research study will be discussed in detail by locating the study within social practice theory, utilising key SaP and EaP constructs within the theoretical framework. Following that, the social entrepreneurship literature will be considered using this social practice framework by discussing the push factors that result in mission-driven organisations obtaining scale, while balancing both social mission and income-generation, while being innovative and entrepreneurial. Then, the practices of organisational change and hybrid business model adaptation will be considered. Finally, the organising context, as well as the context for growth and change will be addressed.

### 3.02 The search for definition

Social entrepreneurship is a relatively new concept in theoretical study, only emerging academically in the 1990s (Bacq & Janssen, 2011; Sepulveda, 2014). The field of social entrepreneurship, familiar to much of the broader entrepreneurship literature, is hindered by terminology and definitional ambiguity (Bacq & Janssen, 2011; Choi & Majumdar, 2014; Gordon, 2015; Mair, 2010; Nicholls, 2010; Short, Moss, & Lumpkin, 2009; Steinman & Van Rooij, 2012; Stevenson, 2006; Wijnberg, 2012; Zahra et al., 2009; Zhang & Swanson, 2013). Overwhelmingly, the social entrepreneurship literature thus identifies the need for definitional clarity in the field as a critical gap (Bacq & Janssen, 2011; Choi & Majumdar, 2014; Dees, 1998; Mair & Marti, 2006; Short et al., 2009; Saebi et al., 2018; Steinman & Van Rooij, 2012; Wijnberg, 2012; Zahra et al., 2009; Zhang & Swanson, 2013).

However, this ambiguity appears to be the outcome of trying to find a comprehensive, and yet sufficiently specific, definition for each nuanced aspect of a field that encompasses a broad range of phenomena (Bacq & Janssen, 2011; Choi & Majumdar, 2014; Yunus, Moingeon, & Lehmann-Ortega, 2010). Consequently, there is no single all-encompassing

definition (Bacq & Janssen, 2011; Choi & Majumdar, 2014; Short et al., 2009; Steinman & Van Rooij, 2012; Wijnberg, 2012; Zahra et al., 2009; Zhang & Swanson, 2013). This is likely because organisations in this field are fundamentally hybrids (Battilana & Lee, 2014; Jay, 2013; Lee & Jay, 2015). “Hybridity is their essential characteristic, and it fulfils an indispensable role” (Grassl, 2012, p. 37).

These organisations are or become hybrids as they combine a social mission with a commercial business model (Battilana et al., 2017; Battilana et al., 2015; Grassl, 2012; Wilson & Post, 2013). This complexity makes classification difficult, and it provides challenges to the organisations which must balance competing profit and non-profit tensions (Alter, 2010; Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Grimes et al., 2018; Kodzi, 2015; Moss et al., 2010; Smith et al., 2013; Young et al., 2010; Young & Lecy, 2013).

From an academic perspective, social entrepreneurship research is still considered to be in its adolescence, given the absence of an amalgamating paradigm; and a focus on separate aspects of the varied phenomena (Bacq & Janssen, 2011; Mair, 2010; Mair & Marti, 2006, 2009; Nicholls, 2010; Sassmannshausen & Volkmann, 2018). Nonetheless, terms in the field are frequently substituted for one another as if there were little difference between these organisation types, when in reality the differences may be substantial. This results in the concept remaining “fuzzy” (Mair & Marti, 2006, p. 36).

The conclusion appears to be that there is no way to design an all-encompassing definition that responds to all the nuances in the field. Contemporary thinkers hold that effort needs to be expended on linking concepts and deepening process and related models, as opposed to trying to narrow down a single definition or put another typology of definitions together (Defourny & Nyssens, 2016; Gordon, 2015; Grassl, 2012; Saebi et al., 2018; Zahra et al., 2009). This study adopted this more-recent philosophy to focus on connecting constructs and ideas, extend existing typologies, and build a new practice model of social entrepreneurship transition and growth.

### **3.02.1      *Defining the third sector***

The third sector, also exceedingly difficult to define due to the breadth of the concept, is most often defined by what it is not (Brandsen, Van de Donk, & Putters, 2005). The third sector consists of private organisations that are usually outside both the public and private sectors, that contribute to the economy by hiring staff and purchasing goods, but that do not generate a profit or, if they do, do not distribute profit to shareholders (Alexander, 2000; Brandsen et al., 2005; Gordon, 2015; Lewis, 2002; Salamon, 2010).

### **3.02.2 Defining the non-profit**

According to the Johns Hopkins Comparative Non-profit Sector Project (Salamon, Anheier, List, Toepler, Sokolowski, & Associates, 1999) and the United Nations (c/o Dany, 2013), and well recognised in the field and literature, NPOs are defined as being organisations that: are private in that they are distinct from the state; are self-governing; do not distribute profit to their shareholders; and where the decision to participate in the organisation is voluntary (Salamon et al., 1999). NPOs are also defined as those organisations with a social mission (Akingbola, 2005; Mair, 2010; Seelos & Mair, 2005), providing services and products to communities judged to be in need (DSD, 2015; McDonald et al., 2015), and without the requisite financial or political support from governments (DSD, 2015; McDonald et al., 2015; Teasdale, 2011; Urban, 2013), to ensure these basic needs are met (Mair, 2010; Seelos & Mair, 2005).

The key difference between an NPO and a commercial business has historically been that the consumers do not pay, at least not in full, for the products or services provided by the NPO (Al-Tabbaa, Gadd, & Ankrah, 2013; Mair & Marti, 2006; McDonald et al., 2015). Many entrepreneurial for-profit companies also have a social mission (Dees, 1998; Nissan, Castaño, & Carrasco, 2010), so this is no longer a defining difference (Dart, 2004; Zahra et al., 2009). For the purpose of this study, the NPO was defined interchangeably with the social enterprise to mean a mission-driven organisation, serving the public good, not seeking to make a profit, and with any income generated applied to further its social mission (Grassl, 2012).

Certain leading scholars in third sector and NPO studies believe that because NPOs are not driven by profit, and usually arise to address core social problems in novel ways, instead of being stuck within the profit/non-profit paradigm, they are actually inherently able to be more innovative and adaptable in constrained contexts (Salamon, Hems, & Chinnock, 2000). This implies that NPOs, while they may not have the business acumen, do have the flexibility required to move to a more entrepreneurial operating model.

### **3.02.3 Defining social entrepreneurship**

Social entrepreneurship typically refers to work with a social mission that is either: conducted in an entrepreneurial fashion; managed by an individual entrepreneur; and/or in which resources are generated in an entrepreneurial manner, usually involving a combination of non-profit and for-profit methods (Bacq & Janssen, 2011; Choi & Majumdar, 2014; Defourny & Nyssens, 2010; Mair & Marti, 2006; Weerawardena et al., 2010). In a review of social entrepreneurship definitions, Dacin, Dacin and Matear (2010) concluded that it is unavoidable that defining social entrepreneurship “by individual-level characteristics and activities” (p. 41) results in a cycle of ongoing dialogue, analysis and argument about what these definitions. The authors further maintain that this debate cannot be resolved, because “it is unlikely that a

definitive set of characteristics can be applied to all kinds of social entrepreneurial activity across all contexts” (p. 41).

The authors instead recommend adopting a contextual outlook based on the social mission, to ensure the definition focuses on the outcome of the phenomenon (Dacin et al., 2010). This further permits an analysis of the processes through which these outcomes are realised and advances original theory, while allowing social entrepreneurship to be regarded as a legitimate research context (Dacin et al., 2010; Saebi et al., 2018; Sassmannshausen & Volkmann, 2018). This study therefore adopted Dacin et al.’s (2010) instruction to move towards a deeper understanding of the processes involved in hybrid social enterprise within a South African context.

A definition that fits the purposes of this study was therefore accepted. This foundation definition views social entrepreneurship as “a process of creating value by combining resources in new ways” (Mair & Marti, 2006, p. 37), and includes all the practices, “activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner” (Zahra et al., 2009, p. 519). This definition is sufficiently broad to take into account all the varied types of mission-focused organisations engaging in entrepreneurial business activities, while allowing room to adopt new processes.

### **3.02.4      *Defining social enterprise***

Social enterprise is a concept emerging from the field of social entrepreneurship (Galera & Borzaga, 2005; Gordon, 2015; Sepulveda, 2014; Teasdale, 2011), also lacking a single, unified definition (Gordon, 2015; Grassl, 2012; Mair, Wolf, & Seelos, 2016). The American school of thought defines social enterprises as non-profit organisations that engage in income generation so as to be able to survive financially and also as part of a quest to obtain independence from donors (Bacq & Janssen, 2011). Social enterprise can therefore be considered “a product of the evolutionary development of non-profit or voluntary organizations” (Doherty et al., 2013), as opposed to an entirely new kind of organisational form.

The European literature focuses on the presence of a social mission in a range of types of organisations (Defourny & Nyssens, 2016). Unfortunately, the latest research that moves beyond the search for definition generally remains unpublished in doctoral theses and network or university working papers. In South Africa, there is an emerging academic interest in social enterprise development (Littlewood & Holt, 2015, 2018b). Nevertheless, a major gap in the studied literature appears to be the consideration of context (Karanda & Toledano, 2012; Kerlin, 2013; Urban, 2015).



This study thus adopted the following as a suitable working definition: a social enterprise is a hybrid organisation along a continuum, “something new and something distinct from classical business and traditional non-profit activity, combining at different extents elements of the social purpose, the market orientation, and financial-performance standards of business” (Galera & Borzaga, 2009, p. 212). The EMES network further defines a social enterprise as having an explicit social objective, while being able to generate income (Defourny & Nyssens, 2016). Having accepted a definition, this study was able to delineate key concepts, and thereafter, focus on the next stage of theory development, namely understanding and describing the phenomenon.

### **3.03 Social practice theory**

Within the fields of both strategy and entrepreneurship, SaP and EaP resulted from an intellectual movement called the practice turn (Nicolini, 2012; Orlikowski, 2010; Schatzki, 2001, 2002; Schatzki, Knorr-Cetina, & von Savigny, 2001) which began with paying attention to what it is that people actually do in practice (Schatzki et al., 2001). The practice turn has as its foundation, Bordieu’s (1972 - 2005) sociological theory of practice, derived from earlier theories by Marx and Hegel, and Schatzki’s (1996 - 2018) practice theory, based on the thinking of Heidegger and Wittgenstein.

Orlikowski (2010) proposes three alternative approaches to studying management practices. Studied as phenomenon, practice focuses on analysing what practitioners actually do, concentrating on their micro-actions. Analysed as perspective, practice becomes the lens through which phenomena, such as organisational change processes, are examined on both a micro and macro level. Studied through the philosophy lens, practice is viewed as a means of socially constructing reality (Kaplan & Orlikowski, 2013; Orlikowski, 2010; Vaara & Whittington, 2012). This study adopts all three perspectives.

#### **3.03.1 *Bordieu’s theory of practice***

Bordieu (1972 - 2005) identified five overarching and noteworthy concepts. The first, that of ‘social fields’ (Khanchel & Ben Kahl, 2013; Sklaveniti & Steyaert, 2020; Vaughan, 2008; Walther, 2014), similar to the organising context in modern SaP and EaP theory (Seidl & Whittington, 2014; Smets, Morris, & Greenwood, 2012; Vaara & Whittington, 2012), is where there are certain rules of engagement, either overt or implied, in both the internal and external context. These include micro-practices in the individual organisation; rules and norms in the social enterprise sector, informal as it is in South Africa; the South Africa NPO field; the HIV-health industry; as well as within the specific social and economic context. This study adopted this more modern perspective, with an acknowledgement of the importance of the context, as

not only encompassing the organisational context, but emphasising the connection of the micro-context within the organisation to the macro context outside (Smets et al., 2012; Steyaert, 2007; Welter et al., 2019).

The second concept includes economic, social, cultural and symbolic 'capital'; and is required for organisations to be able to enter and negotiate play in a social field (Khanchel & Ben Kahl, 2013; Sklaveniti & Steyaert, 2020; Vaughan, 2008; Walther, 2014). This is an interesting concept in this study as many mission-driven organisations survive because they have other kinds of capital that can be exchanged for economic capital. In addition, the loss of symbolic capital can be compared to the loss of the social mission, which is presented as a major obstacle to strategic change in this sector (Battilana et al., 2012; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Kodzi, 2015). Dacin et al. (2010) propose that studies in the social entrepreneurship field focus on relational, cultural and institutional resources, which resonates with Bourdieu's (1972 - 2005) conceptions of capital.

Thirdly, Bordieu's (1972 - 2005) concept of 'habitus' merges the prior concepts, with habitus perceived as the active social role of the social agent in the social field (Khanchel & Ben Kahl, 2013; Sklaveniti & Steyaert, 2020; Vaughan, 2008; Walther, 2014). Habitus includes all the micro-actions and exercises of agency of all participants to a strategic change process, using their different forms of capital, within (and impacting on as well as being impacted on by) the specific context (Kerlin, 2013; Khanchel & Ben Kahl, 2013; Schatzki, 2001; Schatzki et al., 2001; Sklaveniti & Steyaert, 2020; Vaughan, 2008; Walther, 2014).

In addition, habitus considers the rules that guide the development of new strategy (Khanchel & Ben Kahl, 2013; Sklaveniti & Steyaert, 2020; Vaughan, 2008; Walther, 2014) and, as such, Bordieu (1972 - 2005) links structure and agency. What is particularly resonant with many SaP theorists is that there are structures and rules although individual agents have power, especially if they have different forms of capital (Khanchel & Ben Kahl, 2013; Sklaveniti & Steyaert, 2020; Vaughan, 2008; Walther, 2014).

Bordieu's (1972 - 2005) fourth concept of 'illusio' refers to "the collective, unconscious agreement that playing the game (on a specific habitus or field) is significant" (Sklaveniti & Steyaert, 2020, p. 322). The fifth and final concept, that of 'doxas', is defined as a collection of underlying essential philosophies (Sklaveniti & Steyaert, 2020). The first three concepts, in particular, influenced this study, although all five were present.

### **3.03.2 Schatzki's practice theory**

Schatzki (1996, 1997, 2001, 2002, 2005) focused primarily on practices contained within 'doings and sayings' within organisations, which he viewed as open-ended, able to adapt and change, and bound to specific practices (Loscher, Splitter, & Seidl, 2019). Schatzki (1996,

1997, 2001, 2002, 2005) also viewed the 'doings and sayings' contained within organisational practices as being based on practical understanding, general understanding, teleoaffective structure, and rules (Schatzki, 2010, 2016; Loscher et al., 2019). These, he perceived as "the 'organizing principles' of a practice that give doings and sayings their meaning" (Loscher et al., 2019, p. 5).

Schatzki (2005, 2010, 2012, 2016) grouped these sayings and doings into practice categories called practice arrangement bundles and sites. Practice arrangement bundles are defined as having "distinctive temporal and spatial dimensions for the activities taking place within them" (Loscher et al., 2019, p. 9), or "interwoven timespaces" (Schatzki, 2010, p. 65). Additionally, practice arrangement bundles are viewed as being "connected to wider constellations of practice-arrangement bundles of the respective industry, and other regional practice-arrangement bundles (Loscher et al., 2019, p. 912).

While Schatzki (2005, 2010, 2012, 2016) focuses on the materiality of organisational activities, he also views these as situated practices, and this has resulted in the concept of the organising context as deeply influenced by multiple individual, environmental and contextual factors, and as embedded in the wider social context (Schatzki, 2010). Consequently, Schatzki (2010, 2012, 2016, 2018) maintains that organisations cannot be studied as entities in and of themselves and places the organising context as a central to the study of organisations as the site of the situated practices. It is this concept that is explored more within this study.

Critics of mainstream institutional theories maintain that a comprehensive analysis of what people actually do is necessary for theoretical development (Golsorkhi et al., 2010), as they argue that mainstream theories attempt to generalise knowledge, consequently simplifying the resulting knowledge. The focal concepts in SaP are subsequently praxis, practice, practitioner, and more recently, context, which align closely to Bordieu's (1972 - 2005) concepts outlined above. In EaP, the central concepts are practices and context, with the practices perceived as being reflected in the 'doings and sayings' (Schatzki, 1996, 1997, 2001, 2002, 2005), and the importance of the enterprise in its context emphasised (Welter et al., 2019; Welter & Gartner, 2016), and also aligning with both Bordieu's (1972 - 2005) practice theory, as well as with Schatzki's (1996 - 2018) adaptation of such.

### **3.04 A strategy-as-practice (SaP) foundation**

Phenomenon-driven enquiry permits academic research to have practical relevance and to solve empirical problems by focusing on "capturing, documenting, and conceptualizing organizational and managerial phenomena of interest" (Schwarz & Stensaker, 2016, p. 245). This study focuses on a phenomenon that includes both change and strategy. Consequently,

the concepts underpinning this study were drawn from SaP, specifically as applied to the process of strategic change.

Like practice theory, SaP is not characterised by an underlying theory that is accepted and implemented, but rather by what problem is explained (Jarzabkowski, 2005). This results in SaP being adaptable, with existing theories applied eclectically to explain what is observed in practice. Consequently, “‘practice’ does not refer to a single body of theory, nor does it refer to a unified community of scholars” (Sklaveniti & Steyaert, 2020, p. 315). This also makes SaP relevant for the study of social phenomena and change (Jarzabkowski, 2005; Jarzabkowski et al., 2013). In addition, SaP is considered “an alternative to the mainstream strategy research via its attempt to shift attention away from merely a focus on the effects of strategies on performance alone to a more comprehensive, in-depth analysis of what actually takes place in strategic planning, strategy implementation and other activities that deal with strategy” (Golsorkhi, Rouleau, Seidl, & Vaara, 2010, p. 1).

Because the theories that underlie social entrepreneurship have not been developed sufficiently (Pierre et al., 2011), there is a need within this growing body of knowledge to undertake more descriptive research that focuses on the individual social entrepreneur, the organisational group, and the collective effort involved in moving towards a more strategic social enterprise framework (Peredo & McLean, 2006); along with the processes of becoming socially entrepreneurial (Novkovic, 2008). A key dialogue in this emerging field highlights the need for the mission-driven organisation to become more financially sustainable by adopting new kinds of strategy, thereby undergoing a change process (Kickul & Lyons, 2015; Pierre et al., 2011; Rashid, 2010; Weerawardena et al., 2010; Young et al., 2012). “We cannot escape the fact . . . that even in its routine aspects, strategy is explicitly concerned with the creation of intentional, often radical change” (Hendry & Seidl, 2003, p. 177).

### **3.04.1 Strategy in practice**

Mintzberg’s (1987) managerial studies, and his definitions of and approach to strategy, were a considerable antecedent to the development of SaP (Seidl & Whittington, 2014). Mintzberg (1987) defined strategy as “a pattern in a stream of decisions . . . and actions” (Mintzberg & Waters, 1985, p. 257). This is because it is not a linear process involving the construction of a plan that gets implemented exactly as imagined. Mintzberg (1987) defined strategy in a range of ways, including strategy as planning that involves a spelled-out plan, or business model; and strategy as pattern, which involves consistently applying a set of behaviours – even if the organisation does so unconsciously – that have a positive outcome over time. He refers to this as realised strategy, where the strategy emerges due to the process of practising strategy (Mintzberg, 1987).

A third definition involves the content of the strategy – strategy as ploy – specifically the tactical details necessary for strategy to be realised (Mintzberg, 1987). Another conceptualisation is strategy as position, which involves considering existing and potential competitors, as well as the internal organisational environment and external context in which it operates (Mintzberg, 1987). This view sees the organisation as part of a greater system, all of which impacts on the direction and outcome of the strategic change (Mintzberg & Waters, 1985).

Strategy as perspective refers to the organisation's chosen place within its environment, its 'character' and its culture (Mintzberg & Waters, 1985). Finally, strategy as concept implies that the organisation's perspective is collectively shared by the various stakeholders (Mintzberg & Waters, 1985). An organisation's strategy is consequently not always pre-planned and deliberate, but often arises over time. However, while it may be exceedingly rare for realised strategy to be totally deliberate, it is equally so for strategy to be entirely emergent (Mintzberg & Waters, 1985). Accordingly, the definitions of strategy presented above may occur in different ways and at different times, as part of the process of strategy development and strategic change. Mintzberg (1987) maintains that they may even supplement one another in successful strategy.

This research study attempts to satisfy the researcher's curiosity on whether the change in organisational form that mission-oriented organisations undergo to become social enterprises involves each of or only some of these dimensions: a strategic plan with a deliberate choice to move to another form; or an entrepreneurial strategy that emerges more organically; or a consolidation of successful actions after the fact into an understanding of how the organisation grew and transformed; or the detailed steps, tasks and actions taken to move from one position to another, and by various individuals and groups in the organisation; an understanding of the external environment that necessitates or explains any moves or changes; or a sense of being shaped by the context; or an organisation that already has, or may develop, a culture able to embrace the entrepreneurial activity and change (Battilana, 2018; Kaplan & Orlikowski, 2013; Mintzberg, 1987; Mintzberg & Waters, 1985).

However, strategy in practice is frequently messier and Mintzberg (1987) cautions that an entrenched perspective can appear as a pattern, making strategy very difficult to implement. Due to the ingrained social-mission perspective in the organisations studied, the researcher is interested in how a big strategic change occurs within this entrenched perspective for these kinds of organisations; particularly as Mintzberg (1987) holds that the strategic position can only shift if it is compatible with the prevailing perspective.

SaP retains a focus on all Mintzberg's (1987) 'Ps', with strategy now seen as the achievement of a socially constructed activity, developed through the actions, interactions and

negotiations of multiple actors and the situated practices that they draw on, within the context of wider social practices that link the micro and macro (Seidl & Whittington, 2014).

### **3.04.2 Strategy-as-practice (SaP)**

Strategic change includes everyday practices such as: assessing the environment, evaluating whether existing human resources are assets or liabilities, managing both the strategic and operational change and growth, and leading the enterprise through uncertain times and change in a coherent manner, resulting in more competitive performance (Johannisson, 2014; Pettigrew, 1997). SaP can thus be defined as “the detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes” (Johnson et al., 2003, p. 14). SaP is, furthermore, a process “by which plans that define a consciously intended course of action are created (strategy-as-plan or -ploy), dominant perceptions of the world are developed (strategy-as-perspective), organizations are aligned with their environment (strategy-as-position), or routines are established (strategy-as-pattern)” (Hacklin & Wallnöffer, 2012, p. 169).

The business model can be applied as a cognitive framework within strategy (Baden-Fuller & Morgan, 2010), to help design and think through opportunities and risks (Hacklin & Wallnöffer, 2012). In this way, the business model serves as a template and is a “simplified description . . . of a firm’s strategy” (Hacklin & Wallnöffer, 2012, p. 167). It can be used as a strategising device, both in developing a new business and in the transition of an existing business (Hacklin & Wallnöffer, 2012; Schaltegger et al., 2015).

There have been a number of practice-based studies on organisations in the management field, with outcomes suggesting that strategising depends on organisational practices that affect the result of both the process and ensuing strategy (Vaara & Whittington, 2012). However, although empirical research to date has focused on the interchange between practices and praxis, between praxis and practitioners and between practices and practitioners, there has been only limited research in the social enterprise context, none on social enterprises in emerging-markets, and none connecting practices directly to the context (Seidl & Whittington, 2014).

This has resulted in the need to deepen focus from narrowly defined institutional contexts, with a specific focus on managers who engage in a series of micro-actions within narrowly defined economic contexts (Gartner, 2016) to a view that connects how strategy is realised in practice, through micro-practices undertaken by the organisation to macro issues in the environment. This implies paying greater attention to the importance of the context, both impacting on and being impacted on (Steyaert, 2007; Welter et al., 2019). At its heart, SaP focuses on practitioners, practices and praxis (Carter, Clegg, & Kornberger, 2008;

Jarzabkowski, 2005; Jarzabkowski et al., 2007), and is relevant to this study as “strategy practices . . . serve to . . . change the very concept of the organization itself” (Vaara & Whittington, 2012, p. 298).

### **3.05 Entrepreneurship-as-practice (EaP)**

Using key SaP and social theory paradigms, EaP enabled a focus on the daily entrepreneurial practices employed in social enterprises, and on contextualisation as the connection between micro-practices, the organising context, and the context for organisational growth and change (Carter et al., 2008; Gartner, 1985, 2016; Karanda & Toledano, 2012; Kerlin, 2013; Steyaert, 2007; Welter et al., 2019). Thus, the ideas contained within EaP were utilised to develop a deeper understanding of how social entrepreneurship is practiced in this unique context.

In addition, due to the complexity of the social entrepreneurship phenomenon, a multi-level enquiry was undertaken (Lewis & Grimes, 1999). This was necessary to both describe large South African social enterprises and deepen knowledge (Pettigrew, 2013) of the situated practices of social entrepreneurs in this context.

#### **3.05.1 EaP as theoretical scaffold**

EaP enables a fit between practice and theory as it emphasises the complexity and hybridity of social enterprise as a field. Furthermore, practice approaches “highlight the embeddedness and interrelatedness of actors and contexts as intrinsic characteristics of any social process” (Keating, Geiger, & McLoughlin, 2013, p. 1,208). EaP thus provides an alternative research technique to understand situated practices within a micro-linked-to-macro-context (Carter et al., 2008; Daviddson & Wiklund, 2001; Gartner, 1985; Steyaert, 2007). In entrepreneurship research, the focus has accordingly shifted to analysing the specific practices involved in developing and sustaining an entrepreneurial business (Gartner et al., 2016; Keating et al., 2013), by focusing on listening to the sayings and observing the doings in the organisation (Nicolini, 2012; Orlikowski, 2010; Schatzki, 1996, 1997, 2001, 2002, 2005; Schatzki et al., 2001; Schwarz & Stensaker, 2016).

Because the development and management of social enterprise is a risky entrepreneurial process, involving multiple everyday practices (Gartner et al., 2016; Johannisson, 2014, 2018), utilised to manage manifold competing interests (Pache & Santos, 2010, 2013), being a strategic entrepreneur implies being a practised strategist able to foresee potential risks and opportunities in complex, and even turbulent, environments (Baker & Welter, 2018; Gartner, 1985; Keating et al., 2013; Van de Ven, 2007). The entrepreneur practitioner must thus continually engage in a range of management practices that are both

context-specific and heavily reliant on numerous organisational players (Gartner, 1985, 2016; Hendry et al., 2010).

Key SaP thinkers maintain that new research must take place in the intersection between the three practice Ps and focus on a combination of the three (Carter et al., 2008; Jarzabkowski, 2005; Jarzabkowski et al., 2007). Starting from this point and reaching further, EaP thinking focuses on practices within their specific contexts. Practice theory, consequently, provides a relevant lens as “current theories of organization, both micro and macro, are unable to explain many of the social processes inherent in the creation of social value . . . and do not take context into account” (Dacin, Dacin, & Tracey, 2011, p. 1,206). Nor do they adequately explain social entrepreneurship phenomena (Gartner, 1985; Johannisson, 2014, 2018; Mair, 2010, 2017).

### **3.06 Prominence of the organisation within social enterprise**

The extant literature places the understanding and development of social entrepreneurship firmly in the realm of individual personality characteristics (Dacin et al., 2010; Dacin et al., 2011; Dees, 1998; Elkington & Hartigan, 2008; Karanda & Toledano, 2012; Mair & Marti, 2006; Zahra et al., 2009). This stance is supported by the American social enterprise school of thought. The essential personality traits are very similar to those of for-profit and corporate entrepreneurs (Dees, 1998; Elkington & Hartigan, 2008; Karanda & Toledano, 2012; Mair & Marti, 2006; Zahra et al., 2009).

In addition, all these entrepreneurs demonstrate a specific aptitude for identifying opportunities without being restricted by the available resources (Mair, 2010; Zahra et al., 2009). Consequently, the individual social entrepreneur is recognised as the strategic practitioner. The practitioner is further acknowledged as critical in the development of the social enterprise (Elkington & Hartigan, 2008; Karanda & Toledano, 2012; Mair & Marti, 2006; Zahra et al., 2009). Nonetheless, although leadership, vision and strategic management are discussed repeatedly in the literature, the specific roles and tasks of the leader as practitioner are not fully described. This is despite the social entrepreneurship literature asserting that initiating and maintaining a social enterprise requires constant adaptation to change, and implementation of specific practices (Moss et al., 2010; Zahra et al., 2009).

Through their systematic review of the drivers of organisational change, Whelan-Berry and Somerville (2010) identified several essential leadership practices as part of change management, which can be extrapolated to the practice of social entrepreneurship. This is particularly so when the context is filled with ongoing change: 1) a captivating, yet easily understood, vision; 2) effectively communicated; 3) with individual employees buying into and implementing the vision; 4) sustaining the impetus; and 5) institutionalising the practices



(Whelan-Berry & Somerville, 2010). However, these authors specifically acknowledge that there is not enough process detail in their work and that it “does not yet consider how these drivers vary in different organizational settings and types of changes” (p. 189).

The literature agrees that socially entrepreneurial-oriented organisations are those with a social mission directly related to organisational activities and innovative in how they access, use and accumulate resources (Bacq & Janssen, 2011; Dees, 1998; Mair, 2010; Mair & Marti, 2006). This includes all the different types of mission-driven organisations that survive by being creative in accessing and using resources. Accordingly, this study adopted a focus on possible organisational structures and designs, as well as the processes of organisational growth, change and development.

### **3.07 Growth practices within the social enterprise**

Mair (2017), a key social entrepreneurship researcher, echoing Jarzabkowski et al. (2007), holds that further study should address practices within the social enterprise. Examples of such practices include appointing board members with a particular skill mix (Battilana & Lee, 2014; Hendry et al., 2010); the hiring practices of the organisation in preparing for, and during, growth, and the consolidation of entrepreneurial growth, as well as any changes made; the socialisation of new and existing staff; beneficiary involvement in decision-making; customer satisfaction improvement; quality assessment processes; and evaluation and reporting (Mair, 2017).

Jarzabkowsky and Spee (2009) grouped daily practices into three types: administrative, such as planning instruments and budgets; discursive, such as the business model, including how strategic change and growth are communicated and the tools of strategy; and episodic, for example, meetings, workshops and away days. Through discourse, strategy practitioners shape practices and create contextual opportunities to help the organisation progress. All these practices can be assessed to develop an understanding of a complex organisational form, such as a social enterprise, as well as an organisational strategic change process (Jarzabkowsky & Spee, 2009).

EaP is interactive and participatory, and, therefore, particularly useful in times of organisational growth and development (Hacklin & Wallnöffer, 2012; Hendry et al., 2010). Participatory decision-making also leads to developing shared models and frameworks (Defourny & Nyssens, 2016), with all of which required for buy-in to an organisational change process (Pollack & Pollack, 2015; Rafferty et al., 2013).

In addition, mission-based sustainability can be achieved through the practices of redefining mission, branding, enhancing service efficiencies, networking, strategic renewal and mergers (McDonald et al., 2015). Monetary sustainability can be achieved through

revenue-generating practices, such as charging fees for services, starting commercial ventures, obtaining sponsorship, introducing contract fees, or membership fees; increasing donations through the practices of establishing foundations, engaging in relationship fundraising, obtaining identity-based donations, hosting fundraising events, sourcing grants and circulating marketing communication; and cost-cutting activities, such as the practices of increasing the use of volunteers, accepting in-kind donations, realising cost efficiencies and building strategic alliances (Kickul & Lyons, 2015; McDonald et al., 2015).

Many of these new practices are unavailable or unrealistic in the South African context. Nonetheless, long-term sustainability and growth seem to require the adoption of social enterprise business models, and an adjusted, more entrepreneurial mindset. This is despite the fact that the SSES found, for South African micro social enterprises at least, the majority had not yet begun to embrace hybrid business models, with only a tiny percentage currently formally identifying with and operating as social enterprise hybrids (Jankelowitz & Myres, 2018; Myres et al., 2018).

### **3.08 Organisational change theory as growth practice**

“The key to social entrepreneurship is an explicit or implicit theory of change . . . manifested in strategies, tactics and the [business] model” (Mair, 2010, p. 5). When an organisation changes its operating model, a process of transformational change has been hypothesised. Transformational change, defined as “intended and multidimensional change that departs radically from an organization’s past precedents” (Lee et al., 2012, p. 116), is typically complicated, involving extensive readjustments (Lee et al., 2012).

Greenwood, Suddaby and Hining’s (2002) theory of radical organisational change holds that this takes place at the intersection of a shifting market in a competitive context, a changing institutional or governance situation, and deteriorating organisational performance. Formal strategic planning and decision-making practices are considered necessary for transformational change to be successful (Al-Haddad & Kotnour, 2015; Mair et al., 2015). Greenwood et al. (2002) maintain that competitive and reformative organisational commitment to change are necessary for change to occur, with the dominant stakeholders having become dissatisfied with the status quo.

Change is believed to disrupt organisational structure, culture and strategy, requiring the development and implementation of new organisational practices (Pettigrew, 1987, 2012). New organisational strategy must be clearly defined, and the leadership must work to develop a shared understanding of the new vision. In addition, the organisation must have the expertise and competencies necessary to manage both the change process and the new organisation. Lastly, the organisation must have adequate resources to carry out the change process, and

sufficient capacity to adjust the business model (Baden-Fuller & Morgan, 2010; Hacklin & Wallnöffner, 2012; Lee et al., 2012). Consequently, a clear understanding of both the current and desired business model can serve as a prototype to prepare for organisational change, of which growth to scale, is considered to be one type (Hacklin & Wallnöffner, 2012).

Despite identifying the antecedents and enablers of organisational change, Greenwood et al. (2002) do not discuss the actual processes of change. Indeed, there is “little theoretical discussion in the broader change literature about how transformational change unfolds or how features of the change process affect change results” (Lee et al., 2012, p. 119).

### **3.08.1      *The practitioner’s role***

Goes, Friedman, Seifert and Buffa (2000) label leadership, vision and trust as the most important practices enabling transformation of healthcare organisations. Additionally, Mintzberg’s (1987) theory of emergent strategy maintains that the leadership must be cognisant of the demands of both the internal and external environments (Lawler & Sillitoe, 2010; Smith & Besharov, 2019).

However, these concepts are frequently not translated into the specific skills and practices required, nor the activities and micro-actions into which these are translated. Therefore, while leadership, vision and strategic management are discussed repeatedly in the body of organisational change literature, what practices are required, as well as how important these are, at various stages, to the success of varied growth and change efforts are not fully described.

Oreg et al. (2011) conducted an extensive 60-year systematic review of organisational change studies and found that organisations change primarily because the individuals in them, overtly and covertly, approach and respond to change on an affective, cognitive and/or behavioural level, both positively and negatively, thereby becoming strategic change practitioners (Jarzabkowski et al., 2013; Jarzabkowski & Spee, 2009). Rafferty et al. (2013) maintain that an individual’s response to change is determined by their change readiness, defined as the individual’s views on the necessity of the change, coupled with their sense of whether the organisation has the capacity to successfully deal with the change process.

In addition, increasing employee participation in the change process appears to increase trust and reduce resistance to change (Oreg et al., 2011). Oreg et al. (2011) also comprehensively reviewed the preceding factors leading to change, as well as the final change outcome, and placed the responsibility for successful change on managers and their involvement of employees. Employee involvement can consequently be viewed as either a support factor or a tension in any perceived change process. Furthermore, in the third sector literature, there is disagreement on whether volunteers and employees are more adaptable to

change, as they are used to working in a flexible organisational environment within an often turbulent context (Vantilborgh, Bidee, Pepermans, Willems, Huybrechts, & Jegers, 2011), or whether they are more resistant to change and the supportive holding environment of the social enterprise attracts them in a way that a more demanding corporate environment would not (Liao-Troth, 2001).

The organisational change literature argues that it assesses organisational change from either the individual employee (Oreg et al., 2011) or the organisation as-a-whole perspective (Kritsonis, 2005). However, even organisation as-a-whole change theory focuses primarily on the reactions of individual employees to the change, and how they can best be prepared for change. Consequently, change readiness studies focus solely on the individual, while using these same studies to develop conclusions about the organisation as-a-whole's readiness for change (Rafferty et al., 2013). However, "relationships that hold at one level of analysis may be stronger or weaker at a different level of analysis and may, in fact, even reverse" (Rafferty et al., 2013, p. 112).

Rafferty et al. (2013) posit that to assess organisational readiness for growth and change, the cognitive beliefs and affective responses of the individual, work group and organisation as-a-whole must be studied. Furthermore, these multiple views need to coalesce into a single shared vision for the organisation, if change is to be successful (Rafferty et al., 2013; Vakola, 2013). Organisations assessed as 'change-ready' are thus typically future-focused, with a flexible structure, and leadership both prepared for and supportive of change, failure and new experiences (Rafferty et al., 2013). An organisation's readiness to change can be equated with Lewin's (1947, 1951) notion of 'unfreezing' (Vakola, 2013).

### **3.08.2 Change models**

In Lee et al.'s (2012) systematic review of change research in healthcare, the authors found that change was described as planned, iterative and primarily top-down, and that change outcomes were mostly positive. This may explain the lack of transition in the organisations studied. However, they posit that this may be due to only studying organisations whose change process had been successful. Nonetheless, this is surprising as the literature maintains that between 50% (Self, Armenakis, & Schroeder, 2007) and 70% (By, 2005) of change efforts fail. Lee et al. (2012) also concluded that few studies discussed the actual processes of change and development.

Lewin's (1947, 1951) well-known model of organisational change views organisations as unfreezing existing cultures and processes by offering incentives to create change (Al-Haddad & Kotnour, 2015), implementing it, and then refreezing to consolidate the change (Kritsonis, 2005). Lewin's (1947, 1951) model focuses on factors that support or hamper

change, and how these tensions may be balanced. The model does not, however, seem to address the possibility of ongoing change or an environment that is continually in flux (Kritsonis, 2005).

Greiner's (1972) model of organisational change sees organisations growing and evolving incrementally, and only undergoing transformational change in stages after crisis points (Van de Ven, 1992, 2007). This model could be applied to the third sector, believed to adjust organisational form to become more entrepreneurial. This is likely relevant when the change is driven by intermittent funding crises (Bahmani et al., 2012; Kim et al., 2011; LaRose, 2012; Smith et al., 2012). In addition, this model can be applied to the drive for organisational growth, as organisations pursue growth when the leadership is optimistic about growth opportunities and the organisation is change-ready (Rafferty et al., 2013; Van & Vredenburg, 2015). Scale, referring specifically to the extension of reach and impact (Bull, Hedley, & Nicholls, 2014), is, therefore, the last stage of organisational growth seen through a change lens.

The organisational life-cycle model proposes that organisations move through stages in a linear and fairly organised fashion, which on the one hand appears too rigid, but on the other provides insight into how organisations operate at different life stages and the skills, practices and resources necessary to traverse a stage (Bull, Crompton, & Jayawarna, 2008). This is a more evolutionary growth and change model. The organisational life-cycle model is, in addition, the one that seems to have been applied most commonly to mission-driven organisations undergoing change, as described in more detail later in this section.

Van de Ven and Poole (2005) developed a typology of four approaches for studying organisational change, divided into studying variances or studying processes. Studying the processes of change typically views change as a series of stages, such as in the life-cycle model (Van de Ven & Poole, 2005). This study will define the stages that an organisation, within its growth and development efforts, moves through in this context. How the business model, and other practice tools, evolve within these stages will also be studied.

### **3.08.3      *Growth and scale***

Because these organisations must compete for the same grants and funding opportunities, in the end these enterprises actually cause a lessening in the requirement for, firstly, one another's services and, secondly, their own. Mission-driven organisations are, consequently, neither "able to create markets to support growth; nor do they want to" (Bull et al., 2014, p. 9). Contrary to the commercial goals of demand creation, the intent for these organisations "in theory, [is] to eliminate demand" (Bull et al., 2014, p. 9). These are additional conflicting logics

that create tension for the organisation and its stakeholders, particularly employees (Pache et al., 2018).

An extensive literature search yielded a handful of papers describing aspects of social enterprise growth and change. In Bull et al.'s (2008) study of three NPOs that transitioned to social enterprise, this occurred during the infancy stage. Consequently, these organisations were not changing their existing form so much as their founding concepts (Bull et al., 2008). Whereas in Grant and Kinley's (2010) study, the organisation was attempting to gain greater autonomy by generating funds in a new way and was consequently described as adolescent in the organisational life-cycle model. Both studies emphasised change in the organisational business model specifically, as opposed to organisational change processes more broadly. Neither however, actually mention the business model.

McBrearty (2007) identified several key success factors for mission-driven organisations wanting to evolve to a more entrepreneurial form: having an existing service/product that can be sold; identifying consumers who are willing and able to pay for the service/product; wanting and being able to change the culture of the organisation; receiving substantial buy-in from both internal and external stakeholders; and having sophisticated management expertise, required for negotiating the complexity of social enterprise business models. This approach combined Oreg et al.'s (2011) focus on stakeholder involvement, with an emphasis on adopting a compatible and appropriate business model as the key to successful change, but without offering the practices within these practices, or the specific steps required.

Oreg et al. (2011) recommend employing organisational change studies across organisations in the same sector for a better understanding of the organisation-level antecedents and consequences of change, and the impact of change agents. The change process itself, perceived benefit versus harm, and the content of the change emerge as key indicators of successful organisational transition. What is noticeably missing from the literature is the *how* (Pollack & Pollack, 2015; Van de Ven, 1992, 2007), particularly in this context. Teleology process theory holds that the organisation "socially constructs an envisioned end state and selects from alternatives a course of action to reach it" (Van de Ven, 1992, p. 178). This means that planning and selecting a business model and a change process are important practices as part of what may not actually be transformative change.

Teleological theories are closely linked to Mintzberg's (1987) model of the strategic management of organisational change. Goes et al. (2000) agree that organisational change is steered by a manager with a clear plan and a strategic vision for organisational success. However, despite having an end goal and a plan for achieving it, the process of how change happens, or how an organisation grows, or what kind of development can be accommodated in a hybrid organisation, still requires explanation. This is because there are no fixed

organisational change processes (Van de Ven, 1992, 2007), particularly in the context of social enterprise.

Change in the literature is typically addressed retrospectively, by assessing the starting and ending points (Chia, 1999). However, observing change in the vision and business model allows one to address anticipated change as well as realised change (Baden-Fuller & Morgan, 2010; Schaltegger et al., 2015; Mintzberg, 1987). Researchers in the social enterprise field argue that a more robust understanding of the process of change is needed (Dacin et al., 2011; Greenwood et al., 2002; Van de Ven & Poole, 2005). Hence this study aimed to develop an understanding of organisational change, development processes and growth patterns, within these particular types of organisations, from a strategic business model perspective, underpinned by social practice theory (Schatzki, 2006, 2013). This was to develop an understanding of how stakeholders respond to, and either support or hinder the process of adopting a new business model, while considering the specific South African and third sector contexts.

Importantly, a clear understanding of the current and desired business models, as well as the organisation's appetite for change and/or uncertainty, can serve as a prototype to prepare for entrepreneurial development (Hacklin & Wallnöffer, 2012; Ridley-Duff & Bull, 2015). Saebi (2014) identifies three overarching categories of business model development anticipated to be part of social enterprise development. These include: 1) adaptation, which involves small changes based on changes in the environment; 2) evolution, which implies a natural shift as the organisation grows and matures, aligned to the organisational life-cycle theory of change; and 3) innovation, which places the social enterprise ahead of its competition due to novel business models, products/services, and/or delivery mechanisms (Beckmann, Zeyen, & Krzeminska, 2014). Although the innovation stage implies transformational change, this was not found. Additionally, because the majority of South African social enterprises can be considered established, in that they have been operating for more than ten years, they are more likely to be innovating (Myres et al., 2018).

### **3.09 Systems-change**

General systems theory (GST) is "a program of theory construction aimed at building concepts, postulates, principles, and derived theorems that apply universally across all domains of application" (Whitchurch & Constantine, 1993, p. 325). GST is a view of systems in general, intended to explain the behaviour of complex, organised systems of all types. Initiated by von Bertalanffy in 1937, systems theory views all phenomena as long-term and ongoing, as well as relational and co-emerging (Checkland, 1999; Foster-Fishman et al., 2007; Hanson, 2013; Whitchurch & Constantine, 1993).

Systems theory also perceives the system as cybernetic and self-steering, and therefore the opposite of finite and linear (Checkland, 1999; Hanson, 2013). The system is believed to co-emerge between parts, with the sum of the parts viewed as greater than the whole (Hanson, 2013). Systems theory maintains that the system will correct itself, by amplifying, reacting and mutating to maintain the system (Foster-Fishman et al., 2007; Hanson, 2013). Concepts of feedback loops and describing patterns in phenomena result from systems theory (Checkland, 1999; Hanson, 2013). Critically, Hanson (2013) notes that systems theory is an epistemological stance that is about seeing the world in wholes, as opposed to only parts that make up this whole.

### **3.09.1 Theory of change**

Closely linked to GST, organisational programme theory or theory of change (ToC) has become a buzz concept, particularly in donor-funded organisations. These organisations are required to describe their underlying programme theory to donors, presenting a visual diagram of the organisation's intended impact. The ToC is oriented towards change, focusing on the organisation's intended ultimate changes in the system, and the various paths it may take towards this change. ToC is therefore a pictogram of how the organisation hypothesises the change it wishes to create.

A ToC denotes the “construction of a model that specifies – usually visually – the underlying logic, assumptions, influences, causal linkages and expected outcomes of a development program or project” (Jackson, 2013, p. 100). The theory begins with the end result or intended impact and works backwards. In funded organisations, ToCs are also referred to as intervention logics or results chains (Funnell & Rogers, 2011; Hanson, 2013; Jackson, 2013). ToCs consist of causal assumptions and can be a useful planning tool. For organisations intending broad social change, whether consciously defined as their ToC or not, they will have undergone a process of strategically creating their ToC, in some form, to reach their social mission.

When designed with an understanding of contextual factors and relevant stakeholders, a ToC can assist an organisation in making sense of and navigating the complex environment in which the social mission must be met, and therefore the programmes, and resultant activities, within which all the various micro and daily practices are taking place. A ToC is consequently a perception of reality shaped by the norms, values, experiences and beliefs of the people who create it. It is thus necessary to capture a range of stakeholders in the ToC.

When developed this way, the ToC codifies the organisational culture, capacity needs and ways of working. Additionally, it provides a roadmap of the external environment, with clear measurables for various stakeholders. It thus becomes another participatory business



practice that assists the organisation in being held to account, in turn increasing its legitimacy. The most effective business practices are those that can be used for multiple aims. A well-managed ToC can thus provide a learning, evaluation and accountability tool.

The strategic practitioners developing the ToC must ensure the theory is valid, appropriate, relevant and accurate (Funnell & Rogers, 2011; Jackson, 2013). In addition, the ToC “should be interrogated at all levels: the field as-a-whole, multi-firm platforms, individual organizations, specific investments and the beneficiary level of communities, households and individuals” (Jackson, 2013, p. 100), thereby furthering the establishment of a change-based ecosystem.

There is growing resistance to ToC, however, due to donor insistence that organisations develop new logic frameworks for each new funding proposal and project. “Funders have an overwhelming influence over what is funded and how, due to the natural power imbalance between funders and grantees” (Bull et al., 2014, p. 10). However, the fact that donors are not interested in investing in core funding, nor for extended periods, results in innovative approaches to scale not being implemented (André & Pache, 2016; Cornforth, 2014). Because “the emphasis in funding decisions is too often on delivering services at the lowest possible cost”, combined with “unpredictable funding” (Bull et al., 2014, p. 10), regardless of the ToC the organisation adopts, without generating their own, unattached income, they will be unable to realise their scale (André & Pache, 2016; Dees, Anderson, & Wei-Skillern, 2004; Pache et al., 2018).

Nonetheless, designing a ToC with the correct stakeholders will both create awareness of the differences in norms and values between various stakeholders and of commonality, particularly common understandings of how organisational change and development occurs. This typically generates a feeling of co-ownership among stakeholders. The ToC also assists the leadership in deciding on the scope of a particular programme and supports decision-making on what interventions should be pursued to achieve the biggest impact by whom (Funnell & Rogers, 2011; Jackson, 2013; Smith et al., 2012). At the same time, the ToC exposes gaps in activities and identifies overlap with the activities of others.

A ToC, similar to multiple other tools presented in this chapter, involves the following steps:

- 1) defining one’s desired impact;
- 2) determining one’s measurable outcomes;
- 3) identifying the various pathways of change or routes to accomplishing the social mission;
- 4) specifying strategies to be applied along the pathways to measure outcomes and prove impact; and
- 5) connecting these pathways of change (Funnell & Rogers, 2011; Hanson, 2013).

A ToC must become a theory of action (ToA) for the outcome chains to be implemented. In addition, the ToC must be revisited and updated so that it is more about the process than the “final product” (Funnell & Rogers, 2011, p. 107). This places the ToC between “good intentions and great results, as it is not just a list of tasks but a vision of what needs to happen, and how” (Funnell & Rogers, 2011, p. 18).

### **3.09.2 Scale**

The concept of scale, which has also become a buzzword in both literature and practice, must arise when social change is the objective (Lumpkin, et al., 2013; Zahra, Newey, & Li, 2014). Scale occurs as either vertical or horizontal (André & Pache, 2016; Dees et al., 2004; Weber, Kröger, & Lambrich, 2012) with an assessment of the severity and volume of the existing need which the social mission sets out to address (Bull et al., 2014). To scale effectively, social enterprises must first assess their organising context. Then, they must prioritise available opportunities for scale, while considering risks. Lastly, they must evaluate whether there is sufficient internal support and capacity, as well as capital, for scale to be realised (André & Pache, 2016; Bull et al., 2014; Dees et al., 2004). So “successful scale results from a combination of reach and impact” (Bull et al., 2014, p. 8).

“The immediate assumption that growth is incompatible with depth and effectiveness is a dangerous one, as it may prevent an effective approach from fully addressing the need at which it is aimed. It is here that careful consideration of the particular circumstances and different routes to scale is important” (Bull et al., 2014, p. 11). Consequently, “the task of scaling can be made considerably easier where an approach is backed by government . . . [which] presides over an extensive infrastructure and delivery network and is uniquely placed to address any systemic or regulatory barriers to progress” (Bull et al., 2014, p. 28).

In order for one's research offering to have a real impact in practice, it is useful to demonstrate in what way one's research is able to impact on practice, and spell this out. In addition, “many approaches to assessing research impact combine a logic model (to depict input-activities-output-impact links) with a ‘case study’ description to capture the often complex processes and interactions through which knowledge is produced, interpreted and shared” (Greenhalgh, Raftery, Hanney, & Glover, 2016, p. 4).

### **3.10 The development of the business model**

In most areas of study, from biology through to economics and on to management, models are employed to deal with and resolve a lack of knowledge (Baden-Fuller & Morgan, 2010). Classifications are therefore halfway between concept and theory and involve grouping phenomena into sets based on similarity (Lambert, 2006). Business models represent ideal-

types. “Ideal-type business model examples provide recipes that have been already tried and tested in the world” (Baden-Fuller & Morgan, 2010, p. 166). The development of a practice model in this study, as the outcome of the process of developing new theory, is valuable for comparing mission-driven organisations and advising ways of improving financial sustainability (McDonald et al., 2015).

The objective of the business model is to “help understand, describe, or predict how things work in the real world by exploring a simplified representation of a particular entity or phenomenon” (Osterwalder, 2004, p. 14). Developing a practice model of transition from mission-driven organisation to social enterprise therefore results in a range of self-sustaining, as opposed to only non-profit and/or profit-maximising, business models (Zott, Amit, & Massa, 2010), thereby explicating the practices intrinsic to the process of business-model change and development.

### **3.10.1 *Defining the business model***

The business-model concept is viewed as atheoretical (Zott et al., 2010). It is also relatively new, with focused study primarily taking place in the internet technology industry, and much disagreement about how to define it (Zott et al., 2010). The business-model concept has subsequently come to be viewed as part of strategy literature as the business model reflects actualising the strategy (Casprini, 2015; Zott et al., 2010). The concept ‘business model’ describes the organisation’s “characteristics and its activities in a remarkably concise way . . . because it embodies the essential elements and how they are to be combined to make them work” (Baden-Fuller & Morgan, 2010, p. 167) in an improved manner as opposed to the prevailing options (Magretta, 2002). Business models thus simultaneously represent both the real and the ideal (Baden-Fuller & Mangematin, 2013; Baden-Fuller & Morgan, 2010).

A business model provides a useful prototype of how an organisation can operate and provide value to stakeholders (Zott & Amit, 2010). However, the efficacy of a business model relies on an organisation’s capacity to alter the model as the context requires (Chroner et al., 2015). Magretta’s (2002) definition of the business model as the stories that elucidate how the organisation works resonates with discursive practices described in EaP (Schatzki, 2017).

### **3.10.2 *Business model linkages to strategy, change and process***

Osterwalder (2004) studied the role of the business model and concluded that it is the key connector between strategy and business practices. The business model can therefore be seen as a metaphor for SaP in that it is the implementation of the strategy, and the strategy captures all the different business model changes (Stefanovic & Milosevic, 2012).

The business model may, however, be implicit and not specifically thought through and planned. Because SaP is the activity inside the process, it helps track the process of business model change (Vaara & Whittington, 2012).

### **3.10.3      *The business model concept in the third sector***

The extant literature largely ignores the concept of business models in mission-driven organisations, specifically NPOs, providing only a very basic typology of NPOs, such as those categorised by target group (Chad et al., 2013; Mair, Battilana, & Cardenas, 2012), or those categorised by social mission (Chad et al., 2013; Seelos & Mair, 2005). However, in practice, there is a very real disconnect between the programmes carried out by these organisations and the business models adopted to ensure this work can be implemented (Alter, 2010).

“The lack of a framework for classifying NGOs could be argued to have seriously impeded an understanding of the NGO sector” (Vakil, 1997, p. 2057). In addition, typologies, which are the most common outcome of studies in this broader field, are a static way of classifying organisations and completely ignore the process of change (Chia, 1999). The existing literature agrees that “business models are seldom formally expressed by the entrepreneurs and exist as subconscious knowledge” (Chroneer et al., 2015, p. 68). NPOs, in particular, often stumble on a business model, without actively selecting the most appropriate one (M. Morris, Schindehutte, & Allen, 2005; Stecker, 2014). In addition, there is frequently a lack of skill to enable these kinds of business decisions in smaller, more community-based organisations (Chad et al., 2013; Dart, 2004; Stecker, 2014). This makes it increasingly difficult for mission-driven organisations to sustain themselves financially to carry out their necessary social-sector work (Alter, 2010; McDonald et al., 2015).

With business models specifically, contemporary research in the broader social entrepreneurship, NPO and social enterprise arenas has focused on developing social enterprise typologies (Alter, 2010; Gordon, 2015; Grassl, 2012; Littlewood & Holt, 2015, 2018b; Stecker, 2014) or on organisations that are inherently socially entrepreneurial as they are consciously hybrid non-profit/profit entities (Alter, 2010; Battilana & Lee, 2014; Mair et al., 2012; Jay, 2013; Lee & Jay, 2015; Nicholls, 2010; Stecker, 2014). However, despite extensive research in the non-profit and social enterprise sectors over many years, a detailed understanding of organisational sustainability and the range of strategies and practices carried out by these organisations as they struggle to remain financially viable is lacking (McDonald et al., 2015).

### **3.10.4      *Alternative and sustainable business models***

Organisations are being pushed into finding alternative business models for funding and financial sustainability in particular, due to the lack of available funds across the globe (Kickul & Lyons, 2015; Smith et al., 2012; Sontag-Padilla et al., 2012; Stecker, 2014; Young et al., 2012; Young & Kim, 2015). NPOs respond to reduced funding by cutting costs, redesigning programmes, and/or finding alternative revenue streams (Dart, 2004; Eikenberry & Kluver, 2004; McDonald et al., 2015).

A study among Irish NPOs found “a huge ongoing challenge to fundraise with a strong sense of ever-increasing pressure and competition on all fronts – for volunteers, staff, and funds” (McGee & Donoghue, 2009, p. 372). This tension was directly related to the NPO business model and fundraising strategy, or their lack. Exactly how these organisations may raise their own resources is not clear. Particularly when the extant literature agrees that organisations that combine a social mission with a financial objective struggle against conflicting institutional logics (Pache & Santos, 2010, 2013; Santos et al. 2015).

These logics are also perceived as being entrenched within different regulatory, social and cultural settings. Moreover, these dual demands result directly from the pressure placed by combining the social mission and the desire to generate a profit (Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Grimes et al., 2018; Kodzi, 2015; Pache & Santos, 2010, 2013). Consequently, “despite growing recognition of the practical and theoretical importance of mission drift and the potential challenges it poses to organizations, existing scholarship offers limited clarity into the sources, attributes, and consequences of mission drift and how, in turn, organizations might respond to such drift” (Grimes et al., 2018, p. 5).

### **3.10.5      *Business change strategies in the third sector***

“Challenges particular to non-profit adaptation and survival are poorly elaborated in the literature because there has not been a strong focus on third sector organizations” (Alexander, 2000, p. 289). Miles, Snow, Meyer and Coleman’s (1978) strategic typology for organisations seeking to adapt to a changing environment was adjusted for NPOs by Alexander (2000) and Akingbola (2005). They classified NPOs into one of four adaptive roles, namely defenders, analysers, prospectors and reactors. Adaptive strategies included: “1) pursuing strategic expansion; 2) developing business management techniques; 3) stepping up boundary-spanning activities; and 4) maintaining public service character through commercialization” (Akingbola, 2005, p. 40). These adaptive strategies are similar to strategies observed in social enterprises and other mission-driven organisations (Alter, 2010; Defourny & Nyssens, 2016; Gordon, 2015).

For organisations to become social enterprises, they need to adopt business models that enable them to sustain themselves financially and in terms of social relevance (McDonald et al., 2015). These business models need to be divided into strategies to accomplish social mission, and strategies to realise monetary sustainability, as social enterprises need to do both (Defourny & Nyssens, 2016). Mission-based sustainability can be achieved through the practices of redefining mission, branding, service efficiencies, networking, strategic renewal and mergers (McDonald et al., 2015).

Monetary sustainability can be achieved through: revenue-generating practices, such as fees for service, commercial ventures, sponsorship, contract fees and membership fees; increasing donations by the practices of establishing foundations, relationship fundraising, identity-based donations, fundraising events, grants and marketing communication; and cost-cutting activities, such as the practices of increasing the use of volunteers, in-kind donations, realising cost efficiencies and strategic alliances (Kickul & Lyons, 2015; McDonald et al., 2015). The revenue-generating activities, in particular, require an adjusted, more entrepreneurial mindset.

### **3.10.6      *Tensions provoked by business and change strategies***

Mission-focused organisations tend to attract a certain type of person to work in them, a person who is rewarded more by the type of work than by the salary (Bassous, 2015; Henderson & Van den Steen, 2015; Liao-Troth, 2001). These organisations typically consist of a greater number of volunteers than employees or a balance between the two (McDonald et al., 2015; McGee & Donoghue, 2009), but both have a similar psychological contract with the organisation-employer (Henderson & Van den Steen, 2015; Liao-Troth, 2001). In developed-economy countries, volunteers function as employees who have skills and do not need to earn an income but need to be rewarded and affirmed in other ways (Vantilborgh et al., 2011).

In South Africa, the volunteer type is often different, with volunteers who do need to earn and may regard volunteering as an apprenticeship towards employment (DSD, 2015; Littlewood & Holt, 2015, 2018b). The staff employed in South African mission-driven organisations thus often have lower skill sets than required for corporate work or find the business environment too stressful (Studer & von Schnurbein, 2013). According to Leadbeater (1997), socially entrepreneurial organisations are flat and flexible and attract staff, but especially leaders who are not risk-averse, but are in fact skilled practitioners open to change.

Most non-profit enterprise employees hold tightly to the social mission of the organisation as the reason they are working for a non-profit and not for a commercial entity (Bassous, 2015; Henderson & Van den Steen, 2015; Studer & von Schnurbein, 2013; Liao-

Troth, 2001). They would therefore be unlikely to support perceived moves away from the social mission, unless they could justify the financial sustainability move (Bassous, 2015; Henderson & Van den Steen, 2015; Parsons & Broadbridge, 2004). Self et al. (2007) and Parsons and Broadbridge (2004) maintain that organisations will resist pressure for change, when changes are not consistent with the image and identity they wish to uphold.

Sustaining organisations that address social issues therefore seem to require a robust entrepreneurial orientation, an openness to change with access to a range of business models and change strategies, and with staff and volunteers who are entrepreneurially oriented (Zahra et al., 2009). This study was interested in how organisations, operating with traditional funding models, become more entrepreneurial social enterprises. Specifically, what steps are taken, what is the role of the leader and other stakeholders, whether the success of the change process depends entirely on individual employee reactions to the change or on the strategic capacity of the leader, what enables and what disrupts growth and change, and how much of the organisation's so-called DNA has to change during growth. These questions elucidated the processes of growth and development for these organisations, while considering the South African context, which itself is full of change. This study therefore articulated a theory of business-model change as it applied to the social enterprise within the social entrepreneurship literature.

### **3.11 Practicing the business model concept in the social enterprise**

Organisations that elect to transition to a more entrepreneurial way of operating need to make business-model decisions before embarking on this process of change (Young, 2001). Business models can be selected to take advantage of circumstances, improve competitive advantage and overcome new threats or difficulties (Gunther McGrath, 2010). A business model should include a range of activities, how they are structured and who implements them, as well as the competencies and resource-mix necessary to carry them out (Zott & Amit, 2010). The business-model concept is dynamic and able to be adjusted as the context changes (Chroner et al., 2015). Importantly, it focuses attention away from the resources organisations have, to how they use them (Gunther McGrath, 2010).

There are many conflicting schools of thought on hybrid business models and the application of business practices in non-profit mission-focused organisations, which “underlines the messiness of the social enterprise concept” (Gordon, 2015, p. 28) – the first, opposed, as the profit motive is seen to dilute the social impact goal (Dart, 2004; Eikenberry & Kluver, 2004); the second, largely supportive, as it views the profit component as enabling the social goals (Defourny & Nyssens, 2010; Gordon, 2015; Kickul & Lyons, 2015; Sepulveda, 2014). Finally, the third view maintains that a hybrid organisation offers opportunities to resolve

a range of paradoxical tensions and practices (Battilana & Lee, 2014; Jay, 2013; Lee & Jay, 2015).

The business-model concept can be analysed at a sector-wide level (Casprini, 2015). This is where an entire industry may be forced to adapt to a new business model when an entrant disrupts the status quo. Winggaard (2013) argues that the entire third sector in South Africa needs to be disrupted to survive, implying a transition to social enterprise to ensure both individual organisational and sector-wide survival.

Baden-Fuller and Haefliger (2013) and Baden-Fuller and Mangematin (2013) maintain four critical aspects to a useful business model: 1) customer identification, which involves determining who is paying for services – in the third sector, this would be split into two, viz who is paying for (the donor) and who is receiving the services (the beneficiary); 2) customer engagement, and how the organisation interacts with beneficiaries; 3) vertical and horizontal value-chain linkages; and 4) resource-mix or monetisation, such as fundraising, grants and mixed-funding models (Baden-Fuller & Mangematin, 2013; Casprini, 2015).

### **3.11.1 Business model tools and practices**

Non-profit, mission-oriented organisations wishing to become more entrepreneurial need to undergo formal organisational change processes that redesign the business model (Casprini, 2015; Young, 2001). There are many tools available for organisations embarking on such a process. These tools facilitate organisations in mapping several core business-model components visually, in an interactive way, with relevant stakeholders. The business model canvas involves plotting the customers (broadly defined as anyone using the organisation's services and products), customer relationships, key partners, key activities, the value proposition, costs, revenue, channels and key resources (Osterwalder, Pigneur, & Clark, 2010; Smith, 2012).

The business model canvas is, however, criticised for excluding strategic goals and overlooking competition. However, the value business canvas addresses these shortfalls (Kraaijenbrink, 2012). Gassmann, Frankenberger and Csik (2014) developed a typology of 55 business models after thorough research that drew from existing practice and extant literature, resulting in a business-model navigator that any type of business may use as a simple, yet thorough, strategic mapping tool.

The social business-model framework articulated by Yunus et al. (2010) focuses on the value proposition to customers. This involves identifying the customers and determining what they are being offered and to what extent they attach value to these services/products. Value constellation involves considering how these offerings reach customers, through both the internal and external value chain. Finally, the profit equation involves measuring how costs



are structured relative to how value is created (Hayes, 2014). This framework focuses on profit more than the other two.

“The overall objective of business-model research is to develop a theory of business models that can aid researchers and practitioners in explaining phenomena and making predictions” (Lambert, 2006, p. 1). Planning where one wants to go and understanding business models in the context of transitioning from one to another is especially relevant for all types of organisations (Baden-Fuller & Mangematin, 2013; Casprini, 2015; Saebi, 2014). However, how one gets to where one wants to go remains an intractable problem. This study thus explored the availability and use of business models, business strategies and management practices in organisational change and growth processes, in addition to unpacking the new business models these hybrid social enterprises adopted.

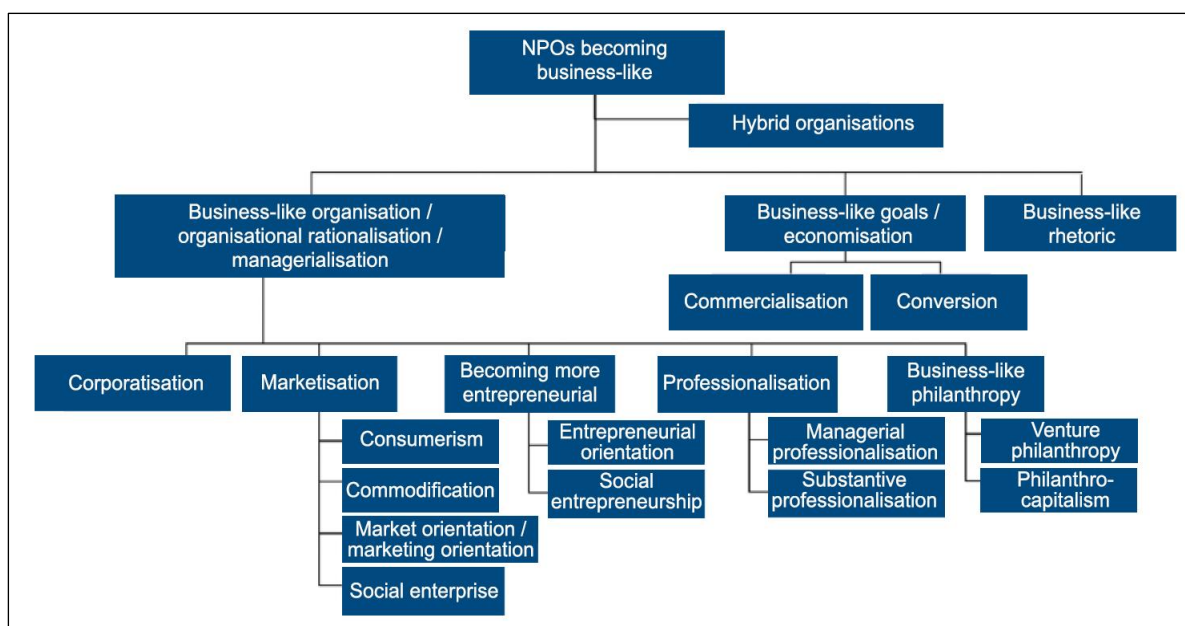
### **3.11.2 *Becoming more entrepreneurial***

In their systematic review of the literature considering the causes of NPOs becoming more business-like, the processes followed and the effects, Maier et al. (2016) highlight broad civic, political and economic influences as push factors. The only endogenous push factor appears to be the presence of a social entrepreneur on the board or management team (Maier et al., 2016). The same authors (2016) found no studies specifically describing the processes of transition. Some studies described the frequency of business-like practices occurring and others the differences between business-like approaches and ‘other’ approaches. On the effects of becoming more business-like, the clear majority of studies discovered negative effects (Maier et al., 2016). These negative effects concern balancing non-profit and business tensions on all levels of the organisation. Whether this transition causes mission-drift is, however, inconclusive in the literature (Maier et al., 2016).

The positive effects identified are access to, and control of, resources as well as power and prestige (Maier et al., 2016). However, as the documented negative effects far outweigh the positive, one must question why NPOs are responding to the push factors. Sepulveda (2009) has argued that as long as business activities are successful, the social objectives “in essence take care of themselves” (p. 3) and recommends a focus on the positive effects of this transition to counter the negative hype. The positive effects appear to occur primarily due to a successful marrying of the social and financial missions (Moss et al., 2010). In addition, appropriate training for staff, and linking operational and resource strategy by selecting the most suitable business model, have been shown to have positive effects (Dooling, Liburd, & Taylor, 2008).

Figure 2, overleaf, depicts the various ways in which NPOs can become more business-like as part of a transition in organisational form, per Maier et al.’s (2016) systematic

review. According to these authors, becoming more business-like can be achieved by adopting a range of practices, such as adapting organisational form, becoming more entrepreneurial, professionalising, and/or accessing business resource models. While these concepts are well described in the literature that the authors review, how competing tensions can be resolved and specifically the processes of transitioning are not described at all.



**Figure 2: Key concepts in research on NPOs becoming more business-like** (adapted from Maier et al., 2016, p. 70)

In addition, the neo-liberalist push (Sepulveda, 2014) for NPOs to become more business-like is heavily critiqued in the literature, primarily because it is assumed that NPOs can adopt more business-like behaviour and business models to address long-term social and financial sustainability; but also because it is assumed that doing so will not undermine their social legitimacy (Battilana et al., 2012; Dart, 2004; Eikenberry & Kluver, 2004; Sanders, Harper, & Richardson, 2015; Teasdale, 2011). Maier et al. (2016) counter that NPOs typically believe there is no alternative but to become more business-like in order to adapt to the changing funding environment. Whereas Sepulveda (2014) argues that social enterprise business models tend to look different to what is expected and appear to offer a way to decrease donor dependency, and to offer a means to meet the social mission.

### **3.11.3      *The business model in transition***

Social entrepreneurship “offers innovative solutions to complex and persistent social issues by applying traditional business and market-oriented models” (Zahra et al., 2009, p. 520). Despite this, there is a well-recognised struggle in typical NPOs in terms of both business capacity, as well as business practices and thinking, detracting from the core social mission (Doherty et al., 2013; Sanders et al., 2015). This is probably due to the organisation’s identity as an NPO. Albert and Whetten (1985) define organisational identity as that which is central, distinctive and enduring about an organisation.

Ridley-Duff and Bull (2015) describe how NPOs need to assess within which business model they currently operate, where they would like to go, what resources they need and what skills they have to make the easiest transition. Sepulveda (2014) offers “social enterprization” as an alternative to pure marketisation for NPOs attempting to adapt their business model to address scarce funding. The business-model concept that is starting to be applied in the social enterprise sector encompasses four chief elements: essential strategy, strategic resources, client interface and value network (Mair & Schoen, 2007).

In their study on three successful emerging-market social enterprises, Mair and Schoen (2007) found the following key business-model components: the organisational leaders generated special value networks to enable the creation of social value, as opposed to merely locating themselves in an existing value chain; the organisations fashioned novel resource strategies to access scarce resources as a key component of the new business model; and the organisations all established innovative ways of defining and implementing the client interface, usually by integrating beneficiaries into the social value network (Mair & Schoen, 2007). Unfortunately, Mair and Schoen’s (2007) study does not describe how this process occurs.

Social enterprise innovation, defined as “intended, planned, co-ordinated, goal-oriented and legitimated actions” (Cajaiba-Santana, 2014, p. 43) to achieve social impact, is a concept receiving much attention due to its potential to create change. It is usually perceived either as an individual activity undertaken by a passionate founder-leader, or resulting from entrepreneurial characteristics, such as opportunity identification, in a receptive context (Beckman et al., 2014; Cajaiba-Santana, 2014; Maclean, Harvey, & Gordon, 2013).

This study consequently sought to understand the business context, business practices and business models adopted by mission-oriented, non-profit organisations transitioning to a new entrepreneurial form, the drivers and obstacles within this change process, and how the change processes were similar or dissimilar to what was planned, if the change process was formally planned at all.

### 3.12 Literature conclusion

Much existing literature in the field focuses on assessing the personality traits of individual successful social entrepreneurs (Dees, 1998; Elkington & Hartigan, 2008; Grassl, 2012; Mair & Marti, 2006, 2009; Zahra et al., 2009) and on the social enterprise as the organisational form of choice for NPOs (Galera & Borzaga, 2005; Gordon, 2015; Grassl, 2012; Mair et al., 2016; Teasdale, 2011). However, socially entrepreneurial organisations may or may not be non-profit (Nissan et al., 2010; Urban, 2008; Zahra et al., 2009). In addition, in South Africa, very few NPOs can be defined as being socially entrepreneurial (Wingaard, 2013).

Much of the research in this field has identified a single successful social enterprise to be assessed (Akingbola, 2005; Dart, 2004; McGee & Donoghue, 2009). This can be challenged as it does not take into account all the organisations that are not naturally socially entrepreneurial and cannot, or do not, operate according to a social enterprise business model (Mair et al., 2012; McDonald et al., 2015), as well as the different paths available to organisations that are making the change from one form to the other.

While much has been written about organisational change, the focus here too has been on how individuals in the organisation are prepared for, and cope with, the change (Kritsonis, 2005; Oreg et al., 2011). The process of changing from one form to another, particularly in third sector literature, has not been adequately addressed (Alexander, 2000; Brandsen et al., 2005; Gordon, 2015; Kritsonis, 2005; Lewis, 2002; Maier et al., 2016; Oreg et al., 2011; Salamon, 2010; Yunus et al., 2010).

Because EaP emerges from practice theory applied in the entrepreneurship context, EaP, with SaP foundational concepts, is the most appropriate theoretical framework for this study. This framework allowed thinking about strategic change, strategic tools, such as business models, a focus on how strategy is actually practiced (Jarzabkowski & Spee, 2009; Jarzabkowski et al., 2007; Mintzberg, 1987), combined with an emphasis on context. "Research that considers the toolkits or skills needed to operate within and across diverse institutional contexts in order to achieve both social and economic outcomes would represent an especially important step forward" (Dacin et al., 2011, p. 1207).

This study therefore combines existing typologies, business-model structures, SaP, EaP and organisational change management literature as the foundation (Defourny & Nyssens, 2016; Gordon, 2015; Grassl, 2012; McDonald et al., 2015), applied in the South African third sector to build an understanding of current and possible social enterprise transition, growth, development and scale models. This is necessary because "literature and research on social entrepreneurship in South Africa remains relatively sparse" (Littlewood & Holt, 2018b, p. 6). In addition, "the phenomenon of business models in innovative management is relatively unexplored in research" (Chroneer et al., 2015, p. 67).

Through this study, a practice model of successful growth, transition and scale for South African social enterprises, applying a non-profit philosophy, has thus been developed. This both facilitates a deeper understanding of the sector currently and progresses the thinking on growth, size, scale and social mission. Simultaneously, it strengthens the options available to organisations in the South African context and extends our understanding of the business models and strategies practised in this particular context, and in the broader social entrepreneurship field.

An understanding of the practices employed as part of the strategic growth and change process of individual organisations may also influence the broader context, of organisational growth and change of this nature in the sector. The practice model will thus identify business strategies that can be employed to facilitate and strengthen an NPO/social enterprise's social and financial sustainability in this particular context, with an emphasis on the practitioner/s, the practice/s, and the context.

## CHAPTER 4: Research questions

### 4.01 Introduction

Following on directly from the literature review chapter, this chapter presents the research questions in detail. These questions resulted directly from the gaps and questions posed by the literature (Alvesson, 2003; Alvesson & Sandberg, 2011).

In addition, an executive summary of how these questions were ultimately answered is also provided in this chapter.

### 4.02 Framing

The questions were framed, and the data gathered according to EAP theory, as such, the questions and prompts under each sub-question were grouped into one of 'Practitioner/s', 'Practices', 'Praxis' and 'Context'. In addition, when observing the organisations, observations were noted according to the same categories.

### 4.03 The literature underpinning the questions

This short chapter provides the detailed research questions, derived from the literature. The questions were specifically influenced by the following literature, presented in detail in chapter three, and were structured into an interview guide using the format recommended by Boyce (2007):

#### **4.03.1        *Social enterprise literature***

The newer attempts to understand how hybridity tensions can be managed: Bacq et al., 2018; Battilana, 2018; Battilana et al., 2017; Battilana et al., 2015; Battilana & Lee, 2014; Grimes et al., 2019; Lee & Jay, 2015; Pache & Santos, 2013; Pache et al., 2018 and Santos et al., 2015 influenced the researcher to consider how mission-profit tensions were being resolved, and resulted in the development of questions focusing on the business model, hybridity, decision-making and growth paths and practices.

In addition, Bull et al., 2014 influenced the researcher to ask questions relating to growth decisions, scale, reach and power. Battilana et al., 2012 and Cornforth, 2014 provided impetus to understand how mission-drift was being avoided; and Defourny & Nyssens, 2010, 2012, 2016 provided the working typology upon which the study was built. Kerlin, 2013; Littlewood & Holt, 2015, 2018a, 2018b and Zahra & Wright, 2011 predisposed the researcher to consider the context in greater detail. Lumpkin et al., 2013 confirmed the importance of

social change, but was utilised more after the fact, than prior to the study. Mair, 2010; Mair & Marti, 2006, 2009; Mair & Schoen, 2007 and Mair et al., 2016 exposed the researcher to thinking about the hybrid business model. Myres et al., 2018 provided the launch pad for the study.

#### **4.03.2      *EaP literature***

In particular, the interpretation of Schatzki's work through Baker & Welter, 2018; Dey & Steyaert, 2016; Gartner, 2016; Johannisson, 2014, 2018; Schatzki et al., 2001 and Steyaert, 2007 influenced the development of the EaP questions, with the concept of social entrepreneuring coming from Steyaert, 2007. The focus on contextualisation was particularly influenced by Welter & Gartner, 2016 and Welter et al., 2019.

#### **4.03.3      *SaP literature***

The as practice journey began for the researcher, with reading Jarzabkowski et al., 2007, 2013 and Jarzabkowski & Spee, 2009. The grouping of sub-questions into practitioner/s, practices and praxis came from these three articles, in particular. Thereafter, Carter et al., 2008; Golsorkhi et al., 2010; Keating et al., 2013; Schatzki et al., 2001 and Seidl & Whittington, 2014 provided further food for thought and linked the researcher into the EaP literature.

### **4.04   Connections between literature, research question and sub-questions and interview guide**

The table overleaf demonstrates how these linkages were made, in relation to key texts.

**Table 1: How the interview guide was developed**

SaP	EaP	Social entrepreneurship	Research question	Interview guide
Growth Business model evolution Strategic change	Context - SA Context - HIV Context - turbulence Context - growth	Social enterprises; scale; mission-drift	How do SA social enterprises grow and scale without mission-drift?	Growth path; impact of context; strategic planning and decision-making
Formation Subsequent growth	Contextual obstacles; contextual facilitators	Hybrid business model Social enterprise	What contextual obstacles and/or facilitators resulted in the formation, and subsequent growth, of these hybrid social enterprises?	How context impact? Role of various stakeholders? [actual and hoped for]
Strategic practices Practitioners of strategy Micro-praxis Business model Governance Competition	Regular, day-to-day practices Growth, evolution	Hybrid business model Scale Mission-drift	What regular strategic practices were employed within the business model to facilitate growth and development, while maintaining the social mission?	Strategic planning? Practitioners of strategy? Strategy practices?
Strategic growth	Mundane practices, sayings and doings	Innovation Mission-drift Scale	What daily management practices were employed within the operational model to facilitate growth and development, while maintaining the social mission?	Daily management practices? Mundane operations? Growth processes?

#### **4.05 The primary research question: How do South African hybrid social enterprises grow and scale without any mission-drift?**

It was assumed prior to this study that the organisations selected had undergone, or were currently undergoing, a transition from NPO status to social enterprise, or even a sub-component of social enterprise, not necessarily requiring profit-generation, such as the ENP. However, none of the organisations described going through any kind of formal transformational transition processes to get to their current hybrid social enterprise forms.

All of the organisations in the study had once been small, local start-up NPOs or private commercial entities. The study investigated how these organisations had reached scale, without the anticipated tensions and barriers that tended to accompany hybridity. Large-scale, multi-dimensional organisations, that had either always been hybrid organisations of some kind, or for whom their organisation type and form were not as relevant as previously maintained by the literature (Alter, 2010; Battilana & Lee, 2014; Defourny & Nyssens, 2010, 2016; Gordon, 2015; Grassl, 2012; Jay, 2013; Lee & Jay, 2015; Littlewood & Holt, 2015, 2018b; Mair et al., 2012; Jay, 2013; Nicholls, 2010; Stecker, 2014) were found.

These social enterprises were able to grow and scale, achieve self-defined success, and accomplish at least aspects of their respective social missions. Scale was realised without



any mission-drift, but with extensive business model adaptation and redesign. This was despite these organisations having achieved meaningful social impact, without substantial donor reliance. None of the organisations consciously set out to achieve scale. Nevertheless, large, stable organisations, with a multitude of formal registration statuses, and an even broader collection of business models and business practices, were found.

Digging back through these organisations' histories, what became evident was that the reason for the complete absence of any mission-drift was a series of mini-transitions, of sorts. These were not transformational transitions of organisational form *per se*, but a gentler succession of changes from small, local, organisational level activities and outcomes to grander, all-encompassing social change activities. No mission-drift was determined because the initial social missions developed by the founder-leaders decades earlier had always aimed at broad impact upon, and change within, the system as-a-whole.

Accordingly, even though all of the organisations had started as small and local, because the social missions were always centred around creating large-scale social change within the health system (regardless of how large these organisations became, or how successfully they appeared to scale), there appeared to always be further opportunities for expanded activities and outcomes. This growth and scale all took place within a strict adherence to the original social purpose for which these organisations had been established. The changes occurring were the constant altering of the business models, the activities contained therein, as well as the various daily management and regular strategic practices applied, in order to better meet their social mission.

The reason these organisations appeared to scale relatively easily, and then to branch out and start other projects, organisations and businesses, and to scale these, was also inextricably tied to these organisations being able to better meet their original social mission. Thus, these social enterprises grew massively, although growth in and of itself, was never the intention. Rather, the intent was growing into and, ultimately, changing the system itself.

Furthermore, initiating the social level change that had always been planned for, was the driving force behind these organisations' size and dominance within the HIV sector. However, at the same time, as opposed to having expansive social missions, or the missions growing and multiplying as the organisations scaled, these social missions were, and had always been, extremely narrow in scope. These limited social missions, therefore, had only one objective, which was to create marked HIV healthcare social and systems-change.

The literature contends that hybrid social enterprises risk mission-drift should they attempt to start generating their own income (Alter, 2010; Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Kodzi, 2015; Maier et al., 2016; McGee & Donoghue, 2009; Moss et al., 2010; Smith et al., 2013), as well as begin to scale (M. Bull et al., 2008; D. Bull et al., 2014; Cornforth, 2014; McBrearty, 2007),

while simultaneously warning that without extra capital, scale is impossible (André & Pache, 2016; Cornforth, 2014; Dees et al., 2004; Pache et al., 2018; Santos et al., 2015; Weber et al., 2012).

In conclusion, growth and scale resulted in influence and, therefore, further growth. In hybrid social enterprises with overarching social change social missions, growth is automatic when the social mission is placed at the centre of an agile and adaptable business model. The competing institutional logics are, consequently, resolved by the flexible business model, willing and able to do whatever is necessary in order to achieve its primary objective, the social mission.

#### **4.06 Sub-questions**

Three overarching sub-questions were asked. The first focused on understanding how these social enterprises came about, and what triggered, facilitated and pushed their hybridity and growth. In addition, contextual sub-questions attempted to understand the barriers and obstacles these organisations encountered as they grew, and how these were addressed. In the category of context, it was expected that all cases would experience funding constraints and environmental pressure to shift form from non-profit to more commercial (Battilana et al., 2012; Eikenberry & Kluver, 2004; McDonald et al., 2015; Smith et al., 2012; Sontag-Padilla et al., 2012).

Therefore, the researcher specifically considered both organisational and contextual drivers and obstacles that supported or hampered these social enterprises. In addition, it was assumed that these cases would have much to teach other NPOs needing or desiring to transition, whether or not this had already occurred (Littlewood & Holt, 2018a; Rivera-Santos et al., 2015).

Nevertheless, the bulk of both the interview sub-questions and the time spent observing these organisations in practice, was spent on understanding:

- (a) the (less frequent, but no less important) regular strategic practices these organisations employed to enable their growth and development. Within the category of strategic practices, it was presumed that the cases would all use varying practices to facilitate their organisation's transition from non-profit values, philosophy and organising to more entrepreneurial, enterprising and commercial values, philosophy and business models (Johannisson, 2014; Johnson, Melin, & Whittington, 2003); and
- (b) the everyday management practices applied to operationally facilitate growth, change and development, because it was the processes of growth and change with these kinds of organisations in these specific contexts that was absent from the literature.

#### **4.06.1 Sub-question 1: What contextual obstacles and/or facilitators resulted in the formation, and subsequent growth, of these hybrid social enterprises?**

Prior to initiating the study, it was assumed that the context would influence the organisation's growth and development (Karanda & Toledano, 2012; Kerlin, 2013; Myres et al., 2018; Rivera-Santos et al., 2015; Urban, 2015; Welter & Gartner, 2016; Zahra & Wright, 2011), but it was not anticipated that the social enterprises within the study would be able to exert such extensive influence back onto the context, although the most recent contextualisation literature proposes this (Baker & Welter, 2018; Welter et al., 2019; Welter & Gartner, 2016).

It was discovered that even though all of the organisations had begun with a passionate founder-leader or two, the organisations had grown over a fifteen to twenty-five-year time period into massive, multinational social enterprises. These enterprises not only demonstrated impact and exerted influence in the social and health arenas, but actually appeared to control, at least to some extent, some of the specific organising contexts. A journey to discover how this had happened, particularly with regard to the constancy of the social purpose, was, thus, embarked upon.

The outcomes found were contained within the context continuing to throw obstacles at these organisations, place barriers in their pathways, as well as provide facilitators to push hybrid social enterprise, and to also exhort growth, particularly during times of turbulence. Surprisingly, the organisations approached these obstacles with an innovative, systems thinking mindset, and converted these barriers into entrepreneurial opportunities.

A common example was the initiation of these organisations in the 1990s and 2000s, when the South African government's refusal acknowledge HIV and to provide ARV treatment for people living with HIV were converted into growth opportunities for these social enterprises to educate the populace, access treatment (including developing policy for the management of such, writing clinical guidance, accessing necessary treatment and beginning to provide general health services, training healthcare workers, as well as pivoting from conducting practical service delivery when the government decided to start treatment programmes, by adjusting their business model activities and practices in order to provide technical and clinical advice and support, and training, to the state).

The organisations utilised the absence of an institutional and regulatory framework to set themselves up with unique business models. The organisations in this study developed sophisticated internal systems and acquired a number of strategic practices they employed to create innovative solutions from what the context directed towards them. In addition, the leadership attained a range of daily management practices in order to support their

organisations within oftentimes hostile environments, while they grew towards scale and mission accomplishment.

In conclusion, therefore, this study embraced contextualisation (Baker & Welter, 2018; Welter et al., 2019; Welter & Gartner, 2016) to understand the how these organisations were able to exert influence within their contexts. Furthermore, the import and relevance of this particular context was highlighted (Karanda & Toledano, 2012; Kerlin, 2013; Littlewood & Holt, 2018a; Myres et al., 2018; Patriotta & Siegal, 2019; Rivera-Santos et al., 2015; Urban, 2015; Zahra & Wright, 2011), in order to better understand the impact of a turbulent context on the growth path of social enterprises that have scaled.

#### ***4.06.2 Sub-question 2: What regular strategic practices were employed within the business model to facilitate growth and development, while maintaining the social mission?***

Prior to initiating this research study, it was assumed that strategic practices would be employed by the governance team to plan for any growth and change the organisation might undergo (McNulty, Zattoni, & Douglas, 2013). In addition to the board and/or owners of the enterprise, longstanding, strategic leadership teams were found. The leadership directly emulated the passion and determination of the founder-leaders and maintained the organisational culture that, by then, was well established. These leaders were key participants in these organisations endeavouring to meet their social missions. As such, the leadership played an important role as strategic practitioners of organisational culture and protectors of said culture.

Moreover, the anticipated tensions, such as employee unhappiness at the dual focus within a hybrid business model – particularly emerging during any transition processes (Lee, Weiner, Harrison, & Belden, 2012; Oreg, Vakola and Armenakis (2011); Rafferty, Jimmieson, & Armenakis, 2013; Vakola, 2013) – were either not present or, if they were, they were on no occasion experienced as pressurising, or as a barrier to meeting the central organisational purpose. This was because the staff attracted to working at these social enterprises were principally drawn to the long-term, big-picture, social change, systems-level impact that the organisation promised, and towards which, as individuals, they each personally aimed.

Consequently, though it seems illogical, dual logics can be managed and controlled by incorporating the intrinsic and yet complicated difficulties that accompany creating an organisational setting that is concurrently adaptable and accommodating, and organised and structured (Smith & Besharov, 2019). The strategy-as-practice (SaP) literature maintains that these strategic practices are controlled by senior practitioners, such as a founder-leader, board or external consultancy (Hendry & Seidl, 2003; Jarzabkowski & Spee, 2009; Kaplan &

Orlikowski, 2013; Orlikowski, 2010; Vaara & Whittington, 2012). Nevertheless, this study found that although the strategic practices may have been initiated by a senior practitioner or external consultant, these were inculcated into the culture, so that good governance, accountability, transparency, participation, innovation, quality and responsiveness were values reflected within the employee levels engaged with as well.

Although the social entrepreneurship literature largely was unable to conceive of these dual logics being managed well enough to permit scale while simultaneously maintaining the social mission (Novkovic, 2008; Kickul & Lyons, 2015; Peredo & McLean, 2006; Pierre, Von Friedrichs, & Wincent, 2011; Rashid, 2010; Weerawardena, McDonald, & Mort, 2010; Young, Kerlin, Teasdale, & Soh, 2012), this is nonetheless what transpired. In conclusion, therefore, diverse strategic practices were employed at all levels of these organisations, in order to manage growth towards scale while keeping the social mission prominent and constant.

#### ***4.06.3 Sub-question 3: What daily management practices were employed within the operational model to facilitate growth and development, while maintaining the social mission?***

It was presumed at the outset of this research study that these social enterprises would be learning organisations (Marsick & Watkins, 2003; Thomas & Allen, 2006), with a variety of daily management practices at their disposal, in order to facilitate their growth (Carter et al., 2008; Gartner et al., 2016; Keating et al., 2013; Schwarz & Stensaker, 2016). This is, indeed, what was found.

However, although the social entrepreneurship literature maintains that in order to be able to sustain the social mission while generating operating income, a social enterprise must be able to manage these competing logics (Bacq, Battilana, & Bovais, 2018; Battilana, 2018; Battilana, Besharov, & Mitzinneck, 2017; Pache et al., 2018; Santos et al., 2015; Smith & Besharov, 2019). It also holds that because there are more than just these two competing logics, it is exceptionally difficult (Casprini, 2013; Chad, Kyriazis, & Motion, 2013; Maier et al., 2016; Mair et al., 2012).

Consequently, the literature does not enumerate the practices that can be applied, nor any business models that can be employed within these particular contexts, beyond the business model or value business model frameworks (Baden-Fuller & Mangematin, 2013; Casprini, 2015; Defourny & Nyssens, 2016; Saebi, 2014; B. Smith et al., 2012; W.K. Smith et al., 2013; Young, 2001; Young et al., 2012). Nevertheless, these competing logics have recently been described as “dual forces for performance and passion (which) offer a powerful combination that can lead to new solutions to existing challenges” (Mongelli, Rullani, Ramos, & Rimac, 2019, p. 302).

The following daily management practices broad categories were found: strategic planning; business model design; business model adaptation; new innovation development; governance; management accountability; financial sustainability; strategic diversification; entrepreneurial risk-taking and innovation versus control mechanisms and accountability measures; competition and collaboration as corresponding parts of the same system; contextualisation; mission-supporting practices; growth, consolidation and scale practices; human resource (HR) development; employee learning; culture-building; social impact measurement; social change measures; and the adoption of values, such as mutual responsibility. The daily practices were both formally planned and firmly in place, as well as agile and easily adaptable to changing contextual demands.

Furthermore, these everyday practices responded to the ongoing learning taking place within each organisation regarding how to even better reach their respective social missions. The organisations, moreover, had evolved to their current hybrid organisational forms in response to operating within a turbulent, and often changing, institutional context.

Within all the organisations in this study, the organisational culture was well-developed and comprehensively practiced. In addition, there were a range of social impact and sustainability practices that had become inculcated within these social enterprises. The instilling of the organisational culture occurred through and within work teams, boards of directors and leadership tiers, almost from the initiation of these organisations.

From inception, these organisational founder-leaders, both internally and externally, consciously created the culture they foresaw their individual organisations would require, to ultimately be able to impact on the system at-large. These founder-leaders, therefore, made essential early decisions about the content and import of the social mission, as well as about the organisational values and behaviours necessary to create social change. These, in due course, grew into the organisational culture. Consequently, right from the beginning, the early leadership teams, and ultimately the organisations as-a-whole started to demonstrate and 'live' the culture required to achieve their respective social missions.

The organisations both inspired and enforced the culture of striving for, then obtaining and maintaining, and thereafter further disrupting HIV-healthcare within the South African health system as-a-whole. This was accomplished by sticking steadfastly to their respective, narrow social missions. For all of these organisations, the social missions centred around HIV treatment and care, starting with policy change, to changes in healthcare provider education, to changes in where and how these healthcare providers worked within the field of HIV, to direct service delivery to patients, and ultimately resulted in an enhanced quality of treatment and care for patients.

The founder-leaders and the leadership teams they grew around them, were all obsessively focused. Every achievement or failure was part of how these organisations learnt

what they needed to do to meet their respective social missions, as well as how they needed to do it in order to do even more, even better. The drive to be more successful, more cost-effective, more sustainable, more innovative, more catalytical, and so on, were all aspects of the determination of these organisations to meet their organisational social missions. The leadership, consequently, either understood intuitively, or learnt (occasionally the hard way) what steps they needed to take to create social change on a systemic level.

It had been argued within the literature that social change was a necessary component of the social mission within any social enterprise (Lumpkin et al., 2013). However, how these broad social change social missions were to be operationalised to create the necessary growth and scale (M. Bull et al., 2008; D. Bull et al., 2014; Cornforth, 2014; Zahra et al., 2014) was less clear, even with the ability to manage the competing profit and mission logics (Battilana, 2018; Pache et al., 2018; Smith & Besharov, 2019). The organisations in the study had expanded into still growing global conglomerates, with social missions intent on social change that appeared to remain absolutely constant.

In conclusion, as many respondents said, this “*thinking bigger*” from the start, provided the impetus needed to grow and expand until the influence these organisations were able to exert was substantial. This passion to create social change remains, beyond the boundedness of this case study research, as these organisations continue to grow and strive towards creating the change they wish to see within their contexts, and for which their organisations were initiated.

#### **4.07 Conclusion**

In conclusion, the research questions arose from within the literature, and intended to answer a range of theoretical and empirical questions regarding social enterprise development in South Africa. More detail regarding how the interviews and observation periods were structured follows in the methodology chapter, chapter five.

# CHAPTER 5: Research design and methodology

## 5.01 Introduction

This chapter affords an overview of the research design and methodology employed during the study. In addition, detail is provided about the research techniques, as well as how the data was analysed and how it is to be presented in subsequent chapters.

## 5.02 Research methodology

Due to the absence of an EaP model of organisational change from NPO to social enterprise in an emerging-market country context in the social entrepreneurship field, this study was exploratory, and a theory-building logic was necessary. The underlying epistemology for this study was interpretive with the belief that people apply meaning to their experiences and so reality is socially constructed (Creswell, 2013). Practice theory, process research, EaP and SaP philosophies all maintain that reality is social constructed (Chia, 1999). Consequently, an inductive theory-building and theory-elaboration (Ketokivi & Choi, 2014) approach was adopted.

The research design for this study was that of a multiple case study with data collected at multiple levels and analysed through qualitative methods (Wahyuni, 2012). Qualitative interview methods were selected as the primary method as these are malleable and potent, allowing the researcher to hear the voices of the respondents, so as to denote meaning from the phenomenon being studied (Rabionet, 2011). In-depth semi-structured interviews were conducted with all the relevant stakeholders within four entrepreneurially oriented NPO cases (Rabionet, 2011; Rubin & Rubin, 2011). Interviews were primarily conducted with individuals, but some focus groups were used to best understand the common perceptions of groups of similar stakeholders in the cases (Creswell, 2013; Rubin & Rubin, 2011) and to gather an understanding of the organisation-level work group (Rafferty et al., 2013).

Schatzki (2010, 2012, 2017) supports the interview method as a means of analysing practices and practice arrangement bundles as “interviews allow researchers to examine the intentions, as related to the teleoaffective structure involved in enacting particular practices . . . reveal how participants reflect the goals of their activities, the reasons behind them, and links to other practices” (Loscher et al., 2019, p. 14). Consequently, interviews permit the analysis of the 'normativity' of practices.



The EaP literature maintains that to further social practice theory, it is necessary to apply Bourdieu's (1972 - 2005) concept of reflexivity as a researcher (Johannisson, 2018) and physically observe the situated entrepreneurial practices. Formal observation was, therefore, conducted at all cases, with extended observation of 4 weeks and 2 weeks at cases 1 and 2 respectively. During this observation time, the researcher looked for unconscious or taken-for-granted practices (Dey & Steyaert, 2016; Steyaert, 2007), continually reflecting on how the social – the context – impacts on the strategy-making (Welter & Gartner, 2016; Welter et al., 2019). This involved observing managers and staff members carrying out their routine activities, from formal meetings to ad hoc conversations.

Secondary data in the form of financial and annual reports, promotional materials, budgets and proposals, and historical strategic planning documents were also collected and analysed. In addition, a more expansive analysis of available policy documents, university working papers and practitioner literature was undertaken to ensure immersion in the context.

The data were coded, analysed and presented using within-case and across-case analyses (Creswell, 2013; Eisenhardt, 1999; Yin, 2012, 2014). This design was appropriate to answer a 'how' question (Yin, 2012, 2014) and to build a new practice model that could describe organisational change from one form to another (Eisenhardt, 1999; Van de Ven, 1992, 2007).

### **5.03 Research paradigm/philosophy**

The philosophy that underpinned this study holds that the research question determines the methods selected (Bryman, 1984). The research question is a 'how' question (Yin, 2012, 2014), with the answer a practice model of organisational change processes seen through a practice theory lens, where the organisation socially constructs a desired endpoint (Van de Ven, 1992, 2007). As the field currently consists primarily of nascent and intermediate theory (Yin, 2012, 2014), this necessitated a qualitative study, where theory was inductively developed and advanced (Pettigrew, 2013; Wahyuni, 2012).

Consequently, a more interpretivist paradigm where meanings are socially constructed, and there is no outside objective reality, was embraced (Creswell, 2013). This entailed the researcher attempting to enter the world of the interviewees, to understand their complex and unique environments and the sense they make of this (Creswell, 2013). In addition, as this study was attempting to build theory by developing a practice model of transition, it was necessary to describe in detail the experiences, relationships, decisions, actions, practices and processes involved in helping these organisations to transform, thereby adopting an inductive approach (Eisenhardt, 1999).

The ontology accepted upheld the view that the ‘organisations’ under study were nouns – real entities acting socially in the world (Tuli, 2011) – while the epistemology espoused a processual and narrative method of studying change (Van de Ven & Poole, 2005). According to Yin (2014), the case study method is ideally suited to descriptive, exploratory and inductive research. This method was selected to study a particular process (or set of processes), building a rich and detailed understanding of the change phenomenon these organisations had undergone (Siggelkow, 2007; Yin, 2012). In addition, the case study method allowed for a multilevel view, thus facilitating an investigation into the SaP concepts of practitioner, practices, and praxis, and the EaP concepts of practices and context.

Bourdieu’s (1972 - 2005) concept of reflexivity as participant observation also underpinned the research philosophy adopted. However, reflexivity is not merely an acknowledgement of the singular researcher’s co-construction of the subject under study, but also “reveals the limitations of the scholastic point of view by putting the collective self into question both about its construction within a given field of practice, and about its space of possible constructions” (Sklaveniti & Steyaert, 2020, p. 322).

#### **5.04 Research design**

A case study design was adopted, as the focus was on descriptive research. According to Yin (2014) and Creswell (2013), case studies are fundamentally descriptive, and the emphasis is on describing a specific case at a specific time. A case study approach is thus used when one wants an in-depth and detailed understanding of individual (bounded) situations (Creswell, 2013).

A case study can focus on a single unique case, many facets or themes of a single case, or multiple cases, but must be “described within certain parameters, such as specific place and time” (Creswell, 2013: p. 98). Creswell (2013) goes on to describe case study research as “a qualitative approach in which the investigator explores a real-life, contemporary, bounded system (a case), or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information . . . and reports a case description and case themes” (p. 97).

The boundedness of place and time is important so that one knows that the learnings are from the specific case and not from other factors (Baxter & Jack, 2008; Eisenhardt, 1999). In addition, boundedness that excludes contextual variables that may influence the understanding of the case was addressed, resulting in increased reliability for this case study research (Baxter & Jack, 2008; Creswell, 2013).

SaP research has been closely aligned with qualitative methods, but usually with single cases and ethnographic methods (Vaara & Whittington, 2012). Case studies are considered

particularly useful in SaP research as they offer the opportunity to study practices in real-time and real-life contexts (Seidl & Whittington, 2014; Vaara & Whittington, 2012).

Sassmannshausen and Volkmann (2018) conducted an extensive review of social entrepreneurship research to place this literature within an academic research framework. They found that the majority of papers in this field are either conceptual or purely theoretical. They found the next most-common method of research to be qualitative, with multiple case studies dominating (see Figure 3 below). However, in the study of social entrepreneurship and social enterprise, there is still a perception that the majority of studies focus on a single case (Dacin et al., 2010). Those that do focus on multiple cases do limited methodical case comparison (Dacin et al., 2010; Sassmannshausen & Volkmann, 2018).

#	Methods Used in Social Entrepreneurship Research	Frequency (Percent)
1	No empirical part (purely theoretical and/or conceptual papers)	46.8
2	Best-Practice Reports	7.6
3	Qualitative Research (total)	34.2
	3.1 Single Case Studies	6.3
	3.2 Multiple Case Studies	17.7
	3.3 Narratives	2.5
	3.4 Interviews	6.3
	3.5 Anthropological Qualitative Methods	1.3
4	Descriptive Quantitative Statistics	5.1
5	Inferential and Applied Quantitative Statistics	5.1
6	Reviews	13.9
	6.1 Comparative or Integrative Reviews	11.4
	6.2 Single Reviews	2.5
7	Other forms	2.5

<sup>a</sup>The sum of the percentages exceeds 100 percent because some articles cover two or more areas. Percentages are rounded.

**Figure 3: Summary of research methods used in social entrepreneurship studies**  
(adapted from Sassmannshausen & Volkman, 2018, p. 10)

In this study, multiple cases at the level of the organisation were selected to build a practice model while taking into account praxis, practices, practitioner/s and context. Using a multiple, as opposed to single, case study may therefore permit the causal paths and patterns detected to be compared across different circumstances and settings (Eisenhardt & Graebner, 2007). In addition, multiple case studies permit both width and depth (Langley et al., 2013; Pettigrew, 2013).

The researcher attempted to engage in thick description, whereby respondent experiences and perspectives, and the phenomenon, were described in sufficiently thorough detail so that others may, to some extent, apply the same conclusions to other settings, times,

people, situations, settings and contexts (Rabionet, 2011; Tuli, 2011; Wahyuni, 2012). Thick description is gathered through the use of semi-structured, in-depth interviews, with a measured use of prompts to elicit additional information (Rabionet, 2011; Wahyuni, 2012).

All the cases selected were considered objectively successful, in that they were able to generate sufficient funding to meet their strategic objectives. At the outset, some cases appeared to have started the process of evolving from NPO to social enterprise, while some appeared to have concluded the change process. What was found, however, was less about a change process, and more about a growth process. Case study research is based on a research strategy that employs various kinds of evidence and encompasses the empirical study of a specific phenomenon within its context. This study explored the phenomenon of the process of change and growth from small and local to multi-national, using individual interviews, focus groups and secondary data.

The process of conducting case study research, according to Yin (2014), is to first decide if this is the correct approach, and then identify the individual case or cases. After that, one begins collecting data from multiple sources as a case study is developed using an assortment of data. In this study, data were collected through interviews, focus groups, participant observation and trawling through documents (Rubin & Rubin, 2011). Cases can be analysed and then presented chronologically, as a history or day-by-day in real time, or a theoretical model can be built.

Regardless of how the cases are presented, the concept of time and timing are essential in the analysis (Van de Ven & Poole, 2005). Patterns within, and themes across, cases are identified, and conclusions revolve around the meanings and relationships identified overall (Eisenhardt, 1999). In addition, it is critical to take context into account, lest it become an unexplained variable. Case study research permits integrating context and contextual issues into the study (Flyvbjerg, 2006).

There is substantial literature to support the case study method to understand organisational change, of which this is one type (Pettigrew, 1997; Van de Ven, 1992, 2007; Yin, 2014). The extant literature on social entrepreneurship has predominantly been generated using theoretical case study design with the data then analysed qualitatively and, in some cases, quantitatively (Bacq & Janssen, 2011; Choi & Majumdar, 2014; Mair, 2010; Nicholls, 2010; Short et al., 2009; Zahra et al., 2009; Zhang & Swanson, 2013).

### **5.05 The exemplary or intrinsic case amidst the multiple case study**

During the study analysis, case 1 emerged as an exemplary case. This was as a result of the following characteristics:

### **5.05.1      *Highly detailed data***

The process of data collection at case 1 was substantially more comprehensive, than the processes at the other organisations. Data collection at case 1 involved a mixture of individual interviews with numerous internal stakeholders at numerous different levels, focus group interviews, as well as consulting with and interviewing stakeholders external to the organisation. Furthermore, time was spent observing managers and staff members carrying out their routine activities; observing formal meetings, ad hoc meetings and informal conversations; consulting strategic records; and applying time to the exploration of case 1's intranet.

According to Eisenhardt and Graebner (2007), Yin (2014), Mason (2010), and Ridder (2017), when a researcher spends a substantial portion of time in an organisation collecting data, it is conceivable that unusual findings will be identified, and conclusions drawn. These findings were then tested within the three additional cases, and primarily corroborated, as they were built from the ground up.

These other three individual cases will be described, with an emphasis predominantly on how these organisations are comparable and dissimilar to the exemplary case, case 1. Some observation was conducted at case 2, but it was not as in-depth, nor was it for as long. Moreover, only a day each was spent at cases 3 and 4. The other 3 cases are, therefore, bounded for focus (Yin, 2014).

### **5.05.2      *The research gains interest by going beyond methodology***

In order to be considered an exemplary case, the case study must extend beyond methodology (Perry, Sim, & Easterbrook, 2000; Yin, 2014), meeting a number of requirements imposed on the case study. Firstly, the study must be important, substantial, and also rare (Perry et al., 2000), so that it is more likely to garner attention by a specific academic audience, and a practitioner audience (Perry et al., 2000).

Furthermore, the research problems, opportunities and/or questions must be viewed as theoretically or practically relevant within the specific context (Welter et al., 2019). Thereafter, triangulation results in validity, by enabling multiple sources of appropriate and relevant evidence to support the study findings (Baxter & Jack, 2008; Denzin & Lincoln, 2000, 2005; Rowley, 2002; Yin, 2014).

### **5.05.3      *Review***

The case research should, in addition, be subject to both participant and peer review, permitting an objective assessment of the importance of the case, and the validity of the analysis (Perry et al., 2000; Yin, 2012, 2014). This review process should also provide an

opportunity to portray experience and expertise to the audience. This is aided when the case composition is captivating (Perry et al., 2000).

An exemplary case must, moreover, exhibit multiple diverse perspectives, and present ample proof within the case analysis to avoid the opinion that the case is biased (Perry et al., 2000). Finally, the case study must be as comprehensive as possible, connoting that either the boundaries of the case are stated and certain; data collection was wide-ranging to guarantee that all the germane information was collected; or the case came to a natural conclusion, disparate from the limitations of the study (Perry et al., 2000).

Due to the absence of a social enterprise model of organisational development, growth and change in an emerging-market country context, within the social entrepreneurship field, this study was exploratory, and a theory-building logic was therefore necessary. In addition, both the SaP and EaP fields have called for an increase in the complexity of qualitative, theory-building methods to better understand the practice field and distinguish it as a separate body of knowledge within the strategy, entrepreneurship and organisational change fields (Chia & MacKay, 2007; Jarzabkowski et al., 2007).

## **5.06 Unit of analysis**

The unit of analysis was the organisation. The level of analysis was the organisational processes, focusing on the day-to-day business activities and change or growth processes these organisations had been and were going through. Due to the nature of case study research, the study was located at a point in time, which was typically either after the transition, growth and development, or when any one or more of these processes were still under way.

In most SaP research to date, the individual strategist is the unit of analysis and in both SaP and EaP, the focus of most research is on the micro-level actions of individuals to achieve the strategy (Jarzabkowski et al., 2007). This study thus contributes methodologically by primarily focusing on the organisation, the process of strategic change, the organisation's evolving business model, and change and growth in the broader HIV-health organisation sector in South Africa. In addition, this study focused on employees, board members and broader stakeholder groups at the level of the organisation.

Context was studied as both an important contributor to, and detractor from, social enterprise development, change and growth. Contextualisation was, in addition, approached as an important factor in the research study (Patriotta & Siegal, 2019; Welter et al., 2019). Consequently, case study research facilitates the researcher in developing insights into how the respondents' understand their context/s.

## 5.07 Population and case selection

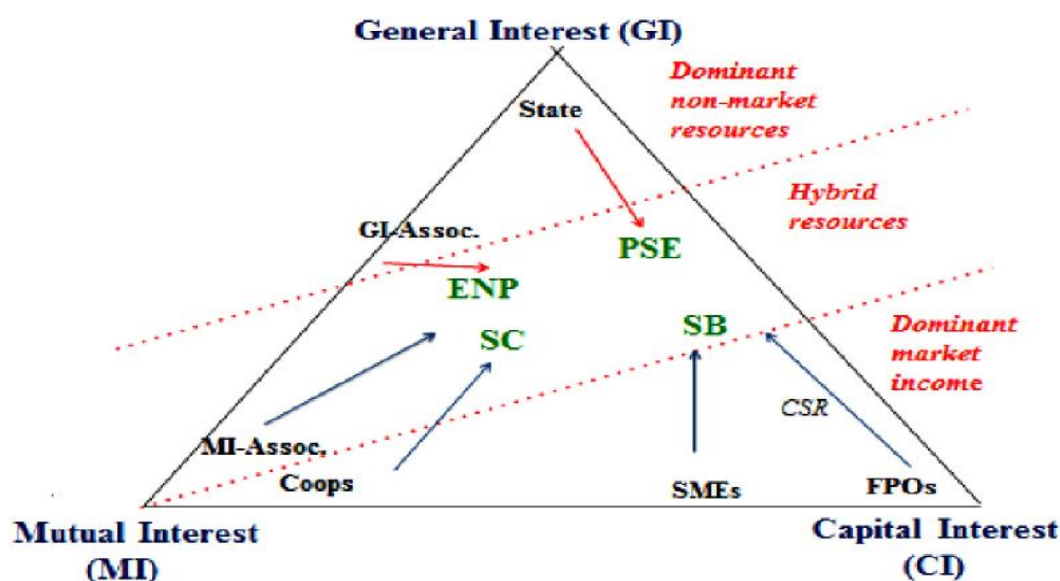
The target population comprised NPOs in South Africa that had transitioned to social enterprise by adopting more entrepreneurial approaches and/or hybrid business models. The cases were drawn from HIV-healthcare NPOs that had made this transition, were in the process of making it, or were otherwise 'successful' in that they were able to meet their strategic objectives and generate sufficient funding to do so. Some organisations had not, as far as the broader stakeholder context was concerned, elected to adopt a hybrid business model, and yet were managing to generate sufficient funds to deliver against their objectives. Others had chosen different kinds of models.

The attempt was to understand if there was one 'most effective' model, and particularly whether the process of facilitating organisational growth involved a formal transition to a new model or not. The assumption was that those which had adopted new business models were better able to deliver against their strategic objectives, even if some organisations were able to maintain business-as-usual for the time being. Although none of the organisations in the study described undergoing a considerable transition, all of the organisations adopted agile business models, that they frequently changed, in order to meet their strategic objectives.

The HIV-healthcare sector was of particular interest as the whole sector had received continued funding for appreciably longer than other sectors in South Africa, before grant and state funding started to dry up. This was thought to mean that any changes to a more entrepreneurial form were likely to be more recent. In addition, it may have meant that the expected shift in social mission was a broadening shift towards more general interests, and not a move away from social mission, as hinted at (J. Defourny, personal communication, 19 October 2016). This is because HIV treatment and care can be regarded as a state-type function and is presumed to involve a broadening of social mission from mutual interests (MI) to more general interests (GI).

Figures 1 (p. 4) and 4 – overleaf – depict Defourny and Nyssens' (2010, 2012, 2016) ideal-types typology. The NPO is believed to sit inbetween mutual interest (MI) and general interest (GI) and is hypothesised to move towards becoming an ENP by changing these varied interests, as well as accessing alternative resource models.

The four cases ultimately selected all had similar – donor-influenced – histories. They all adjusted their modus operandi after influence from the same large international donor, which has since reduced, and in some cases completely stopped, providing funding. The cases were thus selected for similarity at the start of the research process to understand their varied responses to change (Onwuegbuzie & Leech, 2007; Van de Ven & Poole, 2005).



**Figure 4: Social enterprise models** (adapted from Defourny & Nyssens, 2016, p. 12)

Assoc. – association; Co-ops – co-operatives; CSR – corporate social responsibility; FPOs – follow-on public offers; PSE – public-sector social enterprise; SB – social business; SC – social co-operative; SMEs – small- and medium-sized enterprises.

Case selection was therefore based on non-probability homogenous purposive sampling. Typical cases, with a set of shared characteristics, were selected to exclude industry context and, in so doing, focus on studying internal processes and variances (Onwuegbuzie & Leech, 2007). Non-probability sampling was used to study what was occurring, and cases were specifically selected for this purpose (Tongco, 2007). Purposive sampling, often called judgemental sampling, required that the researcher be in touch with the theory, and have clearly assessed the population, to ensure robust and quality data (Oppong, 2013; Yin, 1999).

The ‘most similar’ or typical case selection method chooses cases based on approximate matching of many variables, but with key differences (Onwuegbuzie & Leech, 2007; Seawright & Gerring, 2008). These critical cases were selected to be most (or least) likely to represent the population (Flyvbjerg, 2006). The intention with this sampling strategy was to allow for the emergence of difference in similar cases, so that analytic generalisations could be made as part of the theory-building process (Eisenhardt & Graebner, 2007; Flyvbjerg, 2006; Seawright & Gerring, 2008; Yin, 2014).

The cases were selected because of notable characteristics in each that were similar and known prior to selection (Onwuegbuzie & Leech, 2007). However, if sufficient variation was not found, the sampling may have needed to proceed in an iterative fashion (Oppong, 2013; Tongco, 2007). This selection for similarity at the beginning of the process allowed for the study of organisational variation in responses to growth, development and change processes, as well as the growth outcome/s.



The cases were homogenous in terms of industry and broad strategic objective, but offered maximum variation in transition choices, stage of transition, processes and outcomes. In addition, each case was selected for its intrinsic value and uniqueness, while still affording comparative value as there was sufficient sameness to be able to highlight variation between cases (Eisenhardt & Graebner, 2007; Onwuegbuzie & Leech, 2007).

Cases were, therefore, purposively selected because they were “particularly suitable for illuminating and extending relationships and logic among constructs” (Eisenhardt & Graebner, 2007, p. 27). These multiple cases purposefully, and theoretically, selected assisted the researcher in understanding whether what was being observed was distinctive only to a single case, or could be reliably assigned to all the cases being studied, and extrapolated to all similar cases in similar contexts. Selecting for variations within a homogenous sample was necessary so that extant theories could be extended, and new theory, or new ideas, could be built. Additionally, this enabled alternate explanations to be rejected (Eisenhardt & Graebner, 2007; Yin, 2012, 2014).

This was also a multilevel sampling design, which involved identifying key informants – the social entrepreneur leader-practitioners – as well as accessing information from participants to the processes at multiple levels of the organisation. Because multiple levels of multiple cases were assessed, this can be labelled a multiple case embedded design (Yin, 2014).

The criteria for this homogenous case selection, as elucidated by Tongco (2007) in selecting for similarity at the start of a process, were as follows:

- large NPOs (as defined by the state, and running at least five provincial/national, large/multilevel projects simultaneously)
- with an HIV-healthcare focus
- that had been in existence for at least 10 years
- having grown from small founder-driven organisations
- with the CEO/MD the founder, and/or holding that position since inception
- and having faced funding difficulties or even crises
- with an operating budget of a similar size: R50-100 million per annum
- and that appeared to have changed focus, geographical location and/or modus operandi at the insistence of an international donor
- had adjusted the operating model at some point
- and were considered ‘successful’ in raising operating funds and delivering against objectives.

Findings from the SSES (2018) demonstrated that the clear majority of South African social enterprises (70%) had the characteristics of micro social enterprises, with an annual

turnover of less than R330,000 (ILO, 2016; Myres et al., 2018), with only 12% having an income exceeding R1 million (Myres et al., 2018). As such, only very large, multinational NPOs in one sector that had existed for over 10 years were selected for participation in this study.

This study accordingly employed a homogenous purposive sampling strategy, identifying a group of similar (industry, size, operating budget and focus) South African NPOs in the HIV-healthcare sector (Creswell, 2013; Tongco, 2007). Despite being typical and having commonalities, each case was selected because it would offer insight on a different type of business model or different process of change, including transition choice, stage and outcome. This sampling methodology is well suited to case study research, particularly when one wants to select cases that will provide a depth of information (Yin, 2012, 2014). The table below depicts the similarity and variety within the four selected cases.

**Table 2: Case variety**

	<b>Governance structure</b>	<b>Funding model</b>	<b>Business model</b>	<b>Strategic objectives</b>	<b>Transition choice</b>	<b>Transition stage</b>	<b>Transition outcome</b>
<b>Case 1</b>	NPO – umbrella NPOs and CCs* BoD**	Mixed, equal split between grants and income, plus innovative ventures	Multiple plans (often dual), per unit integrating into organisational model	HIV treatment and care	Self-initiated Ongoing contextual triggers	Multiple transitions already completed	Overwhelmingly positive, transition experienced as natural, evolutionary, part of growth
<b>Case 2</b>	Pty Ltd – umbrella NPOs and CCs BoD	Mixed, slightly weighted more towards income through education than grants, plus long-term investments	Two overarching business models, multiple plans within those; occasionally additional unit models	HIV training, treatment and care	Ongoing donor triggers Ongoing contextual triggers	Two big transitions completed	Mostly positive with transition viewed as natural, but occasionally disruptive
<b>Case 3</b>	CC Director partnership – executive team	Mixed, transition in funding model now weighted more towards grants than income though small strategy unit generates income	Dual: 2 overarching business models, 3 broad plans within	HIV treatment support services	Ongoing donor triggers Ongoing contextual triggers	One transition completed, in the midst of next one	Mostly positive, but some discomfort in transition pushes, in relation to ownership
<b>Case 4</b>	NPC and CC BoD	Mixed, from start intended to lean more towards income but had leaned more towards grants; was undergoing funding model transition	Dual: 1 overarching business model with 2 plans; also, project-specific models	HR*** for HIV treatment and care	Ongoing beneficiary/ customer/ donor triggers Primarily self-initiated	At the end of first big transition	Mostly positive though path not completely clear, more transformative in philosophy than transition choice

\*CC – Closed Corporation; \*\*BoD – Board of Directors; \*\*\*HR – Human Resources

It was necessary for the primary respondent to have been at the organisation since inception, and have sufficient power to have been involved in determining the direction of the organisation, as the literature claims that an enabling factor is the presence of a social entrepreneur in a decision-making strategic practitioner position (Bull et al., 2014; Dees, 1998; Elkington & Hartigan, 2008; Jarzabkowski et al., 2007; Karanda & Toledano, 2012; Mair & Marti, 2006; Zahra et al., 2009). In addition, to counteract the crises of representation, legitimation and praxis (Denzin & Lincoln, 2005), Onwuegbuzie and Leech (2007) suggest adding a nested sampling design to allow for a group of key informants to provide deep and

rich insight into the nuances of both cases selected and the population from which they are drawn.

Expert interviews were conducted at the start of the study to complement the contextual knowledge and add to the validity and reliability of the study (Bogner, Littig, & Menz, 2009). However, according to Bordieu (1972 - 2005), whose thinking informed the social practice field and EaP literature in particular, all the interview participants in this qualitative case study can be considered experts due to their context-dependent knowledge (Flyvbjerg, 2006).

It was reasoned that the sample size had to be large enough to be able to engender as many themes and patterns as possible all possible and thus reach data saturation, but not too large for the data to become monotonous (Eisenhardt, 1999; Mason, 2010). In case study research, even a sample size of one is justifiable as long as a depth of data is gathered (Mason, 2010; Tongco, 2007). The sample size for this study, out of the population of 12, was four cases, with a total of 30 interviews, and 118 separate data points.

Typically, 15 to 30 separate interviews are necessary to reach saturation in qualitative research, depending on the degree of homogeneity in the sample (Mason, 2010). While saturation may be reached after only a handful of interviews, a larger interview group does appear to make the qualitative research study more defensible (Mason, 2010). See the details of the specific data points within the selected cases in Table 3 below.

**Table 3: Interview schedule**

Organisation	Primary respondent (individual interview)	Additional respondent (individual interview)	Additional respondent (focus group)	Additional respondent (external individual interview/ focus group)	Secondary data (document review)	Observation/other
<b>30 interviews</b>						
<b>Case 1</b> <b>8 interviews</b>	CEO x 2	Board x 1 Senior leader x 1 Senior leader x 1	Management group x 1	Beneficiary group x 1 Ex-staff x 1	Annual reports, financial statements, strategy documents	Observation Memos
<b>Case 2</b> <b>6 interviews</b>	CEO x 1	Board x 1 Senior leader x 1 Senior leader x 1 staff x 1		Beneficiary x 1	Annual reports, financial statements, strategy documents	Observation Memos
<b>Case 3</b> <b>6 interviews</b>	CEO x 1 PD/co-MD x 1	Executive leader x 1 Executive leader x 1 Staff x 1		Consultant x 1	Annual reports, financial statements, strategy documents	Memos
<b>Case 4</b> <b>6 interviews</b>	CEO x 1	Executive leader x 1 Executive leader x 1	Staff group x 2	Customer x 1	Annual reports, financial statements, strategy documents	Memos
<b>Other</b> <b>4 interviews</b> <b>2 notes</b>		Expert x 2	Common donors group strategy meeting x 1	Government (NDoH*) x 1		Memos: sector meeting x 1 NDoH*-organisations common meeting x 1

\*NDoH – National Department of Health

## **5.08 Research questions**

In inductive qualitative research, research questions play an important role because propositions and hypotheses are derived from the research, as opposed to being used at the outset as boundaries for the study (Baxter & Jack, 2008; Bendassolli, 2013; Rowley, 2002). This results in theories being developed from, and grounded in, the data (Gioia, Corley, & Hamilton, 2013). Consequently, interesting and influential theories that challenge our assumptions about phenomena can be developed (Alvesson & Sandberg, 2011).

Because it was the processes of growth and change with these kinds of organisations in these specific contexts that was absent from the literature, it was, furthermore, not advisable to propose outcomes prior to conducting the study (Bendassolli, 2013; Eisenhardt, 1999; Rowley, 2002; Sassmannshausen & Volkmann, 2018). Propositions instead resulted from the research study, and are presented as proof of concept (Mair, 2010), within the final model (Baxter & Jack, 2008; Bendassolli, 2013; Rowley, 2002) in chapter 11 (p. 266).

The detailed research questions, shared in chapter four (p. 63) sought to understand the growth path of non-profit, mission-driven, hybrid, South African social enterprises to scale. To do so, sub-questions investigated the daily strategic and management practices that resulted in entrepreneurial growth (Jarzabkowski et al., 2013). Sub-questions also enquired about the extent to which these organisations were impacted by, and whether they influenced their environment at all in return (Baker & Welter, 2018; Welter & Gartner, 2016; Welter et al., 2019).

The intention was to understand if the growth path was a transition of sorts, as well as why and how the organisation had decided to become enterprising, what the push and factors were, what decisions were made, what business and management practices – divided into micro-practices – supported the growth, what the tensions were and how these were managed.

## **5.09 Data collection methods**

The study necessitated that the researcher spends between one and four weeks at each organisation, interviewing and observing the founder-leader, CEO, managing director and/or executive director as the primary respondent and observee. Thereafter, parts of the remainder of each organisation were interviewed and observed as secondary respondents and subjects.

Finance, HR, management at various levels, employees, and board members participated in interviews and observation as subjects. The researcher engaged in unstructured observation (Mulhall, 2003). This is where the phenomenon is observed from within a 'naturalistic paradigm' (Mulhall, 2003). Nevertheless, the researcher focused on observing strategic practitioners, strategic and management practices, and the micro-actions within these (praxis).

In addition, observing the organisations, both formally and informally in common industry meetings, allowed data to be gathered on their respective organisational cultures, whether there was congruence in organisational sayings and doings (Mulhall, 2003; Schatzki, 1996, 1997, 2001, 2002, 2005), and if these had changed as the business model transformed (McBrearty, 2007; Jarzabkowski, 2005; Jarzabkowski et al., 2007). Observations were captured in field notes and memos (Eisenhardt & Graebner, 2007; Mulhall, 2003; Petty, Thomson, & Stew, 2012; Yin, 2012, 2014).

The social entrepreneurship literature holds that any successful transformation requires a social entrepreneur at the helm of the organisation (Dees, 1998; Elkington & Hartigan, 2008; Karanda & Toledano, 2012; Mair & Marti, 2006; Zahra et al., 2009), and the SaP literature, that organisational leaders must be strategic practitioners (Jarzabkowski et al., 2007), and this was, consequently, a reason to view these individuals as the primary respondents in each case.

Semi-structured interview questions, adapted from the overall literature, guided discussions on how each organisation developed new strategies, what influenced any entrepreneurial shifts, and how new business models were developed and implemented (Rabionet, 2011). The social entrepreneurship questions were structured according to Bornstein's (2007) suggestions, starting with identifying information gathering, and only moving slowly into more challenging territory, if interviewees did not raise the topics naturally during the interviews. Battilana (2018), Bull et al. (2014), Dey and Steyaert (2016), Gartner, 2016; Jarzabkowski et al., 2013; Mair, 2010; Mair & Schoen, 2007; Pache and Santos (2013), Pache et al. (2018), Santos et al. (2015); Steyaert, 2007; and Welter et al., 2019, were utilised as key sources in developing and framing the practice questions. The interview questions, and observational framework, were structured according to SaP concepts framed by Jarzabkowski (2005), Jarzabkowski et al. (2007), Jarzabkowski et al. (2013), Jarzabkowski and Spee, (2009), and Vaara and Whittington (2012). The EaP and contextual framework was influenced primarily by Gartner (1985, 2016), Johannisson (2014, 2018), and Welter et al. (2019).

In case study research, the researcher repeats 'how' questions until an understanding of the process has been achieved, which directly "links processes to outcomes" (Pettigrew, 1997, p. 340). According to Vaara and Whittington (2012), the fundamental process of SaP research revolves around reflexivity, looking for unconscious or taken-for-granted practices and continually reflecting on how the social impacts on the strategy-making. In EaP, the reflection is focused on how the context impacts the entrepreneuring (Dey & Steyaert, 2016; Steyaert, 2007; Welter & Gartner, 2016; Welter et al., 2019).

The financial staff were interviewed and observed to assess whether new approaches had benefited the organisations in terms of financial sustainability (Sontag-Padilla et al., 2012; Stecker, 2014; Young, 2001). In addition, a few focus groups were conducted to understand

common and different perspectives on growth and change processes, such as new skill sets required in a junior management group (Oreg et al., 2011). One leadership focus group was conducted, two ex-staff and eight current employees were individually interviewed to understand the impact, if any, of change processes on an organisation and on its staff (Rafferty et al., 2013).

Beneficiaries and customers were interviewed, mainly individually and in one focus group – an existing support group – according to what was most feasible and appropriate, to understand if the move to a new business model and substantial scale had affected the perceived quality of services received, as well as the organisation's focus on its social mission (Sanders et al., 2015). A common donor and a government official were interviewed to understand how these shifts were being supported, if at all (Bahmani et al., 2012). Board members were interviewed individually and as a group in one case, to assess internal support for, and governance practices utilised for growth (Defourny & Nyssens, 2016; Ebrahim et al., 2014; Mair et al., 2015). In addition, the researcher attended two field meetings, one as a participant, involving the government and a donor, and the other as an observer, involving a network of organisations attempting to exert influence on the common donor. Three of the four cases were at the former and all four at the latter. This gathering of multiple sources of data increased the study's construct and external validity (Maxwell, 1992; Morse, Barrett, Mayan, Olson, & Spiers, 2002; Rowley, 2002).

Secondary data in the form of the prior five years of annual reports and annual financial statements were consulted to evaluate financial sustainability during various growth stages, and to triangulate the data (Lewis & Grimes, 1999). Other available documentation describing strategic shifts and associated planning was also consulted, such as country operational plans demanded annually by donors; donor-required logic frameworks; old proposals; strategic planning documents; and business planning documents. This process of gathering data from multiple sources and incorporating secondary data also served to triangulate the findings in each case, making the data more trustworthy (Baxter & Jack, 2008; Lewis & Grimes, 1999; Rowley, 2002; Yin, 2014) and providing necessary context. Triangulation of the data was also used in presenting the across-case analysis to increase reliability (Baxter & Jack, 2008).

As such, data were collected from multiple points in multiple cases to establish how the processes of growth and change occurred, and to what extent it was similar for the different organisations. This was therefore a collective case study, using within and across-case comparisons (Eisenhardt, 1999). It is also an intrinsic case study as the phenomenon is unique, the context distinctive, and each case was deliberately selected as the preconception was that these homogenous cases had un/consciously selected different growth or change paths (Baxter & Jack, 2008). Multiple research techniques, such as one-on-one semi-structured interviews, semi-structured focus group interviews, organisational observation of

the day-to-day, as well as secondary data analysis, were used to gather these sources of data (Creswell, 2013; Mulhall, 2003; Rubin & Rubin, 2011).

A multiple case study permits the researcher to study variances within and between cases, with the objective of replicating or disproving outcomes across cases (Baxter & Jack, 2008). The cases were consequently carefully, and purposefully, selected for the researcher to compare the cases and predict similar, or contrasting, outcomes (Yin, 2014). Unfortunately, the nature of PhD research renders a longitudinal study unfeasible. To mitigate this, the researcher asked questions that referred to before the growth or change process, as well as about plans for the future (see Appendix C).

In addition, secondary documents that could demonstrate process over time were analysed. Finally, the researcher spent a short period observing daily management practices. In two of the organisations, the researcher only spent a day each, and some hours around interviews. However, in the other two case, the researcher spent two weeks and four weeks respectively, observing both the day to day practices, and the more structured, less frequent, strategic practices. The intention of the observation periods was to confirm what respondents had shared and identify unexpected practices, by observing the micro-practices within the daily management practices in two cases (Mulhall, 2003).

### **5.09.1 Interview process**

Four cases in the same field and of relatively similar size and objective were selected from a sample size of twelve such organisations. Each case was contacted via a personalised e-mail to the CEO that introduced the researcher in the research context; described the study and anticipated outcomes; requested permission to conduct interviews with the CEO and others, such as board members, staff and beneficiaries; asked for the authority to conduct 'fly-on-the-wall observation' of the organisation (Mulhall, 2003); and entreated sanction to access organisational documents. Both the university ethics approval and study protocol were attached to the e-mail. This was followed up by a phone call to the CEOs or their personal assistants, requesting feedback.

The leaders, all also founders of the organisations in the study, were contacted first and initial interview/s took place with organisational leader/s. After these primary interviews, where formal permission to conduct the remaining interviews in each organisation was sought, interviews took place with the senior leadership team, middle managers, boards of directors, current and past staff, a donor representative, a government representative, customers and beneficiaries (where appropriate and available) most commonly as individuals, although a junior management group, board group, leadership group and beneficiary group were interviewed.

The interviews took place between early July 2017 and the end of April 2018. During this time, the researcher obtained public-access annual reports and audited financial statements, as well as internal strategic and business planning and financial documents. In addition, in two organisations, the researcher observed the founder-leader and the leadership team in interaction with staff, stakeholders, customers and beneficiaries, daily for a short period. In case 1, this was over four weeks and, in case 2, over two weeks. Unfortunately, cases 3 and 4 were each only able to provide one full day of observation, and some additional observation time inbetween interviews.

The researcher prepared for each interview. During the interviews, the researcher focused on creating an environment conducive to interviewing by establishing rapport (Shapiro, 1970). The same questions were asked as much as possible in the same way, to standardise the interviews (Turner, 2010). In addition, the researcher attempted as best possible to remain neutral and not demonstrate strong emotional responses to interviewees' comments to counter bias (Shapiro, 1970; Turner, 2010).

The researcher utilised a localist position (Alvesson, 2003) in order to bring context and its import into the interview, as an empirical state (Welter et al., 2019). The interview guide was pilot tested to assess and refine the tool prior to implementation (Turner, 2010).

Interviews were recorded and transcribed for analysis at a later stage. The transcriber signed a confidentiality agreement prior to receiving the audio-taped interviews. Straight after completing the interviews, the audiotapes were sent for transcription. In addition, field notes were taken in interviews, and also transcribed. An observation schedule was completed during interviews and during the observation periods, and thoughts and insights during the research process were documented in these schedules, and as field notes and memos (Eisenhardt, 1999; Mulhall, 2003; Petty et al., 2012). Each transcript was reviewed for accuracy, together with the corresponding recording and relevant field notes and schedules. In-depth interviews were employed in order to access the "interviewee's knowledge, ideas, experience and impressions" (Alvesson, 2003, p. 14). Thereafter, the respondents were asked to comment on the accuracy of their individual transcripts (Denzin & Lincoln, 2005).

### **5.09.2 Interview guides**

The primary research question sought to understand how large hybrid social enterprises, in the South African emerging-market context, grew and developed. In addition, whether there were any transitions required to be traversed to facilitate growth towards multinational social enterprise. The population of twelve organisations were all large, multinational South African organisations supporting the South African government's HIV and health agenda by running clinical HIV-healthcare services across the country. The whole population, after operating for



more than 15 years, appeared from the outside to be remarkably stable and sustainable. This was assumed to be due to both successfully obtaining international donor aid and generating their own unattached income.

No prior research instrument existed, and therefore the questions for the interviews were drawn from the literature. The design of effective interview questions was critical, as the majority of the data collected was expected to come from the interviews. The interview questions were designed to be open-ended, judgement free, single instead of several questions being asked simultaneously, worded clearly, and sensitive to potential issues, such as race, culture, and gender (Turner, 2010).

In addition, Knox and Burkard (2009) hold that researcher-developed interview questions aid in the exploration of the phenomenon under study, ensuring that highly specific information can be gathered. The questions were, thus, carefully constructed, based on the literature, and designed to reveal underlying assumptions regarding how these organisations maintained their social missions while operating their businesses at scale.

Semi-structured, in-depth interviews functioned as one of the data collection instruments. The researcher selected this format as it is useful in scenarios where the goal of the interview is to investigate a particular subject, but still permit space for the respondent to share his/her own story and perspective (Rabionet, 2011). Semi-structured interviews require the researcher to ask the same questions of each respondent but also permit the researcher flexibility regarding how each respondent replies to the questions (Turner, 2010), as well as to reword the questions, depending on who is being interviewed.

Interviews consisted of three overarching sections, with between 22 and 40 open-ended questions, depending on whether the respondent was happy to talk or needed encouragement to proceed in the study direction. Open-ended questions encourage additional discussion from respondents (Babbie, 2007; Creswell, 2013). In addition, probing questions, used to encourage the respondents to provide more detailed information, or aid in revealing any biases, were asked when the researcher felt a response needed to be explored further, elaborated upon, or clarified. Although probes are typically viewed as questions, they also include comments, utterances, or gestures that aid the researcher in acquiring additional information (Babbie, 2007; Rubin & Rubin, 2011). Probes assist in managing the interview conversation and keeping the interview focused, particularly if they are simple and independent of the content of previous answers (Rubin & Rubin, 2011).

Nevertheless, despite receiving the list of twelve organisations that comprised the population for the study from the NPO directory at the DSD and from the NDoH, none of the final four cases that agreed to participate were strictly NPOs, nor had most ever been. There was, instead, a mix of legal registrations, with most organisations self-defining on a continuum

of hybrid social enterprise, although only one actually referred to how their organisation had been constituted, and registered, in this way.

Semi-structured in-depth interviews steered by interview guides were conducted with a minimum of six to eight stakeholder individuals and/or focus groups in the selected HIV-healthcare NPO cases (Rabionet, 2011). A total of 30 interviews were conducted in the four cases ultimately selected for presentation. Between twelve and fifteen interviews are considered the minimum necessary to achieve saturation, although it is perceived as an elastic concept (Mason, 2010), and PhD candidates are recommended to conduct at least thirty (Morse et al., 2002).

The interview guide for experts assisted in refining concepts and was conducted as part of the pilot. The guide for primary respondents elicited identifying information about the organisations, as well as detailed growth and strategic change processes. All other interview guides contained questions designed to encourage respondents to discuss the growth paths their organisations had selected and share their feelings and perceptions of mission-drift, scale, change, growth, governance and decision-making, primarily.

The interview guides (see Appendix C), as described earlier were, thus, developed through careful consultation with the literature (Roulston, 2010). Scripts guiding the interviews were written based upon Boyce and Neale's (2006) guide to in-depth interviews. Entrepreneurship-as-practice theories were used as the organising framework, and the questions asked were structured to understand primarily what strategic daily practices were used to facilitate organisational growth; and to consider what contextualisation, defined as both the impact of the environment on the organisation as well as the organisation's influence on the organising context (Patriotta & Siegal, 2019; Welter et al., 2019), had occurred.

### **5.09.3 Observation**

Because multiple case study research does not meet with the as-practice standard of the emergent EaP body of knowledge (N. Thompson, personal communication, 22 July 2018), and single case study or ethnographic research, conducted via immersive techniques, whereby the researcher enacts the research process (Johannisson, 2018) is not permitted for PhD study, the researcher built periods of observation into the data collection process. The observation itself was unstructured, although an observation framework was developed each day, depending on who and what was being observed (Mulhall, 2003), and field notes were written capturing these observations. These field notes were then transcribed and coded as part of the data analysis process.

The primary limitation of observation as a data collection tool is that the researcher is supposed to be a fly on the wall (Mulhall, 2003), and it takes a long time (approximately one

week) before respondents stop being conscious of and, thus, performing for, the researcher. Consequently, the observation at cases 3 and 4 did not provide the same quality data as cases 1 and 2.

The major benefit of incorporating observation into the data collection was the opportunity to observe the micro-practices, within the management practices described in the interviews. Consequently, the researcher witnessed the hiring and recruitment practices at case 2, from examinations and interview processes to induction planning, gaining a nuanced understanding of how the organisation manages to recruit long-term, strategic staff, whose values fit with those of the organisation.

In addition, the researcher observed the culture, values and communication styles of the CEO and leadership team in daily internal management meetings, as well as external, typically strategic, meetings. Many of the micro-practices observed centred around the metaphor and story of the organisation, and how it developed, as well as tales of the project, leader, experience or conflict. These demonstrated the organisational values and culture, the agility of the business model, and the prominence of the social mission. Finally, at case 2, the researcher accompanied an Operations Director (OD) to a donor meeting, attended feedback meetings thereafter to the project team and sub-recipients, and observed the process of the team rewriting part of the project plan to increase certain donor-specific indicators.

In case 1, the researcher shadowed the organisation group's founder-leader, and the Head of SA operations, as they went about their daily business. As with case 2, the values, culture and purpose could be clearly discerned in both internal and external meetings. Case 1 values difference, and being responsive, and this was evident in how office buildings purchased had been customised, and offices had been built according to a unique structure, as well as in how the top leadership engage on a strategic level fairly constantly, always thinking a few steps ahead, working out the ultimate connections to the social mission, remaining calm and unflappable even in distressing or chaotic circumstances.

The reinforcing of the organisational culture, values and mission were observed by witnessing project staff planning meetings, as well as observing an employee induction process, a final interview for a new recruit, and watching an organisational policy refinement workshop.

#### **5.09.4      *Secondary document review***

Secondary documents, in the form of annual audited financial statements, donor audits, grant proposals, donor reports, strategic plans, project monitoring and evaluation plans, business plans, organisational policies, terms of reference, job descriptions, performance plans, scopes of practice, memoranda of understanding, budgets, and donor agreements were obtained

from all cases. This included publicly available information, found on websites and in social media, as well as annual narrative reports.

The documents were utilised to back-up, confirm and strengthen the researcher's understanding of the interview and observation data. In addition, the secondary documents assisted the researcher in questioning, challenging or refuting this data. Consequently, the secondary data permitted nuanced, deep insight into the four organisations. However, because there was so much data collected, a challenge was deciding which data not to incorporate, and which to include in this final report.

### **5.09.5 Data storage**

Data storage, during and after the research process, is an important part of a research study. In case study design, Yin (2014) recommends the development of a database for each case study research project. The cases in this study consisted of four organisations. Consequently, the database contained individual and group interview audiotapes and transcripts, observation schedules, consent forms, field notes and memos, and both external, or public, and internal strategic documents, such as annual financial statements, strategic plans, business plans, grant proposals, and so on.

Confidentiality of respondents and organisations was protected by disguising individual and organisational names within the data. The database was stored electronically on a computer in a password-controlled folder, on a back-up cloud server, on an external hard drive, and in hard-copy physical files, stored in a locked cabinet. The data were also submitted on an external hard drive to the university information centre for storage as per university requirements.

## **5.10 Data analysis methods**

Data analysis followed an inductive coding process informed by the aims of the research study. Due to the inductive epistemology (Tuli, 2011), it was necessary to start from the data and not impose an analysis framework prior to beginning this study (Eisenhardt & Graebner, 2007). However, because the data were qualitatively collected, thematic content analysis was used (Creswell, 2013). "Qualitative content analysis focuses on the characteristics of language as communication with attention to the content or contextual meaning of the text" (Hsieh & Shannon, 2005, p. 1278).

Because the study intended to describe a phenomenon within the context of some, but incomplete, literature, conventional content analysis was applied (Hsieh & Shannon, 2005). In 2000, Mayring (2014) developed a framework for qualitative content analysis that provided guidelines and a sequence of steps to be followed. Following this framework, content analysis

began with thematic analysis that involved summarising the data into categories and sub-categories, each with their own definitions, codes and rules (Mayring, 2014; Saldana, 2009). This was based on the coding agenda derived from the theory (Mayring, 2014), with the categories and themes emerging from the data.

To identify potential codes, themes, patterns, and relationships among themes, the researcher looked for information in the data that referenced the social mission, purpose, *raison d'être*, mission goals, mission-centric business activities, mission-tension and mission-drift, mission assessment strategies, policy changes in programme services, programme services that increased or decreased, donor experiences, management of donor relationships, fiscal guideline changes, and other data that assisted in answering the research questions.

The first step in the data analysis was coding the data in each case. This included the secondary data collected at each case, such as the financial statements, strategic planning documents, proposals and budgets; researcher field notes, memos and observation schedules; as well as the secondary data collected through common stakeholder interviews, such as shared donors and NDoH contacts, that were analysed at the start and then integrated into each case. The secondary data were, therefore, coded first on a within-case basis.

A code is “a word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data” (Saldana, 2009, p. 3). Because the codes needed to describe the data accurately, this process involved identifying key issues, and revisiting the interviewees and/or the data until saturation was reached. Saturation was reached when no new learning was occurring and the same concepts and patterns were emerging again and again (Eisenhardt, 1999; Hsieh & Shannon, 2005).

The second step involved categorising the codes within these individual cases into code families. This classification was both a meaning-making and a meaning-finding process (Saldana, 2009). The codes were continually reworked and refined, and the relationships between categories and sub-categories were identified and continually refined. This process involved searching for both similarities and differences, as well as for the frequency and sequence of events, patterns and relationships (Mayring, 2014; Saldana, 2009).

Relationships between these code families and categories were sought and, in this way, theme-building began. The cases were analysed separately in this manner, through a reflexive sense-making process (Saldana, 2009). After that, cross-cutting themes that appeared across cases were identified and analysed (Eisenhardt, 1999). The themes identified became the skeleton for the practice model (Saldana, 2009). The first-level coding process generated over 530 codes, with 238 codes refined during the second-level coding process. Finally, 208 codes, contained within 21 categories and 8 sub-categories were

generated resulting in 11 themes to answer the research question and sub-questions, and 17 propositions to guide recommendations for future research.

Atlas TI was used as a data analysis tool for coding, but the researcher remained the primary tool for analysis (Weitzman, 2000). The data were analysed in an iterative fashion, attempting to balance the development of a rich, novel practice model, grounded in the data and specific to the phenomenon under study, but framed by the theory and with the simplicity and versatility necessary for a theoretical model to be more readily adapted within the same context, but more broadly to other scenarios (Baxter & Jack, 2008; Eisenhardt, 1999; Eisenhardt & Graebner, 2007; Flyvbjerg, 2006; Saldana, 2009; Seawright & Gerring, 2008; Yin, 2014). It was also important to bear in mind during the analysis process that the development of nascent theory requires an iterative, inductive approach to demonstrate methodological fit (Edmondson & McManus, 2007) and improve research quality (Yin, 1999).

Within-case analysis was conducted on each case as an encapsulated entity to develop a deep and rich understanding of the phenomenon being studied (Creswell, 2013; Eisenhardt, 1999; Pettigrew, 2013). This involved identifying patterns and relationships, finding common meanings and working until saturation was reached in each case, first permitting the unique elements of each case to materialise before these were generalised across cases (Eisenhardt, 1999; Maxwell, 1992; Morse et al., 2002; Saldana, 2009).

Cross-case analysis then “facilitate[d] the comparison of commonalities and difference in the events, activities, and processes that are the units of analyses in case studies” (Khan & VanWynsberghe, 2008, p. 2). Across-case outcomes were then compared back to the existing literature for possible analytical generalisation within the same or similar contexts (Baxter & Jack, 2008; Denzin & Lincoln, 2000; Eisenhardt, 1999; Eisenhardt & Graebner, 2007; Flyvbjerg, 2006; Saldana, 2009; Seawright & Gerring, 2008; Yin, 2014). Cross-case analysis was specifically useful as the researcher was attempting to generate new understandings to build a new practice model to strengthen existing theory (Khan & VanWynsberghe, 2008). By identifying themes across cases, cross-case analysis also strengthened construct validity, by testing the stability of the constructs over the cases and obtaining multiple viewpoints on the same issues (Meyer, 2001).

To some extent, this study employed Przeworski and Teune’s (1982) “most different design” (p. 34). Diverse cases, within a broader homogenous framework, were selected and then intentionally compared to find comparable processes or results despite different individual case decisions (Khan & VanWynsberghe, 2008). Organisations that are very similar yet were assumed to have adopted diverse entrepreneurial forms and processes to enable growth were, therefore, selected as cases for this purpose.

### **5.10.1      *How the themes were derived***

The process of generating themes was iterative and involved a combination of processes, all rooted within the data. Firstly, the researcher looked the 'sayings' (Schatzki, 1996, 1997, 2001, 2002, 2005; Schwarz & Stensaker, 2016) contained within the transcripts. These 'sayings' reflected how the leadership and the employees spoke about their work, and their daily practices, as well as how they wrote in their respective strategy documents and annual reports about these organisational practices.

An example from case 1, profiled as an exemplary case, is how every internal interviewee spoke about the social mission or purpose, and referenced the organisational values underpinning their work. These values, and the social mission orientation driving case 1's work, were clearly documented in organisational strategy documents, including donor concept documents and capacity statements. In addition, a visual depiction of how the values underpinned the social mission was visible in most strategic documents, as well as framed in certain offices.

Within all the cases, this process was repeated, with the organisational values dictating the culture, and the culture reinforcing the values. This values-laden culture then instructed the types and levels of work and performance undertaken and committed to, and these also reinforced one another. All of these processes and practices were, therefore, implemented in order to ultimately achieve the social mission. In addition, because the social mission was central in all of these organisations, it influenced the particular values and culture adopted, work taken on and the intensity of loyalty to this, thus strengthening the social mission orientation.

Furthermore, these practices were witnessed when the researcher spent time observing the 'doings' (Schatzki, 1996, 1997, 2001, 2002, 2005) of two of the cases, namely case 1 and case 2. The 'doings' (Schatzki, 1996, 1997, 2001, 2002, 2005) were the specific practices, divided up into various activities, tasks and behaviours. These practices were described by all the cases and within cases 1 and 2, were observed in action. Consequently, the leadership, through demonstrated hard work and measurable outcomes, actually practiced what they said they believed.

Additionally, the 'doings' (Schatzki, 1996, 1997, 2001, 2002, 2005) were demonstrated through how the organisational values, such as quality, innovation and responsiveness in case 1, and ethical conduct and integrity case 2, were given lived expression. In case 1, every internal meeting is started with some kind of reminder of the values and/or mission and in case 2, the values committee and its prominence within the organisation are a demonstration of the organisation's values and ethics.

In addition, within all four organisations, the leaders at all levels of the organisation were entrepreneurial, with an innovative ability appearing entirely natural, and not at all forced, leading to the creation of the entrepreneurial organisational culture. One example is how employees in case 1 felt their entrepreneurial abilities were encouraged and supported by the autonomy they were given in their work decisions; the availability of innovation labs, hubs and incubators within the workplace to endorse new ideas; and the willingness within the senior leadership to take calculated risks to achieve impact, social change and social purpose.

### **5.10.2      *The coding cycles***

These 'sayings' and 'doings' (Schatzki, 1996, 1997, 2001, 2002, 2005) were recorded in interview transcripts, researcher personal reflection memos, and participant observation field notes (Petty et al., 2012). In addition, data were collected from several sources in order to minimise researcher bias (Creswell, 2013; Shapiro, 1970). Moreover, analysing secondary data, such as strategic documents, internal documents, organisational artifacts, websites, intranet communications, board meeting agendas and minutes, annual reports, annual financial statements, and strategic plans, permitted confirmation and understanding of certain implicit practices.

Comparing information from multiple data sources, therefore, assisted in identifying shared themes, and in triangulating the data (Baxter & Jack, 2008; Lewis & Grimes, 1999; Rowley, 2002; Yin, 2014). The purpose of triangulation is to provide evidence that can assist in validating or repudiating interviewee responses (Baxter & Jack, 2008; Lewis & Grimes, 1999).

In addition, this process of analysing relevant documentation provided an opportunity to assess mission tensions and mission-drift through strategic and governance decisions. No discrepancies between what was described verbally and what was documented were found. For example, board meeting agendas and minutes included official documents and decisions voted on and passed as resolutions by board members. Information that provided insight into how both mission and income tensions and, goals and accomplishments were managed and prioritised was used to augment, substantiate, contradict, or dispute interviewee responses (Yin, 2012). In addition, board composition was confirmed in this way.

This process created more rigorous research and validated study findings (Baxter & Jack, 2008; Denzin & Lincoln, 2005; Rowley, 2002; Yin, 2014). These documents also provided a longitudinal view, depicting the organisational growth and progress historically. The funding sources, contributions, allocations, strategies and donor-profit distinctions were confirmed by reviewing the annual financial statements over the years. Examining the



secondary data, therefore, provided another method to refute or substantiate participant responses (Hsieh & Shannon, 2005; Morse et al., 2002).

Research credibility was enhanced through member checking (Creswell, 2013), whereby participants reviewed the accuracy of their responses and provided any additional information. The researcher provided participants with the opportunity to assess their interview transcripts for accuracy, provide additional information or dispute their transcribed responses. (Perry et al., 2000; Yin, 2012, 2014). However, no participants modified their responses, although a second interview with the founder-leader of case 1 was offered in order to obtain additional information. Based on the type and number of collection tools, therefore, a sound instrument was developed, permitting adequate data collection for content validity (Denzin & Lincoln, 2005; Perry et al., 2000).

The data were inputted into Atlas Ti, and then an initial phase of coding began with 'decoding' (Saldana, 2009) the data collected from case 1. This early phase involved 'open coding' (Saldana, 2009) the researcher's overall 'first impressions' (Saldana, 2009). Thereafter, these early codes were broken down into descriptive and *in vivo* (direct quotes) codes. A code is typically a "word or short phrase that symbolically assigns a summative, salient, essence-capturing, and/or evocative attribute for a portion of language-based or visual data" (Saldana, 2009, p. 3). The first order coding cycle generated over 530 codes.

The codes from this first order coding cycle were then reconfigured into short, sharp descriptors during the second order coding process (Saldana, 2009), resulting in 238 codes. This involved taking the code from a high-level concept to lower level pieces of behaviour, task or activity, so as to ensure the codes accurately reflected the practices observed. Furthermore, the initial codes were refined during this process to also include beyond descriptive and *in vivo* codes, process codes which depicted "repetitive patterns of action" (Saldana, 2009, p. 5), and practice codes highlighting specific, repeated strategic practices and daily management micro-practices.

Finally, 208 codes, contained within 21 categories and 8 sub-categories were generated. This resulted in 11 themes to answer the research question and sub-questions, and 17 propositions to guide recommendations for future research.

### **5.10.3      *The impact of the researcher's filters on the data***

Mason (2002) and Saldana (2009), citing Merriam (1998) and Sipe and Ghiso (2004), maintain that the researcher brings a number of personal and academic filters into the data collection and analysis process. The researcher's academic filters were expressed through the theoretical framework selected for the study, namely practice theory with EaP influenced by SaP constructs, and social entrepreneurship concepts and theories. In addition, the

researcher's epistemological stance and ontological perspective, that of social constructivism within a pragmatic philosophy, also impacted upon both the data collection process, as well as upon how the data were analysed.

Moreover, the researcher's levels of participant observation (in that the researcher was an active participant in the research study by virtue of her own involvement in the HIV-healthcare field) impacted upon both the types of questions asked, as well as the responses received (Mulhall, 2003). In-depth, semi-structured qualitative research was conducted, with open-ended questions, and in particular in case 1 (and to a lesser extent case 2), ongoing 'fly-on-the-wall' observation was conducted (Mulhall, 2003).

Openness and trust were engendered by, in particular, the senior leaders interviewed, because many interviewees either knew or knew of the researcher and her involvement in the field, and/or knew the organisation she managed. The researcher's active involvement in the field was a drawback at the beginning of the research process, precluding some organisations from participating due to the particular context at the time, which was one of competition for funding and mistrust. Nevertheless, during the actual data collection, this became an advantage, and enhanced candid sharing.

The data collected was filtered through the researcher's race, gender and ethnicity, and her personal and organisational values, as well as the race, gender, ethnicity and values of the research participants (and the values contract established during the data collection process). These filters can radically affect the interpretations the researcher places on the data. As such, the researcher suspended her value judgements. In addition, she ensured she was aware of her theoretical and personal filters and biases. The researcher thus engaged in bracketing to minimise bias (Tufford & Newman, 2012). Bracketing is defined as the suspension of any prejudices, preconceptions and/or personal values concerning the research topic, which might bias the research findings (Creswell, 2013; Shapiro, 1970; Tufford & Newman, 2012).

In addition, Bordieu's (1972 - 2005) definition of reflexivity denotes "predispositions of the academic field to which the researcher belongs, and . . . an analysis of the scholastic space one occupies in order to introduce the relationship between the knowledge produced and the field of production (to which the engaged researcher is part)" (Sklaveniti & Steyaert, 2020, p. 323). Furthermore, reflexivity demands that the researcher question the academic field and theories utilised, and research norms in particular, in order to conduct reflexive research (Sklaveniti & Steyaert, 2020). This reflexivity is demonstrated through findings that are contrary to the extant norms in social entrepreneurship, third sector and practice theory research.

Creswell (2013) contends that in order to increase reliability in qualitative research, the researcher must employ a range of data collection strategies, such as recording and

transcribing interviews, writing field notes, and analysing secondary data. As such, the researcher wrote field notes to document any insights, questions, perceptions, stereotypes or thought-provoking incidences that occurred during the data collection and analysis stages (Petty et al., 2012), in order to ensure awareness and reflection on her interaction with the data (Tufford & Newman, 2012).

The researcher consequently endeavoured to be reflexive and self-critical about any potential biases, so that the validity of the research would be enhanced (Baxter & Jack, 2008; Denzin & Lincoln, 2005; Rowley, 2002; Yin, 2014). In addition, the researcher acknowledged her own enactment by documenting in field notes, and thereby bracketing, any thoughts and feelings she was experiencing during the data collection and analysis phases (Bergman & Johannisson, 2012; Johannisson, 2018).

#### **5.10.4 From codes to categories to themes**

The iterative nature of the coding process means that coding is the first step in the analysis of the data, and one that the researcher went back to multiple times (Creswell, 2013; Saldana, 2009). During coding, the data were characterised, and then codes were connected to one another. Thereafter, the connections were linked back to the data, and to all other available pieces of data that fit into the category. As such, the researcher engaged in a third cycle of coding, and then recoded a fourth, and in certain instances a fifth time, in order to filter the categories into groups of categories or category families (Saldana, 2009).

Thereafter, the researcher distilled the data within the categories, called 'working within' according to Saldana (2009). The primary activity within this phase of the analysis was creating guidelines or rules for a code to be included within a category "in the form of a propositional statement" (Saldana, 2009, p. 9). Next, the researcher 'worked across' (Saldana, 2009) the categories by comparing these propositional statements, so as to determine likely linkages.

This resulted in the creation of an outcome proposition per category, based on this comparison, as well as the relationships identified. The subsequent step comprised comparing and consolidating the categories in order to refine the category families into themes. The themes, which will be presented below, represent the connections of the data to the concepts.

Thereafter, the codes were gathered into similar categories which involved searching for commonality and patterns. In addition, "limited patterned variation" (Azar, 1996 as cited in Saldana, 2009, p. 6) influenced some of the groupings. This was where codes were grouped together as they had something in common, even though there may have been diversity in the specifics. An example was including codes from an ex-staff member, who was unhappy at case 1, and claimed mission-drift, within some of the same categories that also included other

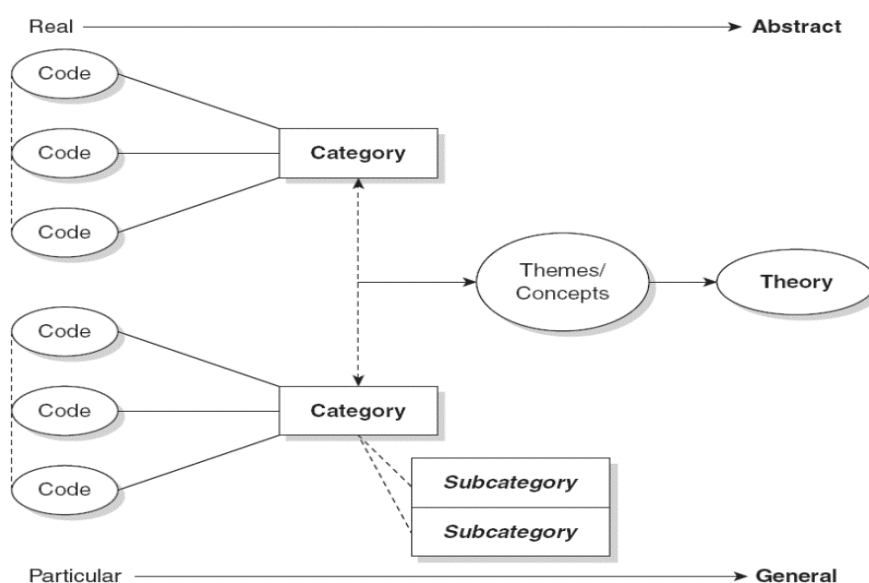
case 1 employees sharing strong views on their contentment with the lack of mission-drift at case 1. This resulted in “fuzzy boundaries” (Tesch, 1990 as cited in Saldana, 2009, p. 6). However, the process of ‘simultaneous coding’ (Saldana, 2009), where multiple codes are applied to one piece of data, was utilised as a method to address the fuzziness.

During the case 1 data analysis coding process, many of the codes started to become more and more similar, and were grouped together into similar categories. These similar categories were based not only on similarity and common pattern differences, but also on frequency, sequence, correspondence and causation (Hatch, 2002 as cited in Saldana, 2009). These categories were then broken down again into codes. These similar categories and category families then became the themes.

The themes were thereafter broken down again into categories, which contained specific codes. This iterative, backwards and forwards process was done in order to ascertain whether the themes were consistently contained within, and reflected by, the data.

### 5.10.5 An example using the streamlined codes-to-theory model

Utilising Saldana's (2009) streamlined codes-to-theory model for qualitative inquiry, depicted in Figure 5 below, an example from the study data will be provided, as per Figure 6, which follows. Thereafter, samples of the data will be provided to depict the process of moving from the data to the codes to the categories to the themes, in table form, under each theme. Due to the nature and depth of data gathered, the tables are not exhaustive, and are only a selection of the data, provided as examples under each theme.



**Figure 5: A streamlined codes-to-theory model for qualitative enquiry** (adapted from Saldana, 2009, p. 12)

Figure 6, below, demonstrates how the themes were derived from the data. The first column shows how data utilised from secondary documents was used to triangulate the data, in this instance confirming it. The second column depicts the direct quotes utilised to make up the various codes. The third column illustrates some of the actual codes developed within case 1, the exemplary case. These codes were then replicated within the other cases, and similar codes were grouped together to form categories and, together with sub-categories, to form category families.

Ultimately, the themes were derived from a combination of the categories, category families and the literature. Hence, the themes did not emerge strictly from within the boundaries of the category families. Thereafter, each theme was compared to the extant literature, and then connected to the theory/ies it confirmed, extended, contradicted, and to which it contributed. This process was repeated iteratively and was larger and messier than Figure 5 provided. Hence, Figure 6, below, provides insight into the process.

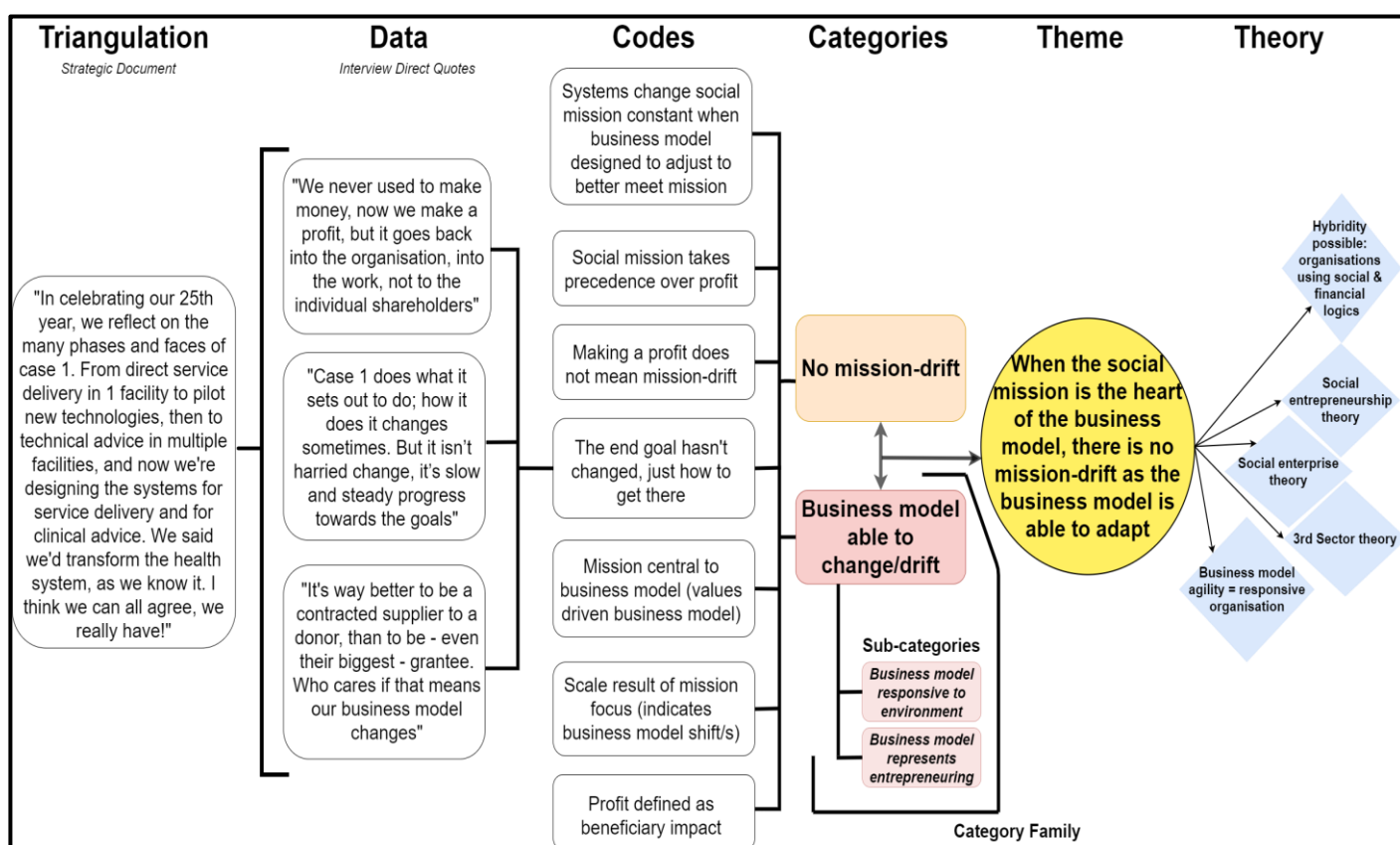


Figure 6: Messy real-life code-to-theory process as applied to study

### 5.10.6 Study themes

Eleven overarching inter-linking themes emerged from within this study. The first theme divided into two parts, emphasises contextualisation, and how a particular context created the

social enterprise organisations studied. The second part to this theme underscores how the turbulence within the context maintained these social enterprise organisations and facilitated their growth to scale. The context presented numerous obstacles and drivers, which these social enterprise organisations utilised as entrepreneurial opportunities to fuel their growth and scale. In addition, the organisations' growth and scale reflected back onto the context, generating additional barriers converted into further prospects for entrepreneurial activity.

This second part of theme one also calls attention to how the organisations' scale resulted in organisational power and influence within said context. The second theme highlights the drift seen within the business model, but how no mission-drift was observed. The business model drift is framed as activity drift and extrapolated further below. Theme three, linked to theme two, underlines the business practices that these organisations employ in order to move towards mission achievement and, in so doing, how these practices facilitate activity drift, without mission-drift.

Theme four spotlights how having a social change social mission facilitates the mission focus and lack of mission-drift and, at the same time, the lack of mission-drift cements the social change focus. Theme five concentrates on the values-driven practices these organisations employ in order to create an entrepreneurial culture. Theme six deliberates on how the said culture, in turn, results in flexibility and agility within the business model.

Theme seven highlights the HR practices that occasion a further consolidation of the social mission, whereas theme eight focuses on the competitive and collaborative practices utilised in order to grow. Theme nine emphasises the management of competing profit-social mission logics through balancing risk-taking behaviour with organisational control mechanisms. How growth and consolidation practices result in organisational scale, as well as how this scale generates power and influence for these organisations, is then highlighted in theme ten. This allows them to exert influence within their contexts and, in so doing, leads to additional scale and power. This power is then utilised to create the change in the system that the social mission demands.

The final theme addresses the innovation practices that support this growth and scale. The change processes observed were less about contextual change, and more about strategic change inside the organisation, that then resulted in the external practices that steered these organisations towards scale, and thereafter mission achievement.

### **5.10.7 Data analysis challenges**

One of the biggest limitations of qualitative case study research is that it is time-consuming and expensive (Baxter & Jack, 2008). Moreover, the researcher has to balance two limitations, namely getting 'lost' in the data – particularly when collecting an excess of primary and

secondary data; and becoming too 'distant' from the data, which can occur when tools such as a research database, described earlier, are applied (Baxter & Jack, 2008). Due to the researcher's immersion in the data, the limitation of getting lost in the data was a challenge. This was countered through regular expert supervision, and ongoing peer debriefing (Hsieh & Shannon, 2005).

In addition, the researcher experienced ill-health during the data analysis stage which delayed the analysis somewhat and created some distance from the data. This was addressed through a process of re-immersion, whereby the researcher referred back to field notes, memos and existing codes, and worked iteratively forwards from that point.

### **5.11 Data presentation**

Patterns and similarities were sought during the data analysis stage to build a model of the practices necessary for social enterprise growth (Eisenhardt, 1999; Pettigrew, 1997). However, differences were also noted in detail to refine the practice model (Eisenhardt, 1999). Moreover, whether events appeared to cause or correspond to one another were explored (Mayring, 2014; Saldana, 2009).

The case studies, including both within- and cross-case investigation, were analysed using thematic content analysis, while identifying themes and the relationships between these (Saldana, 2009). The themes were the building blocks utilised to develop the practice model, so as to accurately describe the practices these organisations employed to achieve growth and scale. This enhanced internal validity (Maxwell, 1992; Rowley, 2002; Yin, 2014).

To augment validity further, it is also important to describe how results were reached, as opposed to only presenting findings (Maxwell, 1992). It is hoped that post-doctoral work will extend this practice model by designing a step-by-step approach that could be relevant to other types of organisations wanting to move towards more entrepreneurial business models in the local context.

Yin (2014) maintains that it is necessary to present both the within case analysis, as well as cross-case analysis, to further increase internal validity. In order to present cross-case analysis, Yin (2012) argues that the researcher must first present data from each of the cases as stand-alone entities, and thereafter present the cross-case themes, similarities and patterns within the overall analysis (Yin, 2012, p. 191). In multiple case studies, "data collection needs to be flexible enough to allow a detailed description of each individual case to be developed before considering the emerging similarities and differences in cross-case comparisons" (Crowe et al., 2011, p. 6). It is, furthermore, necessary for "data sources from different cases" (p. 6) to be generally analogous, as much as is feasible, for this reason, although they may differ in form and complexity.

The common practices resulting in growth, change, and development are presented, while taking into account the limitations of chronological data in depicting process (Pettigrew, 1997), together with the resultant practice models, in chapters ten (p. 200 - 203) and eleven (p. 262). “Content refers to what actually changes in an organizational entity, while process examines how the change occurs” (Van de Ven & Poole, 2005, p. 9).

## **5.12 Quality, validity and reliability**

Case study research has been criticised as it is difficult to generalise findings in the same manner that one can with a statistical research design. However, by analysing multiple stakeholders in multiple cases, applying a problem-oriented approach and referring back to theory, analytical generalisation as well as construct validity can be enhanced (Denzin & Lincoln, 2000; Yin, 2014); and this ultimately improves quality (Yin, 1999). Methodological fit, defined as “internal consistency among elements of a research project” (Edmondson & McManus, 2007, p. 1155) is furthermore critical for a research study to engender reliability and validity.

### **5.12.1 Reflexivity and bias**

The researcher was primarily an external researcher as she was not employed by the organisations studied. However, because she is intimately involved in the field of HIV-healthcare in South Africa, there was an aspect of practitioner-researcher in this study (Creswell, 2013; Johannisson, 2018; Saldana, 2009). The researcher’s field notes and memos also assisted in demonstrating her reflexivity (Petty et al., 2012).

The researcher consequently needed to be aware of her involvement in the research to maintain objectivity (Ratner, 2002), and ensuing biases based on her prior experiences, her own values and filters (Saldana, 2009), and the interviewees’ responses to her. This was taken into account when designing the study initially (Creswell, 2013), by thinking through potential biases and responses that could be elicited for both the respondents and the researcher upfront, and raising them candidly with respondents to address any discomfort at the start of the research process, as well as remaining aware to enable working through these if and as they arose.

One of the interpretations of reflexivity in social practice theory includes acknowledgement of the “social background of the researcher and includes the effort to overcome one’s biases originating from the social and cultural positions occupied, addressing the relationship between the researcher and the knowledge produced” (Sklaveniti & Steyaert, 2020, p. 323). Social desirability and acquiescence bias were countered by ensuring



respondents knew there were no right or wrong answers (Roulston, 2010), as well as neither punishment nor reward.

Designing the interview guide to contain primarily open-ended questions prevented researcher bias towards pushing respondents to particular responses. In addition, conducting a pilot test assisted in identifying whether there were possible underlying biases (Turner, 2010). The researcher's personal screens and judgements were acknowledged upfront and conscious during data analysis. Issues such as confirmation bias, as well as bias caused by the halo effect, were addressed by moving away from developing propositions to guide the study (Roulston, 2010) and by remaining self-aware and vigilant to one's own responses throughout the research process.

### **5.12.2 Quality**

In case study research, quality can be enhanced by specifically increasing validity and reliability (Maxwell, 1992; Roulson, 2010; Yin, 1999, 2014). Researchers can ensure quality by eliciting, and documenting in detail, spontaneous responses; checking for clarity during interviews; and creating an interview environment where meaning can be discovered and interpreted together during the interviews – and not afterwards during the analysis, when the researcher is alone (Kvale, 1996, as cited in Roulston, 2010). The researcher thus safeguarded quality by employing listening and interviewing skills developed through prior study and employment.

Counterintuitively, the strength of purposive selection is due to its intentional bias as it can result in reliable and robust data that challenges the guiding hypotheses of the researchers (Flyvbjerg, 2006). The researcher followed Saldana's (2009) coding process outlined in his manuals, to guarantee the development of quality codes and categories. This included expert review of the coding process and codes produced.

### **5.12.3 Validity**

Construct validity was improved by creating a "chain of evidence" (Yin, 2014, p. 45), in the numerous sources of data gathered. In addition, respondents were engaged in reviewing the transcripts and primary respondents commented on the within-case analysis of their particular organisation (Denzin & Lincoln, 2005).

Internal validity was strengthened using particular techniques in the data analysis stage, such as pattern-matching, explanation-building and theme-identification (Maxwell, 1992; Yin, 2014). Because purposive sampling – thought to result in researcher bias and resultant unreliable data from respondents, thereby compromising external validity (Tongco, 2007) – was employed, replication logic, together with the application of theory in this multiple case

study design, were applied to assist in enhancing external validity (Eisenhardt, 1999; Maxwell, 1992; Yin, 1999, 2014).

#### **5.12.4 Reliability**

Reliability was strengthened in the data collection phase by developing and employing a coherent study protocol and study database (Yin, 1999, 2014). The study database resulted in all study data being stored in (multiple) central locations. In addition, reliability was enhanced because the researcher documented and presented the data collection procedure and her own role in the interpretation and analysis (Meyer, 2001), thereby utilising an 'audit trail' to record and note what steps were performed throughout the research process. An audit trail is a "transparent description of the research steps" (Lincoln & Guba, 1985, p. 210).

In order to enhance research quality, reliability and validity, the following research process (Jacob & Furgerson, 2012) was followed: a script was developed to guide the researcher and steer and focus the interviews (Boyce & Neale, 2006; Jacob & Furgerson, 2012); informed consent was obtained from all respondents; all interviews were recorded; a private space with reduced distractions was created for every interview; sufficient time was allocated to the interviews; active listening skills were employed; and genuine interest in, and care for, the respondents was demonstrated (Jacob & Furgerson, 2012).

#### **5.13 Ethics**

The researcher is integral to the process in case study research. Consequently, personal bias was acknowledged and addressed (Roulston, 2010; Shapiro, 1970). Accordingly, in this study, the researcher disclosed her personal biases on the outcome of the research.

While anonymity could not be guaranteed, confidentiality could, and this was therefore discussed. Respondents were assured that the information gathered would not be used against them but would rather be used to build a practice model that would highlight their work and support the work of others. This enhanced study reliability (Roulston, 2010).

Furthermore, the researcher obtained university ethics approval, sought informed consent prior to all interviews, before accessing organisational information (see Appendix B for informed consent letters), and prior to observing the day-to-day operations of the organisations. The researcher allowed respondents to review their respective transcripts, and primary respondents to review their corresponding in-case report once the data had been collected and analysed (Denzin & Lincoln, 2005). This served to protect the identity of individual respondents and enhanced the quality of the research, serving as a quality assurance mechanism (Roulston, 2010; Yin, 1999).

## 5.14 Limitations

Denzin and Lincoln (2005) posit that qualitative researchers must find ways to counter the limitations raised by the three crises noted earlier, namely legitimation, representation and praxis. Legitimation, described earlier, intimates the philosophical thought-process that goes into understanding how study terms, such as validity, reliability and generalisability, are to be scientifically assessed in this post-constructivist milieu (Denzin & Lincoln, 2005). Legitimation was not challenged in this PhD research process. Rather means were sought to reduce this limitations through regular engagement with study respondents throughout the research process, as well as enlisting them to assess the accuracy of their own transcripts (Denzin & Lincoln, 2005).

This was also how the researcher attempted to address representation, which is the challenge as to whether text can be dependably relied upon to characterise the experiences of respondents (Denzin & Lincoln, 2005). To counter this, what the respondents 'do and say' (Schatzki, 1996, 1997, 2001, 2002, 2005; Schwarz & Stensaker, 2016) was reliably captured by recording and transcribing all interviews while taking field notes (Petty et al., 2012). In addition, observing the 'doings and sayings' (Schatzki, 1996, 1997, 2001, 2002, 2005) and using secondary data documents (Lewis & Grimes, 1999) resulted in data triangulation (Baxter & Jack, 2008; Rowley, 2002; Yin, 2014), which increased study reliability and validity.

A major limitation of qualitative case study research, discussed earlier, is that both qualitative, and as-practice research, are time-consuming and expensive (Baxter & Jack, 2008). This results in the researcher having to balance two opposite limitations, namely getting 'lost' in the data and becoming too 'distant' from the data (Baxter & Jack, 2008).

Other limitations include not understanding the context well enough and consequently developing inaccurate categories. This impacts on credibility and internal validity (Eisenhardt & Graebner, 2007). The researcher therefore used "peer debriefing, prolonged engagement, persistent observation, triangulation . . . and member checks" (Hsieh & Shannon, 2005, p. 1280) to counter these limitations and ensure the data were trustworthy (Baxter and Jack, 2008; Byrne, 2001; Lincoln & Guba, 1985; Patton, 1999). Negative case analysis was also utilised to challenge the data until the common practices were obvious (Baxter and Jack, 2008; Byrne, 2001; Creswell, 2013; Hsieh & Shannon, 2005; Lincoln & Guba, 1985; Patton, 1999). Referential adequacy is a process of making data more trustworthy and, therefore, more credible (Lincoln & Guba, 1985).

One way to enhance referential adequacy is to ensure data records are kept beyond the boundaries of the study, in order to compare the data to future studies (Baxter and Jack, 2008; Byrne, 2001; Hsieh & Shannon, 2005; Lincoln & Guba, 1985). Because this is a university requirement, the data has been securely stored.

The limitation most commonly referred to in the literature is a lack of generalisability of the study results (Baxter & Jack, 2008; Yin, 2014). However, the intention behind this study was to gain a deep understanding of a particular phenomenon within a distinct context, bounded by place and by time (Creswell, 2013; Mason, 2010; Tongco, 2007; Pettigrew, 2013; Yin, 2012, 2014), as opposed to generalising findings to all NPOs and social enterprises operating all over the world (Eisenhardt, 1999; Yin, 2014). Consequently, the correct research design was selected and conscientiously applied, and this contributed to building new theory in this field.

## **5.15 Conclusion**

Properly executed and analysed, case study research is well suited to developing and contributing towards new and interesting theory and was, consequently, the most relevant choice for this type of study (Eisenhardt, 1999). Multiple case study research is also compatible with the study of the process of organisational change (Van de Ven & Poole, 2005). Finally, it is considered necessary to “create a body of case study examples that capture social enterprise practices in order to develop the sector and move the field forward” (Bull et al., 2008, p. 110).

Although not by itself a methodological contribution, the use of multiple case study methodology applied at multiple levels is new. Typically, single case studies have been used, in both the social entrepreneurship/social enterprise body of knowledge (Sassmannshausen & Volkmann, 2018), and in the application of SaP and EaP within a social practice theoretical framework. The majority of studies in practice research rely on a single case study to study micro-actions, or focus only on observation and ethnography, whereas this study used multiple cases at multiple levels, and focused on the interconnection between micro-practices and the broader social context. In addition, as opposed to providing another social enterprise typology, a practice model illustrating a changing phenomenon, in a particular context, was built.

## **CHAPTER 6: Individual within-case discussion**

### **6.01 Introduction to the individual cases**

The four cases finally selected to participate in this study will be presented on a case-by-case, within-case basis in the chapters to follow. While each case had an extensive amount to offer and to teach (Littlewood & Holt, 2018a; Rivera-Santos et al., 2015), due to the depth and scope of the data collected, a trade-off between complexity and parsimony was necessary (Ragin & Sonnett, 2004) to present a sufficiently comprehensive picture that is neither so unique as to render the individual cases too exceptional, nor so simple as to present contradictory findings.

The permanence of the social mission, visibly demonstrated, across all cases, over multiple decades was a startling finding, particularly as it was in direct opposition to extant views on the tensions and barriers in hybrid social enterprises, resulting in mission-drift (Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Grimes et al., 2018; Kodzi, 2015; Wilson & Post, 2013; Young et al., 2010; Young et al., 2012; Young & Lecy, 2013). Throughout all the cases to follow, not least the exemplary case, case 1, what stands out is that all the organisations were fervently faithful to their respective social missions.

The remainder of this chapter will be used to present case 1 as an exemplary case (Yin, 2014). This is because the data collection process at case 1 was considerably more in-depth, involving a combination of individual interviews with multiple organisational stakeholders at multiple levels, focus group interviews, observation of managers and employees going about their day-to-day work, observation of meetings and conversations (Mulhall, 2003), interviewing stakeholders external to the organisation, consulting strategic documents, and spending time exploring case 1's intranet.

Due to the time involved in collecting data at case 1, additional findings were identified. This is confirmed by Eisenhardt and Graebner (2007), Yin (2014), Mason (2010), and Ridder (2017). These findings were then tested and largely confirmed on three additional cases. These three individual cases will be described, with a focus primarily on how these organisations are similar and different to the exemplary case, case 1, from chapters seven through nine. Some observation time was spent at case 2, but neither as long nor as in-depth. In addition, only a day was spent at each of cases 2 and 3. The other three cases are, therefore, bounded for focus (Yin, 2012, 2014).

An exemplary case study must extend beyond methodology to be regarded as exemplary (Perry et al., 2000; Yin, 2014). Many requirements are therefore imposed on the case study, to be considered an exemplary case. Firstly, it is necessary that the study be important, substantial and rare (Perry et al., 2000). This will assist the case study to more likely garner attention by both a specific academic audience, as well as a practitioner sector/s (Perry et al., 2000). In addition, the research problems, opportunities or questions must be perceived as important theoretically or practically within one's specific context (Welter et al., 2019). Triangulation then facilitates the demonstration of sufficient, relevant proof of the case findings (Baxter & Jack, 2008; Denzin & Lincoln, 2000; Rowley, 2002; Yin, 2014).

Additionally, the case study should undergo participant review, as well as peer review, as this enables an objective verdict on whether the case is indeed important, and the analysis valid (Perry et al., 2000; Yin, 2014). Moreover, it is an opportunity to convince one's reader that the subject is written by a subject-matter expert. This is facilitated when the case compilation is engrossing (Perry et al., 2000).

An exemplary case must, in addition, reflect on different, even opposing viewpoints, and provide sufficient evidence within the case analysis to circumvent the perception that the case is biased (Perry et al., 2000). Finally, the case study must be as complete as possible, meaning that the boundaries of the case are specified and definite; data collection was comprehensive to ensure all the pertinent data were gathered; or the case concluded naturally, and unrelated to research limitations (Perry et al., 2000).

## **6.02 Case 1: Large multinational growth enterprise: Exemplary case**

Case 1 is an enormous organisation, comprising multiple smaller commercial and non-profit units, working across 17 countries, with its head office in South Africa. Its founder-leader has grown into the CEO of the group of organisations. He is a skilled strategist, as well as a medical doctor, who consciously employs a range of strategic daily practices that his leadership team, in particular, emulates and which permeates the organisation.

Over the years, case 1 has built critical expertise in the organisation and developed skilled strategists among its staff group. This has resulted in it becoming an influential and dominant player in the international HIV-health arena. Case 1 is perceived as a formidable competitor in South Africa's non-profit HIV-health field, due to its strategic negotiations with donors and subsequent growth over time. Additionally, case 1 and its leadership team maintain a seemingly ruthless hold on their dominant position in the funded environment. This, while ostensibly effortlessly being able to generate profit for novel ideas and new projects or innovations. And, additionally, without being constrained by donor limitations.

Others have copied this model over the years, without the same levels of success. This appears to be due to case 1's multiple daily practices that have contributed to the development of the organisational culture. A key component of this is a high-performance-orientation that the leadership infuse into the discourse, daily practices, external presentation, and internal context of the organisation. Additionally, case 1 visibly and single-mindedly pursued the organisation's social purpose, regardless of whether the business models changed.

### **6.03 Lack of mission-drift and mission constancy**

In case 1, the purpose has remained constant over the last twenty-five years. Although the organisation appears to have grown and broadened considerably, its essence has remained unchanged as its scope has always been, and remains, incredibly narrow. The social purpose has thus remained "absolutely fixed" (Case 1 [C1], International Director [ID], Line [L] 15) or "constant" (C1, ID, L16), according to a long-term senior manager responsible for all case 1's international programmes. This consistency of purpose has withstood the risks of substantial growth and scale – in services, products, geography, and infrastructure – and continues to spread and adapt to changing contextual issues.

The social mission identified at inception was defined and translated into organisational values that were used to build the desired culture. This organisational DNA was then broken down into exactly what it was the organisation wanted to do and to achieve. This was written up and displayed in offices and clinics throughout the organisation as framed posters. This translates into the mission being visible everywhere across the organisation. Consequently, regardless of where in South Africa one works at case 1, as the same director describes, one is always aware that the work has to be "of high quality, responsive to the HIV-oriented health needs in the South African context, as well as innovative to transform the health system, both for the individual and, critically, for the system as-a-whole" (C1, ID, L19-21).

This translation of the social mission will not necessarily be found on case 1's website or external branding material but is evident in every clinical site and every office across multiple geographical areas. The social mission at case 1 is a lived philosophy. "We live by it" (C1, ID, L22) expressed by the international director. These are, furthermore, discernible in the daily practices of employees and management, where staff are reminded of the social mission both visually every day and more abstractly. According to the operations manager: "the values of this organisation are about three things: innovation, quality care and responsiveness" (C1, Operations Manager [OM], L383-384); and:

We come up with an innovative way of solving it, with an idea! . . . That is living the values! . . . Our values are in everything, and everyone knows . . . our values [that] will help us live this strategy of implementation (C1, OM, L420-428).

The social mission is evident in the values practised and expressed throughout the organisation. According to the operations manager, whom the researcher observed facilitating a staff meeting, “living the social mission is asking ourselves every day: is this an innovation that will transform things to serve better? Are we responsive enough to the needs out there? Is this a high-quality offering?” (C1, OM, L401-402). His peer, the international director, affirms this, maintaining “if we all say yes to those three questions, then nothing else matters” (C1, ID, L23-24).

The values and mission of case 1 are displayed throughout the organisation to practically remind staff what it is trying to achieve, and what they are aiming for. This results in each individual being fully cognisant of their daily role, and the precise nature of the system change the organisation is targeting. Case 1 prides itself on being able to solve problems, generate ideas, and come up with solutions. The leadership maintain that they will change their ways of working to deliver the same outcomes if something is not working (C1, OM, L473-474; and C1, Management Group [MG], L285-294).

This responsive way of working results in innovative and quality service provision that is cost effective and serves as a daily challenge to the status quo. Captured best in the words of the group operations manager:

this is our mission, our vision, our strategic objectives, our values that will help us live this implementation strategy. So, every day, every staff member knows that in whatever they do . . . they must make a difference . . . that is what we are about, nothing else (C1, OM, L427-475).

There are now multiple units, projects and businesses in the umbrella organisation that have grown and developed over the decades. These address different aspects of the social mission, in different ways, using different business models. Yet all these units place the same social mission at the forefront, so that case 1’s mission is visibly the vanguard of the organisation, from the board, to the staff at its furthest levels. The prominence of the social mission, expressed through the organisation’s values, energises case 1’s high-performance orientation.

The social purpose and high-performance standard are top of mind, reinforced through daily practices that the leadership both demand and demonstrate themselves. For every presentation, particularly for external audiences, staff use the social purpose and organisational values as a checklist to reflect on the purpose of the activity, trip, event, presentation, etc. and to frame the way in which they respond to the task. Every activity requires employees to test whether it is being responsive to the context, it translates into quality care, and uses innovative means. The culture of case 1 reflects this understanding throughout the organisation.



Occasionally, the leadership and staff disagree about which specific component of the social mission, or underpinning value, should take precedence. However, the organisation seems to talk with one voice – when they talk passionately about quality, patient care, being responsive to changing health needs and ensuring they develop and implement innovative healthcare solutions. The management team describes the kinds of questions they ask one another, and their teams, every day to reinforce and maintain their mission focus, such as: “is the patient suppressed so that s/he can live a quality life, still work and take care of their families?” (C1, OM, L433-434); “is this an innovation that will transform the system to better serve patients?” (C1, ID, L28-29); “are we responsive enough to the health needs out there?” (C1, Founder 2nd interview [F2], L233); and “there are certain principles at case 1 that are just inculcated into everything that we do, so we ensure everything we put out is of high-quality” (C1, MG, L287-288).

Even long-term beneficiaries clearly understand case 1’s overall social mission. Although there is no denying the scale of case 1 now, the overwhelming view is that the organisation has been true to its mission and beneficiaries maintain that they have experienced consistent care over two decades (C1, Beneficiary Group [BG], L9-47). At heart, case 1 is an organisation of healthcare workers, who place quality care, being responsive to their context and providing innovative healthcare delivery as the priority. The international director, who used to be “just a doctor” (C1, OM, L37) wholeheartedly agrees with the operations manager, who asserts: “we want to be praised for changing patient’s lives, for doing what we set out to do; the quality of care we implement must translate into better patient outcomes, and to us that’s the focus” (C1, OM, L395-396).

In addition, both the social entrepreneur leader-practitioners, and the organising context that created them, actively facilitated the development of a system-wide change-oriented social mission. Hence the proposition that started to form was that these social missions remained constant, over multiple organisational forms, over many years, and even under many leaders, because these social missions were always intended to challenge the system-as-a-whole.

Case 1’s social mission demonstrates the overarching, systems-challenging, social change-oriented driving force behind their work. The case 1 social mission is:

to respond to public health needs by supporting and delivering innovative, quality healthcare solutions, based on the latest medical research and established best practices, for the prevention, treatment, and management of infectious and chronic diseases – so that every individual will have ready and affordable access to quality evidence-based medical services (C1, Strategy Document [SD]1, L3-5).

## 6.04 The contextual push factors

Across case 1, multiple interviews were conducted with multiple stakeholders, both inside the organisation, and in the organising context (such as representatives from state departments and donor organisations). Every individual or group interviewed attributes its success to the leadership skill, entrepreneurial mindset and tactful interaction with the operating environment, from the founder-leader to the leadership team, management team and board of directors, and cascading down through different staff groups. Success in case 1 was internally defined as the organisation maintaining its focus on its social purpose, meeting its objectives, and generating some of its own income.

Case 1 staff speak with one voice, typically defining their success as centring around “that we always do what we say we will, we deliver on promises” (C1, ID, L36-37), according to the international director. This results in other organisations, governments and donors wanting to work with them, and frequently making the first approach – Case 1 lives up to its promises. Case 1 also views success as being able to innovate to sustain necessary programmes and activities. According to a more junior employee: “you have no choice but to become an entrepreneur here” (C1, MG, L99).

Among the organisation’s leadership particularly, timing and luck were both mentioned as components of its success and hybridity. Timing was perceived as a push factor due to the Aids denialism in the early 2000s that, according to the founder-leader, resulted in the state’s “complete disregard for HIV” (C1, F1, L24) and subsequent decision to delay consideration of ART as a feasible response to the epidemic in the country at the time. This left a gaping hole in the state’s constitutional obligation to meet a progressively realised standard of healthcare for its citizens. In addition, commercial companies that had directly boycotted or quietly shifted away from South Africa during apartheid, were either not yet re-established in the market or were tentative, largely as a direct result of the state’s disinterest in evidence-based responses to HIV. This left a gap of healthcare provision that the state did not acknowledge, and commercial parties could not address, resulting in an opportunity for case 1 to step in and fill.

Luck was also viewed as a push factor as the founder-leader, happy to accept advice from his network, found himself in meetings where “we were lucky enough again to be at one of those pioneer meetings . . . and have conversations with powerful influencers” (C1, F1, L51-52) in major donor agencies prepared to make high-risk grants to, acknowledged by a donor, “at the time, [to] a very small organisation” (C1, donor [D]2, L13-14). But case 1 always had aspirations to be much bigger and broader, under the leadership of a passionate, entrepreneurial founder-leader.

The organisation describes itself as being open to both collaboration and competition. Senior leaders perceive collaboration as critical to growth, and value collaborative work and

joint endeavours. As such, they seek out opportunities to share and collaborate, particularly to avoid duplication and the risks posed by too many moving parts in too many competitive systems. Rather, case 1 has pursued opportunities to consolidate and bring all its systems under one roof. Over the years, it has therefore started many small units, businesses and NPOs, as well as acquired, jointly or separately, other small organisations.

Within the sector, however, there has been some donor pressure to compete. The leadership at case 1 maintains this is necessary, as they feel it enhances the broader service offering and improves both the sector as-a-whole and case 1's success rate. The founder-leader at case 1 further maintains they are happy with their market share, and "do not need to own a project 100%" (C1, F1, L410).

As such, they "welcome competition that results in multiple organisations and groups telling the government the same thing" (C1, F1, 407-410). According to the founder-leader:

competition pushes us to, it also moves us to change the whole system, not just little bits of it . . . actually I'm forward thinking and really want to make changes; changes in the health system, by building a conglomerate of multiple organisations . . . So, that's the business evolution question (C1, F2, L36-40).

Recent activism in the HIV field has criticised organisations mainly managed by white leaders. Case 1 has largely escaped this denunciation as only the CEO is white among the leadership team. Case 1 has consciously insisted on diversity in its leadership and employee groupings and is confident that the organisation is fully transformed and multifaceted. As an example, there are only two white people on a 12-member board, and only 56 white staff in a 2,800-strong workforce, resulting in case 1 exceeding South Africa's BBBEE [Broad Based Black Economic Empowerment] requirements (C1, SD3, L57-59). The leadership is proud of the transformation case 1 has undertaken and considers it both necessary and important for the organisation to reflect the demographics of the country.

Case 1 is defensive about tokenism and any of its leadership being regarded as merely symbols. The operations manager insists that "every leader and manager is a decision-maker" (C1, OM, L374-375). Furthermore, he maintains that they began their transformation process "long before it was fashionable" (C1, OM, L392) or even legislated. This is echoed by the international director, who maintains "we're always the first, whatever it is, we did it first . . . we truly transformed our organisation. First" (C1, ID, L33-34). The founder-leader also argues that they did not "go the transformation route because we had to, we went because we wanted to, because what other way is there?!" (C1, F2, L14-15). Case 1 thus transformed internally, as part of its conscious growth, to create broader change in the system, and to influence the overall context.

## 6.05 HR as a measure of success

Another key driving force to the success of the hybrid social enterprise, is their ability to influence the context. The organisation's high-performance standard is acknowledged by respondents, almost universally. An essential factor contributing to this standard is their well-developed human resources (HR) strategy, implemented through daily practices with which everyone, at all levels, has to – and seems to want to – comply. There is a caring attitude towards staff, who are clearly valued as assets, but simultaneously there are tough deliverables, tight deadlines and high expectations.

Employees reference autonomy in day-to-day decisions and the liberty to share opinions and ideas, within project frameworks, as empowering. However, they caution that if you do not fit into the organisation's entrepreneurial culture, and/or you do not maintain the high-performance standard – particularly if you do not quickly request assistance – you will ultimately be micro-managed out. The leadership maintain that “case 1 is just a business, or multiple businesses anyway, that do good” (C1, F1, L22-23), so employees who do not align with the business values usually leave of their own accord, “because it's uncomfortable being here when you're not on the same page” (C1, MG, L332-333) and “even if no one physically makes you leave, you'll go” (C1, MG, L333). An example of this is the case of one middle-manager who was unhappy that the organisation was not focusing entirely on grant-supported project work. She expressed during the interview (C1, M1) that she felt she didn't fit in and, less than two months later, had moved to a more project-focused, activity-based, and entirely donor-dependent organisation.

The performance management system is rigorously maintained and begins with the well-researched, intensive recruitment process. An employee recalls: “they hunt for talent, I think they have an eye for talent as well, and I think when they see talent they hunt you down like a squirrel and bring you in” (C1, MG, L275-276). The recruitment process continues with formal induction that quickly orientates new employees on the culture of the organisation, as well as integrate them into their respective teams. The culture and orientation practices that assist new employees in quickly picking up on the culture of the organisation and integrating into their respective teams. The particular culture is maintained over the long-term through a combination of ongoing training, mentoring, peer support and both personal and organisational development, as well as regular performance tracking, correction and management.

Consequently, due to the complexity of overseeing both their own massive international donor processes, and their grants-management role over multiple smaller NPOs, case 1 has fine-tuned its recruitment processes and honed its eye for talent. It has become adept in identifying the correct skills match and cultural fit. In this way, it has built up a skilled and

sophisticated staff complement able to manage intricate processes, achieve challenging targets and maintain donor relationships through high performance outputs. These successes occur in tandem with effective business plans that strengthen the social purpose work and generate profit.

Once new staff are oriented, there is a focus on continual mentoring and coaching that further reinforces the organisational culture, mission and values. According to an employee, this “reduces the isolation of sitting alone with entrepreneurial ideas by introducing formal mechanisms to brainstorm, share ideas and learn from one another” (C1, MG, L278-279). This is supported by a colleague, who says “you very quickly pick up on the vibe of the organisation, you get very easily into it, because of the guidance and mentoring into the way things are done here” (C1, MG, L298-299).

### **6.05.1 Learning, culture and HR practices**

The organisation values its link to academia and clinical medicine. The CEO “originally came out of an academic background” (C1, F2, L5) and confessed that he “used to be a good clinician” (C1, F2, L611) in the field. Despite time constraints on engagement with academic or clinical medicine, scientific learning is viewed as important throughout the organisation. Therefore, even if case 1 has not been involved in any primary research on a particular topic, as soon as scientific results are available at conferences and in publications, they are integrated into programming.

Although, case 1 acknowledges that entrepreneurship itself cannot be taught, there are multiple training initiatives that support its entrepreneurial mindset. For example, the board’s learning focus is to perceive profit differently, as located within the beneficiaries as opposed to solely within the market. Employee learning has been focused on different programme tools, management science skills and techniques, and financial management methods. The founder-leader maintains “they didn’t send me to medical school to learn all that. I had to learn along the way, I’m learning continually” (C1, F2, L357-358).

In addition, the organisation’s strategy, business model and operational plans are all developed with the best available evidence at hand. Where research is not available, case 1 conducts a small pilot to test programme ideas before generating funding to roll these out more widely. Usually, the pilot is self-funded from the organisation’s reserves. The leadership pays close attention to the evidence to design the organisational strategy, believing that “the scope of what’s going to be relevant in five years’ time is defined by research now” (C1, F2, L81-82).

The leadership and the staff of the organisation edify learning as an enabler for organisational progress, scale, social change, systems-change, purpose and success. Formal

opportunities to learn are provided, and employees who take advantage of these are rewarded with further opportunities. According to the operations manager, employees who are unable to embrace the learning culture tend to stagnate:

we do provide staff opportunities to grow and tighten their skills in areas that they are not familiar with. And then obviously there's ongoing mentoring and training that happens internally . . . obviously, though, it has to come from you to say, I lack this skill. (C1, OM, L232-236).

There is an internal mechanism for development where learning is encouraged throughout the organisation. Staff are supported to undertake study and training formally as well as informally, both within and outside the organisation. Additionally, there has been focused effort on turning the organisation into a learning institution by basing programmatic development and implementation on research, valuing learning in the organisation, providing for staff development, and insisting on staff participation in internal development. This is echoed by the operations manager who relates that "whenever somebody says I know nothing about x . . . they must ask for training and go and attend training for x" (C1, OM, L230-232). The international director agrees: "it just has to come from you to say, I lack this skill" (C1, ID, L45-46).

The leadership team are all formally highly qualified, with medical degrees, business degrees and management degrees, and value the academic and research link to their programmatic work. Consequently, learning has become an elevated component of the performance management. Internal development initiatives are planned, structured and ongoing. The training offered includes technical skills building; leadership and management training; organisational development training (including understanding and integrating the mission and values); applying innovative thinking to projects; and internal brand development (C1, SD4, L12-24). In this way, the organisation infuses its values and mission, while also upskilling its staff.

Many of the staff have medical training but no management training, or vice versa; or are naturally entrepreneurial without formal management training. As such, a doctor-manager maintains that "a lot of it I learned through the internal training offered, I learned how to be here, and what's important here" (C1, MG, L139-140). Additionally, clinical-skills master classes are offered and facilitated at case 1 to staff, and open to the field more broadly.

There is a real sense of entrepreneurial pride in case 1. The staff who are able to think innovatively, and are responsive to the learning opportunities made available, are likely to fit into the performance culture. This version of the employee experience resonates with the organisation's social purpose, as well as the daily practices employed. The staff who match with case 1 in this way express that they are happy, engaged, committed and driven. Additionally, they tell the same stories about the founder-leader, the history of the organisation,

and themselves within the organisation. This has become the accepted narrative of the organisation.

The staff who do not fit with the ethos are worked out or work themselves out, so that the large group that remains is devoted to the mission and entrepreneurial culture. According to the operations manager “it’s nothing manufactured. I don’t know anything else, I don’t know another way” (C1, OM, L478). A more junior manager maintains, “it’s not that I’m watching my performance, I need to do this work at this level. Same with my team” (C1, MG, L147-148). She goes on to add “everyone likes to work here or goes. They leave if they don’t fit in. You have to be an entrepreneurial somebody though, to really fit in” (C1, MG, L148-149).

Right from the beginning, creating the internal brand was viewed as more important than any focus on the external brand. As such, the founder-leader consulted key stakeholders who assisted in generating the internal brand. Over the years, the long-term overarching organisational strategy has included further developing and maintaining a common culture, referred to as the case 1 internal brand, where its mission and values are not only in a strategy document and consulted occasionally, but are actually practised daily. To create the case 1 culture, multiple practices were used, and even the external work environment was designed to reinforce the internal brand so that all case 1 environments, according to the founder-leader “are dynamic, reflect our brand, and actually look similar” (C1, F2, L50-51), with a consistent feeling and flavour.

In addition, a donor describes how the case 1 brand has become synonymous with “disruptive innovation” (C1, D2, L17), and per a group of managers, who see themselves as “clinical activists” (C1, MG, L141), and as “protestors of the status quo” (C1, MG, L142) and “part of this bigger system, so that the change I create here will ultimately end up changing the whole health system, even the world” (C1, MG, L180-181). This is summarised by the operations manager, as follows: “you multiply what I as an individual try to do, multiply that with all of the people in the organisation who buy into that, and it translates into a lot of benefit” (C1, OM, L460-462).

## **6.06 Governance and board practices**

The board comprises experienced business leaders and veterans with medical backgrounds, who offer strategic input on the sector. Over the years, as case 1 has grown, the umbrella organisation found that it became essential to separate out programme and finance, grants management and monitoring and evaluation (M&E), business development and internal staff development. This separation of core functions from each other and from funded programme work has introduced accountability and transparency that strengthen the organisation and

reduce its exposure to risk. This is because certain decisions have been taken “out of the hands of the executive directors” (C1, F1, L138).

Case 1 has further focused on transparency and accountability by, maintaining a “squeaky-clean” (C1, F1, L116) grants management system and developing separate pillars of control using governance policies, protocols and committees. This has resulted in healthy, unqualified annual audit reports. In addition, the board has undertaken specific training and development in the non-profit philosophy which has ensured a nuanced and sophisticated balance between cost, benefit, accountability and transparency.

Seeing profit ‘differently’ as a conscious mindset, is a necessary step to successfully balancing business-like governance practices with a values-based, social change, and mission-oriented organising context. The importance of operating the umbrella organisation according to strict and sound business principles, and applying robust governance practices, “cannot be underestimated” (C1, Board [B], L44). Hardy governance practices have enabled the organisation to be both bold and exploratory, while executing the controls necessary to manage risk responsibly.

There has consequently been an emphasis on ensuring a balance between the risk-taking behaviour of the leadership with the sometimes more conservative risk management and financial thinking of the board. Because the board is more commercially minded, it has introduced controls and restrictions on how donor funds are used. Nonetheless, as the board sees the value in case 1’s mission and the need to sustain it, they are willing to support a certain amount of risk by accepting joint and separate liability. Case 1, therefore, frequently finds itself as the only organisation in a position to take financial risk, resulting in its dominance as the prime recipient of major international donors, responsible for the onward grant-making to sub-recipients. The founder-leader maintains “we’re fully governed now, with top business principals who really understand our business, so now we can build a conglomerate organisation. This is how we resolve multiple needs” (C1, F1, L145-147).

The organisation has a special agreement with its major donors, negotiated over a long period and based on repeated evidence of governance resilience. Due to its size and scale, and aforementioned reputation, the agreement permits case 1 to pay its board members, as is the norm in commercial enterprises, from indirect rather than direct costs. The board therefore devotes adequate time to governance practices such as scrutinising project reports, interrogating management accounts, considering strategic change, growth and risk decisions, and addressing both oversight issues and whistleblowing reports, before the quarterly face-to-face board meetings. This means case 1 has derived a great benefit from exceptional non-executive directors, from leading industry positions, utilising controls vested in multiple office-bearers.



Before case 1 was able to secure this special agreement with donors, the organisation used profits from commercial activities to reimburse board members. Profit-generation was, therefore, essential for case 1 to be able to introduce this innovation in non-profit governance. The founder-leader dismisses “volunteerism for the non-executive directors” (C1, F1, L42-43) and, consequently, places a premium on having the correct strategic advice in place.

The development of successful collaborating organisational units operating as a powerful multinational organisation, with ability to scale results, can be attributed to three core governance factors. First, a highly capacitated board and leadership team. that; secondly, developed appropriate controls, which; third, provided a healthy balance between entrepreneurial risk and effective governance. Case 1’s positioning to attract government and multi-national NPO partners is attributed to a firm and conscious commitment to legal and regulatory compliance, and elevating audit and whistleblowing to a board committee, and away from the executive management (C1, F1, L138). This provides partners and donors the assurances needed to collaborate for exponential results.

The strong governance that case 1 has focused on implementing includes a commercially minded board and several governance committees working to ensure financial accountability and to mitigate risk. Additionally, all business profits are reinvested into the umbrella organisation, without shareholders “trying to seek capital gain, or to whom dividends are owed” (C1, F2, L180-181). Consequently, case 1 is not being drained of profit. This is largely perceived as being due to case 1’s board and founder-leader having steered the organisation towards greater impact, while permitting a focus on longer-term sustainability.

The importance of the board, and daily implementation of multiple, sound governance practices – particularly as the organisation moved towards social change at scale – was emphasised by the leadership as being the “skeleton or foundation of rules and policies” (C1, F1, L196). These practices included introducing basic governance steps and processes that became increasingly sophisticated as the organisation grew in size and moved closer to meeting its overarching social mission. Case 1 utilised a range of essential governance practices in order for all organisational units to be able to create broad social change, especially once they were over a certain size. These practices included: voting rights; benchmarked board and organisational policies; risk versus control enquiries and risk-benefit analyses; and ethics, audit, IT and investment board committees (C1, SD2, L18-20).

In addition, organisation-wide acceptance of the need for separate pillars of control has strengthened over the years. Initially, when the organisation was small, the founder-leader maintains it was “much easier to have one person in charge of everything” (C1, F2, L356) However, he goes on to say that introducing governance committees and processes was “the smartest thing we ever did” (C1, F2, L276-277). Currently, case 1 values having a framework that permits innovation while being held to account as an ethical and transparent organisation.

The founder-leader reinforces this, by arguing that “if everybody follows that skeleton, we can have a head and a heart, and a very cool organisation. But if the skeleton isn’t followed, then first you have to fix the skeleton” (C1, F1, L197-199).

## **6.07 Strategic development practices**

Strategy development in case 1 is a formal process, occurring at a set time. Initially annually, then biennially, and now large-scale strategic planning occurs every five years. The process includes the senior leadership team, board of directors and senior management layers. Once the strategy outline has been developed by the leadership cadre, it is taken to the rest of the organisation for feedback in project teams. After that, the strategy is finalised and rolled out across the organisation, with regular opportunities to provide input for all staff categories, and for the community, external stakeholders, clients and beneficiaries, along the way. This is before the strategy gets formally crystallised into operational plans and budgets, with set indicators and measures, and then implemented.

The short- and medium-term strategy processes, on the other hand, are strictly aligned to the organisation’s long-term strategy which, in turn, is bonded to its social mission to create system-wide change. The short-term strategic plans are monitored on an ongoing basis; and the medium-term is reassessed every year (C1, SD4, L88-98). In this way, the mission and values are built into the short-term strategy from the outset.

The executive leadership and management teams, together with the board, prioritise formal strategic sessions to plan for the organisation's future, make decisions on strategic outputs for the organisation, assess changing provincial and country needs against the original strategic plan, and monitor the direction the organisation is taking. These are then translated into annual work plans that outline what needs to be achieved, to what level, across all organisational units and programmes.

Beside the need to systematize this large organisation’s diverse work, the management team argue that this process is necessary to ensure the work that has been started, and “the efforts and inroads within the various programmes that have already been made” (C1, MG, L112-115) to meet the social mission, are sustained over the longer term, even though the funding may end. The operations manager agrees: “we need to come up with ideas, as part of our planning . . . at the end, the outcome must be quality” (C1, OM, L418-424). Another manager maintains: “we do what we do for sustainability of quality, and innovative healthcare solutions” (C1, MG, L448-449).

The organisation has concluded that diversification is essential for sustainability, in both the long-term and short-term strategies. This is to ensure that organisational and individual strengths are harnessed, and that independence in enterprises arising from the umbrella

organisation is supported. This also guarantees that the social purpose remains of primary importance throughout the organisation, although the social purpose is met in a number of different ways.

Case 1 consequently develops multiple strategies, that tie back to the primary social purpose. Because the organisation is comfortable with diversification, there is willingness to learn from failing if a venture contributes to Case 1's social purpose, the founder-leader maintains "some work and some don't, and you start adjusting the strategy going forward" (C1, F1, L158-159). This ability to test concepts and fail if necessary, supports adjustment to smaller strategies and plans, so that they become living documents that leverage the benefits of diversification, expanded funding sources, flexible work plans and considered risk scenarios in the organisation.

### **6.07.1      *The business model practices***

The organisational business models are evidence-based, and have been adjusted annually, as the organisation has grown. The original organisation was registered as an NPO, and now operates as an umbrella organisation to multiple units, NPOs, commercial entities and for-profit businesses under the umbrella group. The umbrella group has maintained its NPO registration, as this permits the group to ensure its social mission is met, while guaranteeing that excess funding and self-generated profits from the other entities are dedicated to internal funding. None of the Case 1 entities distribute shares, and all profit is invested in innovations and sustaining the current work.

Recently, case 1 has negotiated with their donors, permission to earn interest on donor funding, which is conditional from a regulatory perspective, and prohibited by donors in terms of their rules and terms for managing interest accrued. This ground-breaking agreement has transformed the funding landscape by setting a precedent for other organisations to reinvest interest into components of their organisation that are crucial to growth but unfunded or unfundable.

Being permitted to reinvest interest earned on large sums of donor funding has generated a "piggy bank" (C1, F1, L97) that funds innovative ideas that are ready to be tested. The founder-leader (C1, F1, L177) argued that reinvested profit consequently funded both innovation and the essential governance step described above, which transformed the organisation's governance resilience. Profits earned continue to give the organisation the autonomy to experiment and innovate. A critical element of case 1's financial strategy now involves incorporating a profit margin into donor budgets so that case 1 may continue to reinvest profit into organisational growth.

The NPO registration is therefore perceived as serving the organisation well, while the sustainability component is still being built. In addition to benefits of reinvestment for growth, profit provides an income security net for staff in the event of unanticipated events, when staff costs need to be carried by the organisation for a period of time, independent of funding. As such, there is no desire to change the registration status. The Case 1 leadership identify the possibility of a change in the ethos should the registration status change, as a risk that would weaken the organisation: “we’re going to remain an NPO for some time, on purpose, until obviously, donor funding dries up” declares the operations manager (C1, OM, L330-331).

Both through the interviews, and during the time spent observing the organisation at work to identify its daily practices, it is evident that all units are comfortable with generating profit and distributing this profit throughout the organisation towards further experimentation. There is organisational consensus that developing novel, entrepreneurial ideas to improve healthcare is an antidote to the constraints of available funding and contributes to organisational longevity.

The leadership and staff of case 1 agree it is essential to generate independent income to ensure organisational survival. Similarly, there is a strong belief that the organisation's continued existence is necessary for broader social change to occur. Most employees believe in using existing profit to generate more income. According to the international director “we manage to get other resources besides donor funds, we look at alternatives because we’re not naïve, we realise the donor funds that have been sustaining the organisation will not always be available to us” (C1, ID, L48-50).

The business model contains a formal income-generation strategy that diversifies income sources, as well as beneficiary and customer market segments. In addition, the income-generation strategy includes both a new business and donor-funding strategy. The funding strategy has at its core the importance of “diversification of donor sources” (C1, F1, L72). Ultimately, case 1 has grown through diversified donor sources, as well as income-generating alternatives.

This has occasioned both the diversification of the various business units, and geography that resulted in case 1's next step to internationalisation. A board member states that as this evolution occurs “the ethos will remain the same, we’ll still be case 1, whatever happens, we’ve proven it” (C1, B, L49-50). Both the operations manager and the founder-leader agree that “if tomorrow case 1 gets no more funding, we’ll have to generate our own income” (C1, OM, L466-467), and the organisation will “continue to exist if we miss one of the big grants” (C1, F1, L164-165).

Business profits are, thus, generated for the same purpose as funding income: to sustain important service delivery. Case 1 demonstrates no mission-drift, with the social purpose dominating the mindset of every organisational unit. The environment created by case

1 also permits a variety of business models and strategies, all operated according to business principles and practices. Additionally, across case 1, there is an understanding of the need for the organisation to generate its own income to sustain the social mission into the future.

There is a universal sense that the case 1 culture and character will remain, regardless of the continuity or reliability of funding. A board member insists “the business model is the social mission, and the business model is as follows: always ensure quality, always be innovative, always be responsive” (C1, B, L50-51). This is supported by the operations manager, who holds that because of the case 1 culture, even if there was no more funding at all, “at least 60-70% of people will be taken with into the new businesses we establish. And they are going to still carry that ethos of ensuring that whatever we do is quality” (C1, OM, L472-473).

The umbrella group of units has a sophisticated grants-management system, as an important part of their income-generation strategy, developed over a long history of acting as grant manager to smaller NPOs. In addition, because innovation is a noteworthy component of case 1’s mission, entrepreneurial thinking is applied to all systems in the organisation. The founder-leader, as well as senior leaders, particularly those managing the NPO units, maintain that their grants-management system is one of their most innovative products; because they have always focused on grants management, and essentially “built the system” (C1, F1, L112) incrementally so it is fit-for-purpose. Due to their ability to take the financial grants-management risk required, case 1 is often the only viable organisation available to be awarded large multi-layered grants that require a high degree of management sophistication. “Even how we manage grants has our innovative and quality stamp on it” (C1, MG, L91), claims one manager.

There are multiple business models within case 1 as each unit/ business/NPO in the umbrella group has their own business model, with individualised operational plans. These business models all tie back into the umbrella group’s social mission, organisational values and long-term strategic plan. Overall, the organisation-wide belief is in the philosophy and value of non-profit principles, and the conviction that non-profit businesses get less distracted by profit and so are more likely to succeed in making big changes and in having a system-wide impact. This is combined with applying solid business principles, in conjunction with the development and application of innovative models. The international director affirms “we’re comfortable being both a business and an NPO” (C1, ID, L52). Additionally, the operations manager holds “there’s no contradiction. We keep our mission at the forefront of everything we do. There’s no conflict. I’ve yet to see any conflict with being a hybrid” (C1, OM, L330-331).

## 6.08 Innovation practices

Innovation is an essential component of the organisation's business model and strategy. It is also a critical piece of case 1's future direction, that is, moving their products and services into the 21st century's digital orientation including social media, social mobilisation, mobile health applications, and new health system technologies. Over the years, case 1 has started innovation companies, delivered innovative products, and developed multiple technology-strengthened systems and processes. In addition, it emphasises the importance of accurate data, and uses the latest technology to ensure it is able to generate reliable and valid data. As part of driving a shift from a strictly clinic-based culture to one that encompasses all the evolving technologies, case 1 has consolidated much of its technology-based thinking into independent businesses.

Innovation remains a stated part of the organisation's mission and core values. It is a vital constituent of case 1's intention to deliver its products and services affordably, creatively, in resource-limited settings, and then shared with the broader health sector for scale up. Because innovation is prioritised, the organisation's innovation lab concept forms part of staff development and performance management processes. This facilitates developing multiple technology products and offerings to better meet its social mission.

Case 1 has become expert at exploiting institutional voids to generate greater income and greater influence in the HIV sector. The organisation maintains that while it does not consciously search for institutional voids to exploit, it nevertheless finds that when these voids surface, they become an opportunity to drive innovation (C1, F1).

Part of what supports the innovation culture is that staff at all levels are backed to accomplish more, with fewer resources. A practical translation of this is that staff in case 1 embrace the additional working hours and performance expectations as a natural feature of their output. The international director asserts that all staff are supported to create products and services, even in the funded context, that are "even better, faster, easier, cheaper" (C1, ID, L53). In the event there is limited or constrained donor appetite for a specific of innovation or investment, case 1 is able to use their own income to test a case or concept that contributes to the outcome they seek to achieve in a project.

To manage the inevitable risks associated with innovation, case 1 has very clear and highly structured systems, policies and procedures, that consciously balance risk-taking and innovation in the organisation. An example is how growth decisions get made, with specific forms to be completed and meeting dates at which to present to the relevant team, such as procurement or IT. This then gets presented to a sub-committee of the board who have a specific checklist with which to assess the proposal. Often, the feedback calls for more

research before a decision is made. Despite the multiple steps, the process is able to move quickly, allowing for entrepreneurial behaviour within a containing environment.

The structure and supervision convey the expectation that staff must continually generate innovative ideas to solve the day-to-day problems they encounter and demonstrate that they are living the mission and values. A handful of staff clearly do not fit in and find the innovative space chaotic and disorganised. According to one manager “if you can’t think innovatively, I think you’ll exit because there isn’t space for unoriginal thought here . . . we’re always pushed to think outside of the box” (C1, MG1 L452-453).

A key contributor to case 1’s success in innovation has been accepting failure as a normal part of the process. As long as staff do not in any way attempt to move the organisation away from its social mission, its values and its culture, they are permitted to fail and to make mistakes. Importantly, they are supported in managing this. Employees are given programme and decision-making autonomy as well as operational independence, while being sheltered by both the founder-leader’s reputation, and the fact that experimentation is self-funded and therefore not usually funded by donors, who do not accept failure of any kind. This support and protection are offered to the entrepreneurial staff of case 1 as long as they have embraced the organisational culture and mindset. Even the founder-leader maintains “we tried to diversify into the international arena as part of our innovation development probably on five occasions, four times unsuccessfully and the fifth time incredibly easily, because of the position and strength of the organisation” (C1, F1, L106-108).

Consequently, case 1’s ability to be innovative, its capacity to be agile, accommodate growth and new ideas, as well as actively encourage independence, and even peer support in staff members, has been integral to its entrepreneurial growth and development. The organisation has a future-orientated outlook and assesses other markets for the sale of innovations that may not succeed locally. However, at times, the fact that the organisation is a step ahead of the curve has had its disadvantages, and every so often they have been too novel and too early, according to the founder-leader, having “to hold our breaths for another one to three years” (C1, F2, L257). Equally, case 1 is aware that “at some point the innovation will either fail or break through and that a breakthrough, probably due to technically superior skills, could be huge” (C1, F2, L 257-258) for the organisation.

The founder-leader of case 1 asserts that a flat leadership structure alleviates the virtual impossibility of the figurehead being the gatekeeper of all decisions. This is due to in part to the scale of the organisation, alongside the founder-leader’s belief in empowering and developing his team. This flat leadership team and associated management layers are made up of independent entrepreneurial thinkers, able to operate innovatively and independently. They are given the autonomy to grow and change the organisation, and to influence its

decisions, within the limits of, and guided by, the existing culture, mission and values. These in turn are supported by the organisational structures, policies and procedures.

The autonomy and independence provided in case 1 is also an important motivator for its leaders and managers, who enjoy deciding how their programmes should be structured, who to employ and how to manage operating challenges. Managers find this latitude empowering. The leadership team emulate the leadership style of the founder-leader, giving their teams sufficient autonomy to surface their own ideas and solutions, with the knowledge of full support should they, according to one senior leader, “hit a wall” (C1, OM, L142). This way of operating is cascaded throughout the organisation. The operations manager goes on to say, the founder-leader “leaves you to your own devices, to come up with ideas, and if you have a problem you go back, and he guides you . . . and we constantly cascade it down to our teams” (C1, OM, L128-132).

## **6.09 Scale and change practices**

The organisation has a growth strategy and ensures that sufficient capital, structure and skill will be available in planning for growth. But some growth and change has happened more organically and having an agile mindset that is open to change among the board and leadership has facilitated embracing this unplanned growth and change. Case 1 has built a reputation that it does what it sets out to do, even though how it does this, changes sometimes. However, there is “no hurried change, rather slow and steady progress” (C1, SD2, L12-12) towards ultimate, long-term goals. While there has also been some massive growth, it has generally been well structured, well sustained and well contained.

The organisation, in addition, engages in active trend-spotting so that it can prepare for growth, developing the structure to meet and balance the growth before it takes place. The operations manager explains:

it’s a combination of growth and structure: how we put the organisation together is informed by both the vision to do something and the growth that keeps on coming, and we have to change as it comes because you can’t have a structure without knowing where you are (C1, OM, L115-118).

Due to the development and management of well-established risk and control systems across case 1, possibly risky change or growth decisions are generally balanced and contained by the control systems in place. These systems do not prevent growth and change, rather they manage and support these moves towards meeting the social mission and, as such, the resulting scale. Most of these balancing practices involve proper, structured planning processes, as well as planning for the additional capital, staffing and other resources that the growth may require. Case 1 assesses the need and then tailors its structure to meet this.



However, case 1's leadership also see the organisation as "amoebic" (C1, OM, L153) very open to change, "and not too structured that you are married to this thing. So, if the context and the commissions don't allow it, you change and conform to the new way" (C1, OM, L154-155.) Hence, while emphasising the planning that needs to happen continually, case 1 also highlights the need for flexibility and adaptability along the way. A senior leader clarifies "the CEO wasn't attached to the belief that we'll just get funding and, when it's gone, then that's it. He was always thinking ahead and that helped us plan our structure so whatever direction we go in, we'll grow" (C1, MG, L487-489).

Achieving scale has consequently been due to the leadership team designing a clear, thought-through strategic path that has included increased daily practices that reinforce the path. This has encompassed enhanced governance capacity; tactics for attaining greater independence from donors, and independence in existing donor relationships; increased attention to innovation; and a desire to internationalise. In addition, mechanisms were put in place to ensure the social purpose was not diluted as the organisation grew. Specifically, with the exponential growth the organisation has recorded, year-on-year, and in particular, between 2010 and 2020 – from a \$500,000 to \$1.3 billion turnover, from 20 to 2,800 staff (C1, SD4, L82-88) – the leadership has been cognisant that the organisation needed a structure to accommodate this massive growth. Interestingly, the leadership find managing growth to be "much easier than managing decline" (C1, F1, L363).

In addition, there has been an acknowledged effort to recruit the appropriate skill, retain skilled talent in the broader organisation, and motivate staff to actively engage in the growth strategy. Case 1 considers itself a dynamic organisation that is open to change and growth. The leadership team, emulating the founder-leader in this area, work hard to inculcate this agility and dynamism into their teams, and maintain that:

every person who is in a leadership role or management position is a highly motivated individual who knows their responsibility and are definitely not micro-managed so there is a very high work ethic at the organisation and everyone knows clearly what is expected of them and are performance managed where it's necessary so there is a high level of accountability in the organisation (C1, MG, L171-175).

A critical success factor for case 1 has been that despite evolving and changing and growing over the years, everything else about the organisation has remained the same. Quality, innovation and responsiveness are still placed at the forefront, the organisational culture is the same, and the organisational drive to perform, achieve and impact remains.

## 6.10 The practices necessary to build a social enterprise

Case 1 attributes its success as a social enterprise – now working across national, regional and international boundaries, delivering high-quality, innovative and responsive health ‘solutions’ in a variety of contexts (C1, SD1, L3-4) – as being primarily due to the identification, recruitment, and retention of highly-skilled staff. Furthermore, the staff group has both longevity and a common work ethic. That the staff group is performance-oriented and able to work towards the social mission independently is further perceived internally as a critical success factor.

The organisation has adopted the “Virgin business motto” (C1, F1, L240), that the value of an organisation is in its employees. Over time, it has created a secure, fast-paced, happy employment environment with leadership who have the capacity to identify, promote and retain the necessary skills, as well as the authority to decide on the direction of projects, within the limits of the organisational mandate.

Case 1 also provides numerous employee benefits and offers job security and permanence, as opposed to only contract work, believing that the “social relationship created is necessary for the entire staff group to thrive, work hard, want to work for, and want be part of case 1’s success” (C1, F1, L251-253). According to one of the leaders:

people say I’ve been here for too long, but it feels like yesterday, since 2004. Every day I either learn new things or do things differently. I don’t have a set routine other than set meetings, but the work in between I just learn . . . It keeps me on my feet” (C1, OM, L501-506).

The founder-leader also maintains “we try build an internal brand so people should want to work for case 1” (C1, F1, L250-251). In addition, per another senior leader:

there’s no way I would survive anywhere else, because I would be frustrated from day one. Here I get it all, someplace else I’d want to know what the vision and mission are, what’s the strategy, the values (C1, ID, L53-56).

## 6.11 Impact on the organising context

The founder-leader acknowledges that a major benefit of NPO status is avoiding the pressure of creating more shareholder value. The operations manager also admits that although the subsidiaries pay tax, the finance teams operate the commercial entities to avoid paying too much tax as profits are quickly reinvested in the NPO. Because the NPO umbrella body does not currently pay tax, case 1 has had its own capital to invest, as opposed to requiring shareholder or external capital.

This has resulted in the organisation growing to scale and becoming one of a handful of principal organisations in the field, with a sizeable impact on the context. The board

concedes that case 1 is now successful enough to compete with the private sector in South Africa, and because that is the sector the government relies on for tax revenue, the organisation is likely to be subjected to corporate-type taxation at some point. Case 1 has, therefore, not only been impacted upon by the context, but has impacted on and influenced the context in the following ways:

### **6.11.1 A negotiated indirect cost rate agreement (NICRA)**

After many years of negotiating, the organisation has obtained a special (and rare) financial agreement with a particular foreign government, meaning it is permitted to generate a management fee as profit from certain grants. The agreement is a rubber stamp on the credibility, size and scale of case 1. The founder-leader proudly confirms “we’re fairly unique in that we’re one of about only five organisations internationally who have one” (C1, F1, L182-183).

### **6.11.2 Board reimbursement**

Under this special financial agreement, the organisation is permitted to pay its board members according to local private-sector board of directors’ rates. This allows case 1 to attract top board members who make a substantial contribution to its strategic aptitude and dexterity. Although case 1 has always reimbursed board members, the NICRA permits the organisation to compete directly with the private sector.

With turnover now exceeding \$1.4 billion per annum, case 1’s size, scale and complexity has required a different type and level of governance practices and board investment to mitigate additional associated risk (C1, SD1, L44.-46). The founder-leader confirms, that due to the NICRA, case 1 is able to “pay our board members properly, and those fees are built into our grants now” (C1, F1, L143-144).

### **6.11.3 Playing a leadership role in the sector**

The organisation has influenced policy development, state-level decisions, and health-sector implementation decisions due to its size and the nature of its impact, as well as its willingness and ability to test a new concept and begin rolling this out using its own income. Case 1, therefore, regularly becomes the leader of grant consortia as is frequently the only organisation” in a position to actually take the financial risk” (C1, F1, L87), that comes with winning a large-scale, complex grant as the prime recipient.

Having a board of directors who are not risk-averse, and who are willing to accept both joint and separate liability, has also made this possible, with a board member declaring that

“essentially we are now in a position to take up a massive overdraft from the bank to pay our service providers before the donor has paid us” (C1, B, L64-65).

#### **6.11.4 Growth through internationalisation**

The organisation is now a multinational enterprise, operating in 17 countries, through its units, businesses and NPOs. Case 1 has been able to internationalise due to its pioneering leadership, ability to be responsive, and technical superiority. This has resulted in case 1 being more competitive than both in-country organisations and large international organisations.

Case 1 acknowledges that it has, at times, faced capacity challenges in both systems and people, as it has internationalised. However, the organisation has found ways to partner with local organisations, and to open subsidiaries in other countries, employing local human resources.

Part of the organisation’s push to invest in systems and to automate them has both driven and resulted in the rapid expansion into other countries, where case 1 continues to offer a range of programmes across a menu of healthcare solutions (C1, SD1, L18-19).

The finance teams believe that the potential annual turnover in some countries will be at least equal to, if not double, that of SA. Although it took multiple failures for case 1 to internationalise successfully, they kept trying. This is another important contributor to their success: that they have sufficient capacity to experience repeated failure and still keep trying, and ultimately, when they are successful, it contributes to their scale and capacity.

There is some concern externally about mission-drift due to case 1’s focus in other countries being broader than HIV, although still in the health sector. Still, case 1 responds to this with the view that as long as they can make an impact on changing healthcare by introducing quality, responsiveness and innovation, they are being true to their social purpose. The founder-leader, excited about the growth claims the internationalisation has been “an explosive experience, the growth curve is just exponential” (C1, F1, L201-202).

#### **6.11.5 Sustainability through profit**

The organisation had generated sufficient profit over the years that it expected anticipated donor funding cuts to only have a marginal impact. Despite the complete upheaval that ensued in the rest of the field from funding cuts, according to an external stakeholder, “true to form, case 1 just kept on trucking when the cuts came” (C1, D1, 21). Excess funding is held in reserve, and the organisation has investments and a series of safety nets to protect staff from downsizing when donor contracts end, and to ensure key deliverables and programmes continue with or without donor funds.

In addition, the board, leadership and management have no capital incentive in the organisation, as there is no shareholding. As such, all profit remains in the organisation. These savings are used when donors change direction mid-step, as the organisation has experienced on occasion. The board speak with one voice when they say “we have money saved because we expect and plan for the donor funding cuts, so, when they happen, it’s just a small bump in the road” (C1, B, L66-68).

### **6.11.6 Dual business models**

Although the original organisation was registered as an NPO, almost all the new organisational units were registered and established as for-profit businesses or commercial entities for three principle reasons: Firstly, at the time case 1 was registered, the concern was that if it was donor-funded and could use that funding to support the commercial business/es, then it would have an unfair competitive advantage, so the overall organisation was registered as an NPO.

Secondly, the intent of the NPO registration was to limit board-member liability. However, the founder-leader holds that experience has shown that “piercing the veil is actually easier” (C1, F1, L296) than one would expect, meaning that board members still need to accept some liability, as they would with a commercial entity. And, thirdly, the founder-leader was optimistic that each of the businesses had the potential to grow and outstrip the ability of the NPO as the 100% shareholder.

In addition, there were concerns that the businesses might, at some point, require the NPO as the primary shareholder to raise capital. Accordingly, from the registration of each new unit, plans were developed so that they would not have to bring in other shareholders. The ultimate desire being to sell a business if it became successful, although it was accepted that unsuccessful businesses might also need to be sold or dissolved (C1, F1, L480-490).

Because case 1 aligns culturally in many respects with a non-profit philosophy, they are comfortable with their umbrella registration as an NPO. In addition, this registration permits them to invest almost all excess funding, plus profits generated through the commercial units, back into case 1. This results in case 1 being stronger, larger and more able to exert influence.

Furthermore, because case 1 applies business principles and thinking, there is no sentimentality when it comes to commercial decisions, such as shutting down a business that is no longer viable. Case 1 has recently closed the business that generated its initial profit, taking the best programmes back into the NPO, with the founder-leader acknowledging that “it took me a lot of work to shift the culture, to understand that our profit is not about money, it’s about target delivery of patients” (C1, F1, L129-131) and that “it had fulfilled its role and function” (C1, F1, L172). All these decisions and resultant practices, from which case 1’s impact on the South African health context has ensued, were underpinned by the founder-

leader's desire to "be able to look after staff, creating a secure employment environment" (C1, F1, L244) and to "create value from within" (C1, F1, L477).

## **6.12 Conclusion**

Case 1 has created its organising context by becoming the dominant player in the HIV-health industry in just under two decades. They have done this by creating trained, competent strategic practitioners in the leadership and management staff tiers, equipped to carry out a set of daily practices that contribute to the primacy of their social mission, while maintaining high-performance standards and carrying out impactful work.

In the process, they mitigate the negative impact of the context on the organisation, while considerably enhancing the positive impact of their organisation on organisational peers and competitors, as well as the dominant health system and the overarching context. Case 1 has learnt how to manipulate the institutional voids within the context, converting potential barriers to entrepreneurial opportunities for growth and further dominance.

## **6.13 The remaining three cases**

Case 1 serves as the exemplary case that the other three cases will be compared to in chapter ten (p. 199). Due to the depth of detail provided by combining interviews with observation. The three remaining cases will be presented in chapters seven, eight and nine, which follow. Each organisation has its own objectives, skillsets and findings.

## **CHAPTER 7: Case 2: Educational multinational social enterprise**

### **7.01 Introduction to case 2**

Case 2 was initially formed over 20 years ago, as a self-sustaining unit in a small registered non-profit professional association, struggling to sustain itself using only membership fees. However, when case 2's success as a self-sustaining unit began to threaten the tax-exempt status of the NPO, it was spun off and registered as a separate legal entity. From the outset, the originator NPO intended for the unit to sustain the NPO's activities by ensuring they generated sufficient income to manage expenses, as well as sustaining themselves.

Case 2 still supports the originator NPO, contributing an additional R2 million per year dividend to the originator NPO's reserves. This is despite the originator NPO's own hybrid business model and practices, that has generated sufficient cash flow for their business for at least the past decade. In addition, case 2 has massively outgrown the originator organisation. The founder-leader comments: "God only knows why they're still drawing it. It's for under their mattress. They're sitting on bigger reserves than we've got" (Case [C]2, Founder [F], Line[L], 655-656).

### **7.02 Lack of mission-drift and mission constancy**

Case 2 began with the stated social mission of "catalys(ing) social change through developing people, strengthening systems and providing innovative solutions" (C2, Strategy Document [SD]2, L1-2). Case 2 does this through healthcare and education, and a combination of the two. As such, case 2's mission, from the start, intended for the organisation to impact on the system as-a-whole, by meeting a critical healthcare gap. Case 2 does this by developing and providing high-quality, practical and relevant training for the South African healthcare system, as well as the broader South African context, and in Africa more generally. This remains its social mission, since its establishment in 2006. Case 2's social mission is operationalised through three values pillars, namely: developing people, innovation and strengthening systems.

Because the organisation does not, according to the founder-leader "develop widgets, or some new clothing range or something" (C2, F, L506), the leadership feel they are close to what is happening at a community level. So, when confronted with a practical problem, such as youth unemployment in a community in which case 2 is training healthcare workers, they feel they have the skills with which to respond, and a responsibility to do so. A senior leader

maintains “we succeed because we care. The other big benefit is that the socially entrepreneurial organisation is with the people, for the people, and understands the needs” (C2, Clinical Manager [CM], L490-492).

Over the years, the organisation’s reach and activities, but not its social purpose, have expanded exponentially, and the leadership assert that there has been no mission-drift. In the early days when the organisation was offering health education but broadened this to include other kinds of education – such as business skills training for medical professionals – mission-drift was assumed. Nevertheless, the health education mission has expanded in the era of integration and interconnectivity, and so the mission remains “narrow but deep” (C2, Operations Director [OD], L294), which accounts for activities such as the business skills training. The intention, according to a senior leader is “completely rocking the boat” (C2, CM, L455), transforming the healthcare system to reflect its interconnectivity with other aspects of service and other components of social entrepreneurship.

More recently, mission-drift is rumoured to have occurred when the organisation shifted its activities to include healthcare service delivery beyond healthcare education. A senior manager at case 2 defends this by maintaining that “training is training” (C2, CM, L24), and because they were training on healthcare implementation, “actually demonstrating how implementation should be done was really a natural next step” (C2, OD, L297-298) in case 2’s growth. To reinforce this, a separate business unit was established, with separate accounts and its own business model and operational plans. Further, although the initial focus was strictly in healthcare, case 2’s social mission has always intended to create broader social change.

Case 2 has dabbled in job creation, and in other forms of training removed from healthcare but with a strong development focus, such as literacy and mathematics. These pilot projects are frequently linked to issues the founder-leader, or other members of the leadership team, see and consider, such as when a visit to a village left them stunned to find that, after two decades of democracy, the community “didn’t have much more than electricity, clean water and a new clinic” (C2, F, L515). These pilot projects are usually conducted with case 2’s own money, as they typically do not have donor funding for these kinds of engagements. In this instance, they sponsored free access to a one-year business training course, with the aim of helping young people with sound business plans to initiate these enterprises, both creating jobs and developing a new investment activity for case 2.

Case 2 therefore began to provide start-up capital in exchange for shareholdings in these new companies which, in turn, would generate further income for the new businesses, that could be ploughed back into the community. In addition, this income could be invested in case 2’s sustainability plan. And, as the founder-leader argues, perhaps most obviously and importantly, case 2 is “making a difference, changing our context, developing our people” (C2,



F, L296-297), and thereby accomplishing its social mission. He goes on to say that “it’s probably the best example of how this social entrepreneurial thing works; we’re starting up different things, testing them, that we control, as we pay for them” (C2, F, L514-516).

There has been almost no failure of new ideas and projects, with over 90% of projects that case 2 initiates being successful. This is justified by the founder-leader as “if you’re working on the social good stuff, you’re not going to try focus on a new problem, you’re going to only design a solution for an existing problem” (C2, F, L504-505). Consequently, because they do not market products for which there is no need, they typically have good success.

However, the organisation has found somewhat less success in areas outside of where their core competencies have developed, namely HIV-healthcare. The chief financial officer (CFO) maintains that this is because “it just takes a longer time to understand how these new markets work” (C2, Chief Financial Officer [CFO], L131-132). On the other hand, their more widespread involvement has resulted in new grants, new partnerships and new consortia to better understand, and respond to, these newer contexts.

Additionally, the CFO states that despite being able to “roll with failure” (C2, CFO, L343) like any entrepreneurial venture, most of these newer ideas and projects have ultimately become separate business units. The founder-leader agrees, “90% of what we set out to do, is successful. There’s only that 10% that flops” (C2, F, L503). Case 2 has invested in the development of these new companies, and hopes to make a return on investment, even if it is only at some distant point in the future. Case 2 ensures the new companies are successful in the longer term, as it considers these investments an obligation to its board and shareholders.

Case 2 “rigorously documents what works and what doesn’t” (C2, F, L543), particularly when running projects without any government or development agency funding. Tapping into vested interests to support these new companies, through BBBEE supply and development regulations, has likewise resulted in new business models. Where a traditional NPO would feel “warm and fuzzy” (C2, F, L538) after getting a project up and running “there’s no guarantee that the up-and-running stays” (C2, F L538-539). Case 2, on the other hand, maintains they actively create jobs and businesses by “tak(ing) a share in the business because that creates sustainability” (C2, F, L537) and, in the end, “that is what results in change in the overall context” (C2, F, L549-550).

Because case 2 is a hybrid organisation, there is a common belief and a visible practice that it is essential to the organisation’s success to ensure that the social purpose drives the business model/s, and not the other way around. The stories circulating in the organisation representing the discourse in case 2, centre around why various leaders and managers have remained with the organisation over many years.

These include stories about the difference between working at case 2 and at a bank, for example, in that working at case 2 allows one to make a concrete difference and gives a

sense of accomplishment; and the realisation that going to bed every night knowing that products and services have resulted in real impact is more valuable than merely being remunerated for a job. The operations manager professes:

the reason I stay is a sense of accomplishment every single day: I may not be in those workshops or standing next to those nurses . . . but through the programmes, the mentoring and the roving teams, and all of the work we're doing, I am partly responsible for saving lives and making a difference (C2, OD, L202-206).

While the social purpose remains firmly at the forefront, there is also an emphasis on the need to operate according to sound business principles, and generate profit where possible, to ensure projects can be sustained. Similar to case 1, therefore, case 2 has a social mission that is both narrow in focus, and broad in social change intent.

Case 2's social mission has remained constant over many years, and the founder-leader maintains that the organisation "inches closer towards meeting" (C2, F, L111) it. Others argues that case 2 "in some places, is stubborn about changing, like our purpose" (C2, CM, L166); and "we do the same things, believe in the same things, our philosophy of how we approach work and money is the same. I like the constancy" (C2, Employee [E], L32-33).

### **7.03 The contextual push factors**

The leadership team members believe they had no choice but to establish a hybrid organisation. As entrepreneurs, they believe they were – and are – able to spot the gaps, and the multiple opportunities for social entrepreneurs, offered by the South African development context. However, because of this very context, the leadership realised early on they would need to "straddle both the for-profit and non-profit sectors to make a lasting impact" (C2, OD, L17-18). Additionally the founder-leader, in particular, inculcated certain daily practices to ensure viability as a social enterprise hybrid, understanding that the social entrepreneur requires "a conducive environment" (C2, F, L311) and work-life balance to be "able to do a lot of good" (C2, F, L312).

Nevertheless, changing donor priorities are having a second push impact on case 2, as they find themselves conflicted from both an ethical and logical point of view. This is because, as the leadership describe, it currently feels as though the "donor's mandate is actually in a direct clash with the reality on the ground" (C2, CM, L416-417). In addition, there is a fear that they are being set up to fail, resulting in a disconnect between the organisation's intended impact and the donor directive, particularly in the development and measurement of indicators. The example spoken about across the organisation is when case 2 was given an inappropriately large denominator with monitoring mechanisms that were too simplified. This

resulted in substantial organisational risk “trying to figure out how to navigate a situation which isn't a win, it's a lose-lose, either way” (C2, CM, L419), according to a senior manager.

Case 2 is critical of organisations that try to meet donor targets at any cost, without it having any actual benefit on the environment, and/or without it creating the scale of impact they set out to achieve. Case 2 leadership believe “the temptation to *jippo* [bypass/hack] the system, to make an organisation appear to look better” (C2, F, L291-292) is a real threat to entities that lack a strong moral compass. Case 2 consequently confronts donors on how targets were calculated, why certain indicators were prioritised over others, as well as exactly how targets link to budgets, but have not found them to be forthcoming. This has left case 2 feeling frustrated and suspicious.

Ultimately, after almost two years of haggling on one inappropriately high target that according to the CFO “more than tripled, while our budget flatlined” (C2, CFO, 2), the relationship with the primary donor had started to break down. The clinical manager explains further that:

operationally, if you want to improve efficiencies by 10%, that is a different investment than improving efficiencies by 300%. We feel we're unable to achieve what's being set out currently, and we're being rapped over the knuckles for performance that we keep saying, 'but we told you we're not going to hit this!' (C2, CM, L470-474).

Also, on the receiving end of criticism about being a white-led organisation, like most organisations in the HIV field, the founder-leader is currently experiencing a crisis of confidence in the NPO sector. He claims he is considering a move towards the business sector, as he feels he no longer enjoys the work. He declares:

5% of my staff are white, so the question is, what makes us a white NGO? Is it just me? And if I now leave and you put a black CEO in here, does it then miraculously overnight become a black NGO? (C2, F, L306-308).

Case 2 believes it is open to collaboration in the HIV field, and has many partnerships and collaborations within its NPO, health education and training sections. But the organisation is also familiar with competition, and happy to compete when necessary. Case 2 is therefore willing to both collaborate and compete with other organisations and businesses, depending on the particular situation. However, it is important to the leadership team to believe they are helping others, even if there is a concrete fiscal benefit to their collaboration.

Notwithstanding this, they are frequently perceived as dominant in the education and HIV spaces, wanting a piece of everything training- and occasionally, implementation-related. A senior manager believes this is due to case 2's size and experience, and goes on to say that in this “environment, where you've got multiple development partners, there is often a willingness to collaborate and engage, but you can't downplay the actual competition that's

there as well” (C2, CM, L434-436). She goes on to describe that there is a “delicate balance that’s often navigated more by personalities than by strategic alignment” (C2, CM, L436-437).

#### **7.04 HR as a measure of success**

The leadership team has worked consistently to create a culture that is values-focused; maintains the social purpose, regardless of the business model applied; and is shared across the business units where staff groups may work. This culture has been inculcated by keeping the social mission at the forefront of all activities and developing and practising the organisation’s values internally and externally. As such, case 2’s external marketing, as well as its internal brand building and culture development, are built on its values, and its core concerns, according to the founder-leader of “why we exist, and why we do what we do?” (C2, F, L609).

Case 2’s chief springboard consists of using business processes for the greater good. The organisation’s values are consequently lived values, echoed in daily strategic practices and rolled out through every project, be it commercial or non-profit. The founder-leader articulates that “we put a lot of emphasis on our values, because of what type of organisation we are. And our values are our primary departure point” (C2, F, L451-453).

Case 2 has a values committee and any employee in the organisation can challenge the committee if they believe the organisation, leadership or board “on a value that we as case 2 are not holding up, we’re not living up to” (C2, OD, L313-314). Every claim is taken seriously and if the staff member can justify that there is truth behind it, the organisation will accept the challenge. This is one of the ways case 2 ensures it remains an “ethical organisation” (C2, OD, L316).

In addition, the leadership team describes working hard to make sure they appropriately manage their staff teams, providing the “support and resource they require to perform well” (C2, OD, L296). Acknowledging that each staff member brings their own personal culture, and the cultures of prior workplaces, case 2 insists that staff work towards a common organisational culture. Not only do they put the credo up on office walls, the leadership maintain that they help and encourage employees to buy in through many consistent interactions, over many months and years. The clinical manager explains that this is done by being “on the ground with people” (C2, CM, L444).

Case 2 thus maintains that building organisational culture takes time and emerges after multiple daily practices that are repeated until they become second nature. This includes the following:

Make sure you're on the ground with people; don't use your power for the wrong reasons; remaining ethical; never doing someone down; never using someone's

money for something else that is not allowed; not trying and becoming rich because money's coming in from international sources: the idea is not to increase our salaries because now we can afford it, the idea is to increase our services because now we can afford it (C2, OD, L302-307).

The founder-leader is known to be confrontational with donors, challenging anything that feels unethical. Despite being criticised for being too outspoken, having a candid and unafraid leader has been critical to case 2's growth and success as a social enterprise that is unafraid to contest the broader system. Moreover, case 2 staff argue that it is this unwillingness to keep quiet and do nothing is the very attitude that gave birth to organisations like case 2 in the first place. This is supported as part of ethical leadership, avoiding hypocrisy and being confident and robust in their engagement with governments and donors. As the clinical manager says, "sometimes not knowing when to shhh . . . being unafraid to push back has resulted in more positive than negative changes" (C2, CM, L450-453).

#### **7.04.1 Learning, culture and HR practices**

Case 2 values learning as a key aspect of the organisation's social purpose, intimately linked to its business model, and a necessity in meeting its objectives. As a senior leader states, "training is absolutely essential, it's obligatory. You've got to do one of our own management courses" (C2, OD, L184-185). This is echoed by the founder-leader who stresses that "nobody is allowed to sit in management if they haven't done one of our one-year management training programmes" (C2, F, L354-355). He goes on to declare that "it's not good enough to just be an entrepreneur" (C2, F, L355).

Case 2 has established sophisticated internal staff development processes. The organisation values people development, even when this means a slower route to completing activities. In addition, case 2 has embraced, and even taken advantage of, the learning environment created by the influx of foreign government funding, using this to build up sets of sophisticated skills, knowledge and insight in multiple internal and linked clusters (C2, SD3, L82-85).

The learning environment in case 2 extends to, and is founded on the organisation's values, and out again into its HR and performance management practices. As such, case 2 seldom uses its disciplinary process to resolve an issue. Instead, the organisation uses their values and the values committee, which considers all issues from the perspective of organisational values first and foremost.

These values have also been incorporated into the employment contracts, so that if an employee does not operate within case 2's value system, that is sufficient cause for the contract can be terminated. This has resulted in a mind-shift, where staff who were entirely

grant-funded had become more invested in the organisation as-a-whole. This had increased loyalty to the organisation that continued even after project completion.

Every staff member, from the most junior administrative level all the way through the structure of the organisation, has an annually negotiated balanced scorecard. This is part of new employee induction and clarified through internal training and mentoring. Additionally, all new employees are briefed on the organisational values by the founder-CEO as a component of induction. This performance management process is ongoing throughout employment at case 2.

Annually thereafter, the CEO engages his leadership who in turn engage their teams, to identify, discuss and agree on each individual's expected outcomes for that year. In addition, the expected team, cluster and organisational outcomes are agreed upon. Case 2 then tracks process performance through a cloud-based project management system. Performance outcomes are measured through portfolios of evidence linked to the balanced scorecards. These performance management practices are reinforced through monthly meetings, performance meetings, casual meetings, peer-support meetings and regular access to the founder-leader (C2, SD2, L18).

Explained by the founder-leader, "everything is weighted, so if a unit is struggling financially, you might tie 50% of that manager's bonus to their financial dimension" (C2, F, L472-473). He extrapolates "but, if they're hitting their profit targets, you reduce that to 10% and they then focus on something else" (C2, F, L474-475). In addition, both number targets and quality indicators are measured. Managers are also measured on beneficiary and customer indicators, as well as developing their teams.

Everyone is consequently given commercial targets in the strategic planning and budgeting process, but because the donor-funded environment has become very complicated, requiring additional reporting – typically halfway through the year – donor-funded employees are, per the CFO, "forgiven for not reaching their targets, as long as they have managed to keep the donors happy" (C2, CFO, L105-106). The HR strategy and policies, right from recruitment, through induction, continuing staff development, and ongoing performance management, are thus underpinned by the internal learning development programme.

Case 2 has fine-tuned its recruitment process, and spends time ensuring that the individual being recruited will bring the right skill set and attitude to fit in with, and complement existing skill sets in the organisation. Discovering over the years that interviews were not necessarily the best way of establishing ability or cultural fit, case 2's recruitment process has been adjusted to comprise a series of formal assessments, mirroring examinations in a classroom setting, for almost a full day. This process has assisted case 2 in avoiding poor-fit placements. The individual's experience, training and skills, as well as their personality, mindset and problem-solving ability, are assessed using case studies and scenarios, with

interviewees required to compile a budget, draw up a balance sheet, build an operational plan, develop a recruitment plan, and so on, depending on the job specifications.

“Each assessment is customised for the person being appointed” (C2, OD, L78-79). Then the various portfolio managers assign marks to the assessments they have set. After that, the marks are collated, with the assessment process weighted at 70%, and the interview/s at only 30%. The founder-leader supports this by asserting, that the case 2 “recruitment process allows us to assess thinking and the development of concepts” (C2, F, L136-137). The operations director explains in more detail, that candidates demonstrate how they would design a pilot, or actually identify opportunities to expand a certain programme, or customise a project for outside the borders of South Africa (C2, OD, L79-97).

Case 2 manages to maintain a triple focus on recruitment, induction and ongoing employee support and development. The induction process has been adjusted frequently and at times substantially, in response to strategic feedback from within the organisation. This enables a completely new employee, from outside case 2, to according to a junior employee, “find their way within” (C2, E, L8-9) the organisation. As part of the induction, a team from a different cluster in case 2 will support a newly formed department with new staff. A buddy system for peer mentoring assists new staff in navigating the terrain. As such, the leadership are open to discussion on new developments to improve any aspect of the HR policy and process.

Ongoing HR learning and support are conducted through formal and informal peer mentoring; a formal internal skills development process; ongoing supervision; and formal, regular performance management meetings. Case 2’s formal mentoring system uses senior leadership, such as heads of department and cluster heads, across different departments, and even different business units, to support and mentor new staff. The focus of this mentoring has been on project execution and problem-solving within the case 2 culture. The leadership at case 2 have a vested interest in new employees integrating into, and understanding the organisation’s mission, how it works and their role within case 2:

because they come in with very strong skills, they’ve passed their assessments.

They are the right people for the job, and it’s now about creating an environment that’s conducive to them growing and performing well (C2, OD, L123-125).

The founder-leader makes himself available for walk-in support throughout the organisation, daily. A senior manager enthuses:

if you’re a case 2 employee, and something’s worrying you, you could potentially see him today between 3.30pm and 4.30pm. He keeps the last hour of his day open and provides 15-minute slots. So, he can see four people every day. You have to be fast though: go in, tell him what your issue is, what you’ve tried, and

thought. He'll ask some questions, help you think up a solution, and provide you with a way forward (C2, OD, L145-149).

In many other organisations, the most senior leader is not accessible, and his/her diary is booked out weeks in advance, so that when staff eventually get a meeting, it is too late. This interest and availability, as well as the range of other comprehensive HR processes, make employees "feel valued and like my ideas are important" (C2, E, L12). This in turn results in long-term, loyal staff, passionate about the social mission, and willing to work very hard to achieve results, that employees all believe in, that are directly linked to the social mission.

Additionally, the leadership team have ongoing peer mentoring and support, including a monthly lunch meeting outside the office, to informally discuss concerns. This gives the leadership team an opportunity to discuss issues they usually would not discuss in the office. One of the leaders describes how, "between us all, we will sit and talk about it, and it's quite amazing. Afterwards, you realise all your problems have been solved, they've given great advice on what to do" (C2, OD, L161-163). This is seconded by another leader, who maintains, "otherwise, you'd just sit and struggle with issues alone, but now you sit around a table in a casual environment, and you can really talk about things" (C2, CM, L167-169).

Case 2 does not struggle to recruit staff, except occasionally when one of the other big foreign-funded organisations is also recruiting the same category of worker. The organisation benchmarks salaries on the South African Salary Survey. Despite this, even though according to the founder-leader its "salary bands are below the other big HIV foreign government-funded NPOs" (C2, F, L130), case 2 finds it still manages to recruit sufficient numbers of high-quality staff, likely, per the founder-leader, due to "that shared sense of purpose" (C2, F, L135).

Case 2 also attempts to hire young, energetic and entrepreneurial staff, and the drawcard is there for employees who, according to the leadership team, "identify with wanting to make a difference, have an impact, do social good" (C2, CM, L120). However, because the organisation has had negative experiences with external recruits in the past: "they looked perfect on paper, they interviewed well but when you put them into the organisational culture, all hell broke loose, people were resigning left, right and centre" (C2, F, L222-224), the organisation focuses on building the "case 2 culture" and developing skills internally.

Case 2 has really mastered how to retain staff through a formal retention policy that builds peer camaraderie. Its culture, built on its values of mutual respect and integrity, is visible in how the leadership engage with staff, and how staff engage with beneficiaries, customers and partners. Case 2 has a board-approved decision to fill posts internally before external recruitment. There is notable coherence between staff and the organisation's values: "no petty politicking or playing one another off each other" (C2, CM, L130) among the leadership team. In addition, the leadership act as role models by working hard, frequently over long hours,



while balancing large amounts of work. However, they simultaneously demonstrate that their work is interesting and meaningful.

Staff feel that case 2 is a “great place to work!” (C2, E, L14) where the organisation as-a-whole understands its vision and mission, and senior management remind staff at every platform. A critical motivator, according to the leadership, is that the staff “at all levels can see there is actually a positive social benefit as a result of the work that we do” (C2, CM, L20-121). According to the clinical manager, employees “see massive results and changes in numbers, and although it’s just a number, they understand that represents an individual, a potential family, a community that has been positively impacted” (C2, CM, L124-127).

Case 2 is very good at retaining its strategic managers, with most middle managers having been with the organisation for six to ten years at least. This is a high retention rate, particularly considering how rapidly the organisation has grown. Case 2, thus, attracts and retains people who are willing and able to work, and who want to feel they are “doing something that’s actually making a difference” (C2, CM, L128).

Even when funding situations are difficult, there is a sense of solidarity at case 2 that is impressive. Particularly over the past year, according to the clinical manager, case 2 has had “by far the worst targets without any increase in finances” (C2, CM, L141). She goes on to say, “we’ve put so much pressure on staff and there really hasn’t been the amount of churn you’d expect. Most are just focusing down and trying to deal with whatever they can” (C2, CM, L142-143).

Finally, for ongoing performance management, the organisation uses innovative technology to manage projects online. The technology provides detail regarding which measures, and records are expected as well as how and when outputs are achieved. This means staff are managed according to their balanced scorecards, and in real-time, managers can assess whether specific outcomes, including those linked to commercial activities, are being met. According to a senior manager:

all of our activities are linked onto Bright Pod, so . . . we don’t use papers to manage staff . . . I can pull up and see all of my staff’s activities for the specific period past and the one coming up” (C2, OD, L173-176).

And according to an employee, “I keep populating it with every single new activity, so by the end of the year . . . there’s concrete evidence of the things I’ve done and the outcomes on every single task” (C2, E, L17-19).

Due to case 2’s values and emphasis on autonomy and self-development, as well as its size, staff are encouraged to identify and justify their attendance at internal learning or external training offerings, over and above what is expected. Additionally, justification may be drawn from the online system. Furthermore, necessary insight into the business world, for

those operating on the non-profit side of the organisation is incentivised through the performance management process.

The CFO describes how “everyone's got income generation, profit or new business development as part of their expected measurable delivery” (C2, CFO, L227-228). In addition, the for-profit side of the organisation receives training on HIV, development, non-profit philosophy, organisational values, and the organisation's attitude on doing good, having fun and doing well.

The full organisation, regardless of whether involved in the non-profit or commercial ventures, receives training on the social mission so that all departments understand where the social mission fits into the operational plan, and how both commercial and non-profit activities align to support realisation of the social mission. Case 2's employees understand that to be sustainable, they cannot be too reliant on donor funding and have to grow their own income streams equally.

Case 2 has also, over the past 10 years, started to implement projects in the public health sector, at the insistence of the donor. Although implementation has mirrored the training provided, it has been a challenging process for the organisation. While it did not draw resources from the rest of the organisation, and a separate business unit was established with new staff, this experience negatively affected case 2's perceptions of donor-funded work. In time, this resulted in their desire to rather expand into the commercial arena and contract their donor-funded work, with the intention of ultimately leaving behind large donor-funded projects completely. This is primarily because, as the CFO maintains, the case 2 board feels that they have “not been as successful in bridging outside our core education, but really our core health focus” (C2, CFO, L64).

## **7.05 Governance and board practices**

The board operates in a business-like manner, with varied and experienced business professionals on the board. Because case 2 is a registered business, board members are paid, and the founder-leader, together with his senior leadership team, essentially the heads of each business cluster, determine and select appropriate board members, who serve an indeterminate term. This allows for continuity and investment in the organisation by board members.

Over the years, the board has developed policies and procedures to ensure accountability and transparency in the non-profit field, as well as sound business operating principles across the organisation. The founder-leader maintains that “because we're not building cars or selling cell phones or airtime . . . you've got to find people that come out of

that social entrepreneurial background and have the same affinity for this 'niche' area that you have" (C2, F1 L225-228).

The leadership team, supported by the board, insists on sound governance. This is also reflected in how community-based organisation (CBO) partners, subsidiaries and start-ups are supported. Case 2 leaders are typically represented on start-up boards, the founder-leader asserts, "only to suggest, not to direct" (C2, F, L241). Case 2 strongly believes that the old model of small CBOs operating with very little oversight and not being held to account is currently under threat. His advice is for these organisations to commercialise, or alternatively negotiate contracts based solely on the quality of the outcomes they provide.

Case 2 maintains that the "big game changer should be a value-based contract" (C2, F, L393) with organisations being "paid for results, not processes" (C2, F, L394). In other words, organisations must be able to prove what they have done, and the donor or grant manager must be able to verify it. The founder-leader suggests that it likely is not feasible to expect smaller community organisations to "all become case 2's. But what might make sense, and we're doing it now, is a big organisation holds the grant and contracts with the subsidiary organisations" (C2, F, L391-392).

A sophisticated and well-thought-out governance process has been developed and applied both to case 2, as well as to the multiple subsidiaries that have grown out of it, or which the organisation has bought into. Case 2 has developed a solid governance model for their board of directors, with, according to the founder-leader, "a schedule of board activities that keeps them focusing on providing strategic direction and oversight, and not meddling in the organisation" (C2, F, L438-440). The founder-leader maintains that case 2 "perpetuated a very solid, good governance model into all our subsidiaries: the boards drive the strategy and they measure performance against that strategy. And they don't do anything else really" (C2, F, L443-445).

Case 2 has been able to use resources produced by its profit-generating work to implement additional governance policies, procedures and audits. In this way, they ensure sound business operations, regardless of whether the project is for-profit or non-profit. Case 2 conducts an external financial audit annually. They strengthen this financial component by utilising an external lawyer who conducts a "legal compliance audit" (C2, F, L446) annually in each subsidiary.

The board, like the organisation, is agile and risk tolerant. Board members are able to switch direction when necessary, and the board is:

quite comfortable that we get to a board meeting and we say, 'listen guys in the strat we said we were going to do that, but we've decided not to do it, here's the reason'. Or 'here's a bunch of new things that weren't in our strategy, but an opportunity arose, we grabbed it and put it in (C2, F, L486-489).

Case 2 has implemented a series of policies, procedures and operating models over the years that have been applied to both the commercial and non-profit cluster activities. The structure and containment provided by these, permits the risk, agility, freedom and experimentation needed by the innovative practitioners within this socially entrepreneurial organisation. The leadership maintain that case 2 is “horrendously organised and structured. We’ve got models for everything” (C2, F, L437). The operations director goes on to say, “that’s what permits the freedom to experiment” (C2, OD, L320) and, the clinical manager confirms, “we’ve got very solid policies, for every possible contingency” (C2, CM, L272-273).

## **7.06 Strategic development practices**

The organisation has honed its strategic skills over the years. The current strategic process is facilitated by the leadership team, who conduct extensive research on changing education norms, changing management techniques and practices, as well as the changing context in South Africa, to design any changes to, what the founder-leader and board refer to as the “bones of the long-term strategy” (C2, F, L492-493). This is completed every five years.

Additionally, case 2 does widespread and ongoing strategic planning, involving the board and senior leadership, as well as the professional and middle management tier. A biennial, formal, strategic planning process, that was previously annual, results in formal short-term strategic plans. The founder-leader explains:

we do proper strategic planning, with the management and board, then we document a strategic plan. From that, every department develops an operational plan, with a zero-based budget linked to it, there’s no historical budget. You argue your case from the beginning (C2, F, L464-469).

Action research methodology, in addition, was fairly recently entrenched in the organisation as a professional development tool. The methodology was introduced in order to enable the staff group to constantly plan, act, observe and reflect, making course corrections as necessary during the implementation processes. This is as opposed to waiting for an implementation process to be complete, as case 2 used to do when they began to conduct donor-supported implementation activities.

The business model frequently changes and is formally reviewed every year. Between these annual formal meetings, however, there is some business model drift. Case 2 has addressed this by implementing ongoing action research, so that the business models and operational plans can be adjusted mid-project. Furthermore, activity diversification is viewed as a key component of the organisation’s current strategy. According to one senior manager, “we’re almost in perpetual strategic planning, it’s not as if we’ve done the plan, now we implement, and we only look at changing things next year” (C2, CFO, L76-77).

From, and aligned to, the core long-term strategic plan or business model, the separate units and projects operating within the umbrella organisation develop their own business and operational plans. These operational plans are then implemented and measured within project teams. The plans are accessible to the rest of the employee group through case 2's digital library system. This facilitates synergies and creative thinking. In addition, staff surveys and project feedback are available internally to increase transparency, trust and peer support. The leadership maintain that "our stuff is incredibly transparent; anybody can read our strategic plan" (C2, F, L613-614) and "we do reasonably well when we do staff satisfaction surveys, they know what we do . . . And think we're good people, and honest" (C2, OD, L614-620).

The emphasis is on ensuring that, both among the board and the leadership team, sufficient commercial expertise exists and is strengthened, so that, according to the founder-leader, "at a strategic level, a reasonable chunk of people think commercially" (C2, F, L144). The combination of commercial and non-profit activities and interests has attracted a certain type of employee for whom it makes sense to have both sides of the organisation. In contrast, typically, the staff who do not fit and who, by and large, exit the organisation quickly have been described by colleagues as either "purely business or purely non-profit types" (C2, E, L22).

In addition, a critical component of case 2's strategic development has been their sophisticated human resource and staff performance management system, which has been applied consistently across the organisation. Central to this system are strongly defined balanced scorecards, with indicators linked directly to commercial and entrepreneurial performance, and against which all employees are monitored and measured. A manager explains further, that, "every single person is supposed to go out and do so many meetings per year, engage in proposal writing, introduce fellow colleagues to opportunities, work together as a team and really benefit the organisation as-a-whole" (C2, OD, L51-53).

Finally, case 2 develops and implements a new innovation strategy annually. They believe this allows them to be innovative and to actively and accurately respond to the social needs they are working to address. In addition, the innovation strategy "permits technology-based and linked experimentation to commercialise" (C2, F, L441). One of the projects following this strategy involved developing a social franchise model, described by an employee, where "a franchisee can set themselves up as a little business, and they can make money while ensuring clinical needs are met" (C2, E, L24-26).

### **7.06.1      *The business-model practices***

The organisation has one central business model, which is evidence-based and adjusted annually. The business model follows strict business principles, as it flowed from the business registration, although it has both a social and an educational mission. The mission originates

from the NPO that case 2 grew out of. Sharing profit with the NPO continues to this day, and many of the newer businesses and projects initiated by case 2 contribute to meeting both its own and the originator NPO's social purpose.

From the outside, however, the organisation appears to function as an NPO. Case 2 accepts donor funding and its HIV implementation project-work operates entirely in the non-profit health sector. Still, it is registered formally as a commercial, profit-making enterprise. Case 2 explains that they set up an NPO, in case it was going to be necessary to raise funding under the NPO registration. However, case 2 has seldom needed to use it. Occasionally, when a donor requires non-profit tax status in another country and only donates to non-profits, then case 2 brings out the NPO registration. Nonetheless, they have frequently implemented, at least part of, this work from within the for-profit component.

The fact that case 2 was registered and started as a for-profit entity is nevertheless an important success factor, as the organisation is “a for-profit owned by a non-profit” (C2, F, L18). This translates into case 2 never having had the “traditional NPO mindset” (C2, F, L25). Most employees currently are still on the non-profit side, paid for through donor grants. However, there is also core commercial income that would sustain what case 2 is doing, the CFO maintains, “even if there wasn't a single donor, or sponsor, or anything like that, left in the country” (C2, CFO, L43-44).

The organisation strongly believes that key strategic decisions need to be taken at the beginning, or at least early in an organisation's development. These decisions, such as whether the organisation's focus is local, regional or international, need to be thought through as the leadership believe they are inherently philosophical. Decisions such as whether one wants to “improve the healthcare system here in SA” (C2, F, L632), or somewhere further abroad where the indigenous organisations may have better skills to do so (C2, SD5, L18-40), is also part of a growth strategy.

This way, annual or biennial objectives and operational plans can be measured against original, or at least early, strategic decisions. Despite this strong view, the board, founder-leader and leadership team all steadfastly deem the strategy document to be “a living, nimble document” (C2, OD, L 125-126), and even employees recount how the “organisation lives their strategy, and the strategic process is open to change” (C2, E, L28-29).

The grant-funded work is viewed as necessary to allow the organisation to expand its products and services, and help it grow. However, the organisation leaders go on to clarify that there is also a strong focus on maintaining the organisation's core and purpose. This is to prevent the organisation collapsing when the grant ends. In addition, the senior leadership team largely feel that the for-profit and non-profit components of the business are very similar, and that identical skills are used to manage them, as one leader maintains, “a debit's a debit, and a credit's a credit” (C2, CFO, L12). Over the years, the leadership team has incorporated

complex policies, required by the biggest HIV-related donor, into all operations. These policies facilitate the overall organisation to address the duality and waste that may arise from simultaneously running two separate operating models (C2, SD3, L30-38).

The non-profit side of the business “demands more rigid reporting and communications” (C2, CFO, L25-26), while the commercial side requires “knowledge of investments and dividends” (C2, CFO, L18). Nonetheless, the case 2 leadership do not believe there is a noteworthy difference between “running a profit company or a non-profit company” (C2, CFO, L15), as many activities are the same or overlap. The leadership team hold that whether the work is non-profit or commercial, the intention is the same, and that is, as the founder-leader maintains, to “do good while having fun and making money” (C2, F, L260).

This is echoed by the board, the founder-leader, and the leadership team, that it is much more difficult to be “solely reliant on a single donor, or any donor” (C2, CFO, L43) and “kowtowing to the donor's latest whims” (C2, CM, L489-490), over commercial outcomes. Case 2 also feels that donor-funded organisations have begun to distort outcomes because the targets set by donors are no longer realistic. The founder-leader, in particular, sees this as a form of fraud and protests that he is “no longer having fun” (C2, F, L300).

Case 2 argues that in the donor-funded environment, where donors ostensibly have all the power regarding one's resources, and how these can be spent, it is almost impossible to be autonomous in how you reach your purpose. The organisation, therefore, thinks it is critical to find a balance between always “groveling to the donor, as they change and disconnect from reality, and instead taking changing priorities, and the best interests” (C2, CM, L498-499) of the organisation or project, into account.

Case 2 claims that they have the “underlying responsibility to keep their eye on our mission and be in control of where we want to go as an organisation” (C2, OD, L36-37). As such, case 2 describes how they are attempting to move their “relationships with donors back to contracts and sub-contracts” (C2, CFO, L176), as opposed to grants or sub-grants. They would then be able to structure these within their major area of expertise and go back to making a profit on the work. The CFO affirms that this is done by “charging tuition per student, doing the training, walking away; with any excess money” (C2, CFO, L174-175) being theirs to keep and decide how to use.

The leadership team also describe their ongoing frustration with not being heard by donors, and the sense that they and the donors just keep on “pushing that square peg into that round hole” (C2, CM, L449-450) without really listening to the community or taking the expertise of local organisations into account. As such, many feel the “donor world at the moment has become unpleasant, with targets imposed from a foreign country that do not talk to local reality” (C2, F, L265-266) and “there's a complete disconnect” (C2, CM, L461). Moreover, case 2 currently has funding for very complex projects with targets that are “beyond

ambitious” (C2, CM, L62). The relationships with donors, however, had recently come to be perceived of as potentially risky to who they are as an organisation, their brand and their competencies.

The organisation has, furthermore, experienced the frustration and powerlessness of donor indicators changing unexpectedly, in the middle of a funding cycle, while business indicators are set and measured annually by the company’s own internal values system and compass. As such, case 2 has strategically maintained its commercial offerings while doing donor-funded work. Additionally, this is the advice case 2’s leadership offer to others to become more sustainable and less donor-dependent: “diversification of donors” (C2, CM, L249); “diversify funding sources as much as possible” (C2, CFO, L68); and develop a “diversified portfolio of commercial and non-profit activities” (C2, F, L48).

The specific practices involved in diversification include a range of activities that begin with: “list your skills, decide what can be converted . . . start selling it” (C2, CFO, L143-144). With the bottom-line being “replicate sufficient senior management capacity” (C2, CM, L338); “learn from mistakes” (C2, F, L208); and:

make 100% sure that you are appointing the right people, manage your risk in terms of human resources . . . don't forget the commercial businesses, donor funding hits hard and fast . . . meet donor targets, but stay true to your core, maintain operations and keep a balanced profile (C2, OD, L282-291).

Case 2 also demonstrates a nuanced understanding of the fragility of the donor environment. Additionally, although the end goal has not changed for the HIV sector, case 2’s leadership assert that donor priorities and understandings of “how you get there, keep flip-flopping” (C2, CM, L494) year on year, leaving donor-dependent organisations continually trying to “mix and match” (C2, CM, L495) what the donors are instructing with what they believe to be most appropriate. Case 2, ever the training organisation, set out to teach this lesson to donors by “refusing to argue in boardrooms any longer” (C2, F, L275). Instead, case 2 put donors on a bus and took them to visit health facilities, to demonstrate that the statistics were unrealistic and impossible to reach in light of the context.

The threat implicit in donors highlighting that they are opening South Africa up to international partners, has case 2 acknowledging that its track record may be detrimental through this new lens. Particularly, when competing against organisations that have never worked in this context. The clinical manager, therefore, insists that “it’s hard to have made any mistakes if you haven’t done anything” (C2, CM, L513). In addition, case 2’s leadership finds it frustrating that foreign donors are so certain that foreign agencies can “parachute in to fix the health system” (C2, CM, L516). Nonetheless, case 2 is convinced that having worked in, and developed an appreciation for the South African health system for over two decades, ultimately gives it a competitive advantage.



Case 2 claims to enjoy the commercial activities more than the non-profit, grant-funded activities. This is primarily because permission does not need to be sought at every turn. Similarly, regardless of what was spent to deliver the service, the organisation is paid for what it was contracted to do, meaning that case 2 operates more efficiently in the commercial realm, as cost savings become profit. Nonetheless, although case 2 has one overarching business model, the organisation actually operates multiple business models simultaneously, crossing non-profit and for-profit boundaries as required by project objectives. This appears to be a natural, and apparently effortless, diffusion between the for-profit and non-profit organisational units and activities.

Another way case 2 diversifies is by buying shares in other purely commercial companies, which often end up as its suppliers. For case 2's founder-leader, if it serves the greater good, and "if it is a catalyst for change, or we can train on it, then it fits within our mission" (C2, F, L641-642). However, if it is important and may link to strengthening or disrupting the broader system, then case 2 will usually get involved anyway, primarily as an investor. In addition, case 2 typically does not declare dividends nor do they profiteer, "only making about 5% profit" (C2, F, L661). This is entirely reinvested in the organisation. He also maintains that, "at the moment, we've got close on 10 legal entities that are commercial and then there's a few we manage that are non-profit, so there we don't own them, but provide the secretariat services" (C2, F, L58-59).

It is clear that case 2 as a hybrid has provided security and sustainability for the individuals employed, as well as for the range of business units they have established over the years. The staff are long-term employees, and appear secure in their jobs, as they do not feel they have to "live from hand to mouth, grant to grant" (C2, F, L120). In addition, they seem to really like working at case 2, and like one another. This is described as the "case 2 camaraderie" (C2, CM, L38).

At the same time, there is an acknowledgement among staff groups of the fragility of donor funding and the security inherent in self-generated income should donor funding cease. Case 2 also acknowledges that without the big donors, they would probably become a much leaner type of consultancy organisation but would use the staff expertise built in addressing the complexities in the South African healthcare context. These include knowledge on the design failures in the health system, plus the desires and needs, spoken and unspoken, of beneficiaries.

Nonetheless, despite an awareness of the complexities involved, case 2 wants to continue with substantial donor funding because they strongly believe they are having a positive impact. The leadership further declare that they have a powerful team of case 2 employees willing and able to work on development, and that there may not be as many options for these employees should the donors pull out. The leaders, thus, maintain that, "for

case 2, our priority is to work within our vision and mission” (C2, CM, L520). However, the clinical manager argues just as strongly that “our secondary priority is continuing to make a real difference through 1,000 employees, which we can’t do without the funding” (C2, CM, L521-522).

As such, case 2 managers assert that they tender “for everything that’s profitable and commercial out there” (C2, CFO, L340-341). They are not always successful, although their success rate is approximately 50%, which is higher than the norm. The CFO also acknowledges that while they could get a guaranteed 3-4% by saving their money in a bank, that is “not what we want to do. I don’t think that helps the long-term sustainability of either a group or a company. Got to gamble a bit” (C2, CFO, L343-345). However, he acknowledges, that “it’s hard for anything to compete with the foreign-government donor funding just because of the size of the funding that is available” (C2, CFO, L173-174).

The leadership of case 2 is frustrated by this Catch-22 they find themselves in. They deem their reality to be “determined by what the funders are willing and able to do” (C2, CM, L177), despite having cultivated a cohort of employees who have “grown up” (C2, E, L29) in case 2, and awareness that “without this funding, a vast majority of this critical skills development, and of those opportunities would fall away” (C2, CM, L184-185). One of the senior leaders goes on to explain that, “one of my frustrations with the donors is this pie-in-the-sky approach to development, without the reality checks” (C2, CM, L197-198). The clinical manager maintains that, “our hybrid approach, the very practical ‘let’s do the hard work’ plus the policy advice keeps our programming grounded in the realities that donors sometimes forget” (C2, CM, L199-200).

There is a clear sense in the organisation as-a-whole that they are not reliant on donor funding and can survive without it. This is achieved through formal income-generation strategies, commercial activity strategies and sophisticated fundraising strategies, all of which centre around diversification. A major lesson for case 2’s board was not to put all its “eggs in one basket” (C2, CFO, L357), as they saw how the purely donor-funded organisations struggled when their advances were late or reimbursements took months to come through.

Case 2, therefore, found diversifying first, and being entrepreneurial after, critical to prevent relying on a single donor and ultimately needing to retrench staff. The CFO maintains that “you sleep better at night when it comes to paying salaries, if you don’t rely purely on a third party” (C2, CFO, L371-372); and an employee agrees that “if all the donor money goes away tomorrow, this organisation carries on” (C2, E, L30). The CFO has the final word: maintaining that the organisation has funding from four different governments, “If you’re 100% funded by one foreign agency, I think it’s a nightmare” (C2, CFO, L134-135).

Case 2 is careful to clarify, however, per the operations director, that they are grateful to have donors, particularly when there are very transparent directives that align with their own

strategic objectives and what they want to achieve. In addition, they acknowledge that “donor funding helps them to grow their programmes and reach people in countries they otherwise would not have reached” (C2, OD, L34-35). Case 2 stresses that donor diversification, as opposed to searching for a mutually exclusive donor-recipient relationship, is necessary for organisational survival.

By identifying and securing multiple donors, case 2 believes it increases its flexibility as well as its opportunities to innovate. Case 2’s funding strategy involves not only looking to donors with which it is used to working but “pursuing other donors and other opportunities” (C2, CFO, L146). The clinical manager explains further that “especially some of these smaller donors and individuals seem to be less demanding, less fickle” (C2, CM, L258-259), while also being “prepared to think outside the box about what you hope your organisation can achieve” (C2, CM, L261).

The case 2 leadership acknowledge that accessing donor funding requires a large time investment, as they “have to create this space for staff to write their proposals and have access to the support they’re needing” (C2, CM, L263-264) while, at the same time, “competing with big, international development partners that have full-time new-business development teams where all they do is practice the recipe of writing proposals” (C2, CM, L265-267). Case 2 does not have a special funding agreement, or a funding structure that allows it to “keep very expensive skilled people, only to write proposals” (C2, CM, L269). Consequently, it is a difficult balance to cut on fundraising time and skill, because it limits potential funds they could raise.

Over the years, case 2 has learned how to adjust their course when the landscape shifts. The leadership unanimously agree that this is essential for an organisation to grow and sustain its essential components. Diversification, on all levels, in the broader income strategy has, therefore, remained the most viable strategic decision. Diversifying their funding sources as much as possible is an important influence in case 2’s strategic plan. It has changed the way they do business, as they think foreign government donor funding is likely to become depleted in the near term.

Case 2 is aware that within the donor-funding environment, donor mandates and expectations are volatile, and change rapidly. According to a senior manager, this results in the creation of “a terrified type of audience within the organisation, when staff are afraid” (C2, OD, L35-36). Case 2 therefore believe it is in their best strategic interest to have a combination of funding sources and to diversify their funders, as this provides employment security and creates long-term staff with sophisticated skill sets. From an organisational continuity point of view, it can also become confusing for external stakeholders if the staff keep changing. Case 2, consequently, focuses on maintaining its core staff who, the clinical manager explains, are there to “link new projects to old projects and lessons learned, and to promote the sharing and learning internally” (C2, CM, L100-101).

Case 2 presumes their primary mistake while diversifying their funding, was not sufficiently replicating their senior managers, in order to rather increase lower-level capacity. This created tremendous strain on senior managers without investing enough in resources at that level, for increased scale. As such, case 2 no longer applies for service-delivery grants, but seeks consultancy and training grant agreements locally. If these relate to strengthening information technology systems or broad management training, they sell it into the region.

The leadership are certain, after working with foreign governments for many years, that they have gained skillsets they can sell, but just need a market. Case 2's CFO believes "there has to be a space . . . because we are the ones with the knowledge and the reporting over a 10-year period" (C2, CFO, L140-142). As part of their diversification strategy, case 2 indicates they are pursuing donors who permit organisations to claim a margin, that results in building reserves and contributing to sustainability.

Despite a seemingly effortless ability to generate profit, the founder-leader does not perceive himself or the organisation as typically entrepreneurial, in that he feels they make conservative money decisions. He furthermore feels case 2 is not "a particularly risk-taking organisation" (C2, F, L496), due to case 2 not being geared but building and sitting on reserves kept as a buffer, which is "an indication of a certain amount of risk aversion" (C2, F, L506).

Case 2 has a policy to maintain at least four months of operating capital as a reserve. If literally all income were to stop today, and there was no further commercial work, they could at least pay salaries for an additional four months. The founder-leader asserting that "the argument being if we can't retool what we're doing in four months, then we're dead in the water; but it also gives the staff theoretically four months to find other jobs" (C2, F, L502-504).

## **7.07 Innovation practices**

Although not specifically part of their mission, innovation has been a critical part of case 2 since its inception as a for-profit company owned by a non-profit organisation. Innovation is also a vital cog in the case 2 strategy. Case 2 has its own technology products and services and has developed an innovation hub. In addition, case 2 has initiated and owns a number of joint innovation and technology offerings, through mainly new businesses initiated in the community, as well as a joint technology venture with case 1.

Case 2 has pursued innovative organisational management models, both within the organisation and within the various business units. These models are utilised in order to achieve the organisational social purpose, as well as generate a greater return on investment. This reinvested return enables case 2 to better meet the social mission. Case 2 uses innovative systems designed to ensure the organisation does "such a good job with concrete outcomes that can be measured" (C2, OD, L311-312) so that, "other people would actually

come to you and say will you take my money and do this? Instead of you going around and begging” (C2, OD, L312-313).

Additionally, case 2 mostly views its positive organisational capacity statement and track record, as “critical decision pieces for either a new donor or investor” (C2, CM, L388) to assess an organisation's capacity, innovative potential, and/or ability to deliver, and also to measure deliverables” (C2, SD3, L15-30). Case 2 applies innovative new technologies in existing work and also enters novel areas of work. This prevents the leadership from getting bored and losing interest, keeping the organisation's projects fresh.

Some of the leadership think that the “opportunity and innovation” (C2, CM, L232) with case 2 lies in “understanding what the donors are looking for, contextualising it, and proposing it back to the donors” (C2, CM, L232-234). Others see case 2's innovation in “an incubator for new projects” (C2, CFO, L83), or “developing apps, doing new things, trying different ways” (C2, CFO, L128).

Case 2 is optimistic about the future, having invested in a range of subsidiaries, many of which are already profitable. Nevertheless, case 2 prefers not to call on dividends or take returns out of these subsidiaries too early. As the CFO says, “we hope there will be return in the future” (C2, CFO, L333). This is also because the case 2 board believes it is better to keep money in a company in reserves, rather than dishing it out, particularly if it is not yet needed (C2, CFO, L334-337). Part of case 2's optimism stems from its view that the “proposed National Health Insurance (NHI) presents unique opportunities” (C2, CM, L205) for organisations like itself to continue doing the work they do so well, but likely with a different funder, namely the government. As such, case 2 expects that the donor environment could evolve over the next few years.

Striving for quality has resulted in case 2 becoming an agile and innovative organisation, despite its size. The leadership value “continuously trying to improve quality” (C2, F, L498), working with “small margins” (C2, F, L491), being able to “rapidly adjust operational plans and adapt to what is happening in the environment” (C2, CM, L64-65). This is regarded as a key success factor.

## **7.08 Scale and change practices**

The organisation has grown from a small for-profit training spin-off in 2006, to a multi-levelled social enterprise, operating a for-profit training institution and an organisational and community development consultancy, as well as an HIV-healthcare project implementation unit. Part of the growth has been due to case 2's ability to adapt to new donor objectives. In addition, the organisation has undertaken a deliberate investment in a range of community development and community strengthening for-profit start-ups and entities, ten in total, both

to respond to broad social needs in South Africa, and to generate financial sustainability for the conglomerate entity.

Case 2 has initiated and bought into existing companies, especially in information technology, education and commercial health. Additionally, case 2 expects the group to continue to grow exponentially. Due to their existing size and scale, the leadership is excited about the influence they are now able to exert. The clinical manager describes how when asked:

our understanding of the priorities and to critique things that, in our opinion, are inappropriate and to propose alternatives. I'd never seen that happen before and being able to feed back to the donor was an opportunity to negotiate, in a justified, upfront way, how to do something different to address what they proposed (C2, CM, L239-243)

The leadership, furthermore, do not believe that case 2 will look at all similar within the next five to ten years, as they think donors will change, specific activities will adapt, and the split between profitable and non-profit aspects of the business will also likely transform. Case 2 has grown by running a diversified portfolio of commercial and non-profit activities. It tries to be a best-practice organisation, and this results in low staff turnover. In addition, case 2 has "grown on average 20% per annum commercially for the last 20 years" (C2, F, L481-482). There are now 1,500 people employed by case 2. Its growth has consequently been focused on engendering sustainability, and on generating additional income to better achieve the social mission, and in so doing, contribute even more broadly to the context.

However, not all the growth has been as fast as it could have been. This is because the growth has been strictly structured and interrogated, with the requisite frameworks, policies and processes developed along the way, to support the growth. Case 2 views its own growth as slower, steadier and more organic, compared to very fast growth in affiliates and subsidiaries where case 2 acts as the underwriter. The founder-leader holds that this is likely because "we had to first raise the money, then fund the next expansion out of our profits from the previous year" (C2, F, L650-651). The founder-leader, however, also perceives the slower growth as having "something to do with my aversion to debt" (C2, F, L646).

Where projects in case 2 have become sustainable, they have been spun-off as separate entities. An example of this is case 4, which originated as a department in case 2 until 2004. Due to its growth, the managers were given shares and they broke off and formed their own company. Case 2 typically uses its original registration as a commercial, for-profit training company to structure its growth. The leadership recognise that because of the lack of shareholding in the NPO structure, they cannot access the BBBEE funding and investment available, even if they had been registered as a non-profit organisation. This is something they

believe has been “hugely neglected by foreign government donors, as they just don't care whether an organisation is compliant with BBBEE policy” (C2, CFO, L322-323).

A big contribution to case 2's growth, and to the organisation appearing to have scaled so effortlessly and effectively, is the management acuity in the leadership team and the founder-leader in particular. The founder-leader is seen as an “enabler and a bully” (C2, CM, L296), able to “navigate highly complex external relationships . . . that involve walking a fine line between consultation and engagement without being afraid to push back if it is in the best interests of the organisation” (C2, CM, L297-302).

Case 2 has needed this kind of leader, who can help the organisation “tackle big problems, while remaining responsive to the environment” (C2, CFO, L354-355). The organisation also suggests that there has been a degree of luck and timing in their ability to reach scale.

The external reputation of case 2 as a thought-leader in this space, not being afraid to rock the boat, or call something out when it's inappropriate . . . is necessary when you're trying to change things . . . and our leaders can spot opportunities, jump ahead, then work back on what we need to do to be able to get there, and then allocate the right people to do it (C2, CM, L302-308).

## **7.09 The practices necessary to build a social enterprise**

A major contributor to case 2's success has been its consistent quality offerings, accompanied by speedy growth and the organisation's resultant dominance in the health training field. Case 2's size also allows them to make ‘noise’ on their own behalf and for the field more broadly. While some donors have been receptive to noise, others have not. Case 2 is not all about noise, however. It is an organisation that has grown and developed over the years. It has also “rigorously documented what worked and what didn't, what its successes were and why” (C2, F, L449-450).

Additionally, case 2 has recognised its failures, identified when these occurred, and developed an understanding of why the problems were there in the first place, as well as which mitigation plans worked. This track record translates their noise into an important asset.

Case 2 believes that their growth – in size, legitimacy and credibility – has been due to a consistent effort to provide quality training and care. The organisation has built up the evidence that, according to the leadership, they “can do what it is we say we're going to do” (C2, CM, L395). As such, case 2 has become a respected brand among local communities in South Africa. An employee described it as “the equivalent of working for Apple. Which is weird and interesting” (C2, E, L36-37). And the founder-leader related that “somebody came in the

other day to thank me on behalf of her community because where she comes from, we're the only place you can get a learnership without having to belong to the ANC" (C2, F, L592-594).

Furthermore, case 2's board argues that because their mission is at the intersection between health and education, two critical social needs in South Africa at present, they "still have a lot of work to do" (C2, CM, L451), and are "almost guaranteed a certain amount of donor and (of) government interest" (C2, F, L771). The case 2 board believes their investment in health and education is both a huge political requirement, and a "mass of opportunities" (C2, CFO, L146). A board member and senior staff member extrapolates, by saying "you can have a 10 [to] 20-year future in this country if you've got offerings in health and education" (C2, CFO, L305-306). However, case 2 has also invested in, and built, various mechanisms for scenarios where funding does not materialise.

Case 2 was compelled to develop a range of controls and processes to comply with donors' financial management, quality assurance, and monitoring and evaluation requirements. These past donor-funded years have thus been understood "as a kind of an incubation period" (C2, CM, L530) for case 2, which now considers itself ideal, as it "aligns with the vision and mission of what the NDoH wants to achieve with the NHI, where it's not just about making money, but is really about health equity, access and quality" (C2, CM, L531-533). This translates into case 2 perceiving the NHI as an exciting opportunity for health development, as well as one of its "strongest sustainability strategies" (C2, CM, L539).

Case 2 is therefore optimistic about the future and perceives the imminent NHI a strategic opportunity. The organisation, further, also maintains that it does not consciously seek out weaknesses in the health system to exploit, but when it encounters a void that can be improved by case 2's resources or capacity, it will pursue the opportunity to improve the service offering.

## **7.10 Conclusion**

Case 2 has delivered consistent, quality training services in the HIV-health field and beyond. This has partly been accomplished by mastering internal recruitment, induction and performance management processes. The result is a competent, strategic, practice-oriented workforce, armed with established daily practices that assist case 2 to uphold its very high-performance standards. This, while continuing to deliver meaningful programming, all supported by the predominance of its social mission. Thus, case 2 alleviates the effect of the context on the organisation, while substantially influencing its organising context.



## **CHAPTER 8: Case 3: Strategic growth social enterprise**

### **8.01 Introduction to case 3**

Case 3 is a considerably smaller organisation than cases 1 and 2, with an annual budget of R100 million per annum and 100 employees, and yet wields substantial political and strategic power in the South African HIV-health sector. This strategic consultancy/SA implementation partner has also grown into a multinational organisation over the past several years and is now also in three African countries. Started in 2005, it is also a younger organisation than either case 1 or 2.

Case 3, per the first founder-leader, in the position of Chief Executive Officer (CEO), describes itself as “agnostic” (Case [C]3, Founder-leader 1/CEO [C], Line [L]611) in that: “a core part of our business plan is not to be a prime on any substantial grant, but to be a sub-awardee or co-advocate on all of the applications so that it doesn’t matter who wins” (C3, CEO, L31-33). Case 3’s agnosticism permits the organisation to enter into multiple possible sub-contracts with all the large internationally funded organisations, such as cases 1 and 2, to deliver specific sub-components of their HIV-related work. This assures case 3 of a role, a “slice of the pie” (C3, CEO, L33), regardless of who is ultimately awarded the umbrella grant.

Case 3 works specifically in the laboratory and pharmacy setting. Nevertheless, the organisation carries a historical legacy of strategic work, previously conducted as a commercial for-profit business, for the same donors, large organisations, NPOs, and government institutions. Case 3 also provides ongoing strategic and evaluative work, such as introducing innovations to strengthen health systems.

### **8.02 Lack of mission-drift and mission constancy**

The original business was established as a health research and evaluation consultancy, with the purpose of providing “a quality life for all through access to functioning, sustainable public healthcare systems that offer effective testing and treatment services – using the methods of health strategy, insight and implementation” (C3, Strategy Document [SD]1, L2-5). As a result, case 3’s social purpose was initially to conduct effective research for the design and implementation of accurate measurement systems, and impactful strategies, to repair the public healthcare system, and therefore be of benefit to all public healthcare users, has remained constant.

In addition, case 3's social mission, was also developed to challenge the system as-a-whole, as opposed to only a local component thereof, in this instance identical to cases 1 and 2. Case 3's leadership maintain that they do not "chase the funding" (C3, Financial Director [FD], L146) but stick to their core business. As such, they will only apply for grants in the broader laboratory environment, pharmacy programmes at primary and secondary healthcare levels, and strategic intelligence projects, insisting "that's what we do, nothing else" (C3, CEO, L137-137).

However, over the years, their social purpose appears to have grown in scope, despite the case 3 owners maintaining the organisation has not changed. The CEO clarifies that it is critical for the organisation to "know when you are in your core business space, as opposed to when you're doing something to pay the rent" (C3, CEO, L518-519).

Some of the newer leadership team, however, believe that case 3 has experienced a small amount of mission-drift as they have begun to implement programmes within laboratories and pharmacies, as opposed to only offering strategic input into the design of these systems, and the monitoring and evaluation of their efficacy. The two primary leaders, nonetheless, consider that the proportion of consultancy versus implementation work has altered but has remained true to its "unique offering" (C3, CEO, L148).

The CEO argues, that "mission-driven organisations don't try and accomplish something small, they want to save the world" (C3, CEO, L425-426). He contends that "you have to keep asking yourself if your mission is still valid. Your output must be of substance, to the extent that you can justify the difference you're making to your donors" (C3, CEO, L433-435), and other constituencies.

This has resulted in a small degree of discomfort in case 3 regarding their initial registration as a commercial, for-profit entity. This is evident primarily from the more commercially experienced, yet newer leaders who worry that case 3 "may drift too far from our business principles towards an NPO culture" (C3, FD, L147-148).

In addition, the second founder-leader or Director of Programmes, who was invited to join the CEO mere months after case 3 had been initiated, and who is an equal partner in the business, describes the shift as a contextual response:

our strategy work as we started moving into the donor-funded programmes became smaller and smaller, so we may need to sit down and re-strategise how to grow that component a little bit so it contributes more significantly to our activities, but . . . the senior management are a little bit, in my view, stretched within the donor funded environment (C3, Director of Programmes [DP], L195-199).

However, these concerns have not resulted in any specific moves to revise their registration status. The finance director goes on to speculate:

it's something that's been on the two owner's minds, to say do we register another organisation for the NPO; or do we just combine? My sense is they still want it to be one, at the moment. But you never know, things could change, because there are still some implications in terms of the reporting processes, to SARS, for example, who we report to as a Pty Ltd. [private company]. That means submitting two reports. But, at the moment anyway, as social entrepreneurs, maybe their gut feeling is no, not this time (C3, FD, L148-153).

Case 3's social purpose visibly drives the organisation and permeates every aspect of their work, including the organisation's approach to profit, the retention of key staff, and growth and development. The finance director describes the approach, as a dual model with "clear definitions so we can say 'this is grant money', 'this is for-profit work'. Our documents specify whether an individual is travelling on project work or on profit work, so we actually know where that cost would go" (C3, FD, L306-308).

I'm 100% sure we've remained true to that. I think that's why if you look at the implementation project audit reports, they've always been clean . . . We draw a specific line, and the good thing is everybody knows that. That there's a difference between for-profit and profit work (C3, FD, L312-316).

The new Chief Intelligence Officer (CIO) – "which combines innovation and information" (C3, SD2, L18), was established in order to:

ensure that we, internally speaking, look at our programmatic service delivery, to what we offer to the outside world, and make sure that it is as impactful and efficient as possible. With the view to somehow crystallising it into an intelligence-type innovation, that will allow us to spread out more quickly and more cheaply, without just having extra boots on the ground (C3, CIO, L34-38).

Despite this entrepreneurial outlook, the CIO describes how, in many respects, "the culture of this place is very non-profit" (C3, CIO, L124), and contends later on, that "the NGO culture pervades right throughout our organisation" (C3, CIO, L130-131). Nonetheless, case 3 works very hard to ensure that even though "money is not thought of in the same way, because it isn't ours" (C3, CIO, L131), the organisation does not become wasteful. The CEO "doesn't like it even if we're underspending, he doesn't like it if we spend money carelessly, wastefully" (C3, CIO, L233-234). The director of programmes counters this, maintaining that case 3 "has the look and feel of an NGO, although we're a registered Pty Ltd" (C3, DP, L99-100).

The case 3 leadership maintain that the organisation "regularly ploughs profit back into staff" (C3, CEO, L97), by, like NPOs within the sector, "including a training component in most budgets" (C3, FD, L352), and "some trainings are funded from the CEO's and DP's pockets" (C3, FD, L341-342), even though they are "not obliged to" (C3, CEO, L98) do so. As case 3

has obtained more donor-funded work, less and less of its turnover has been due to profit-generating work, which the leadership argue “inevitably results in more of a non-profit culture” (C3, CEO, L101).

Case 3 is perceived as “undoubtedly, a mission-driven organisation” (C3, CEO, L94-95) both internally and by key external stakeholders. In addition, case 3 is viewed as having a strong non-profit culture: “I would've sworn they were non-profit, their culture is very mission-driven” (C3, External Stakeholder [ES]1, L72-73). The CEO goes on to emphasise “that so many people think we're a non-profit, probably means we're showing something associated with mission-driven organisations” (C3, CEO, L93-94). The financial director agrees, and maintains that the majority of staff, working within the health programmes, “pretty much work in a NGO environment” (C3, FD, L179) and that primarily, only “the people in operations, the owners, know that case 3 is a PTY, but implementing not for-profit” (C3, FD, L180-181).

Consequently, the two founder-leaders assert that maintaining their registration supports a sustainability strategy for when the donor environment no longer provides the same opportunities, “without it impacting on social mission at all”. As such, the case 3 founder-leaders, who are actually owners of the business, insist it will remain a mission-driven organisation, regardless of its registration structure, with a niche offering that is nonetheless broader than a single focus organisation. In addition, the CEO holds that what “differentiates case 3 is . . . that for some organisations, it doesn't matter what the funding's for . . . they will apply for the money. We don't do that” (C3, CEO, L131-135).

### **8.03 The contextual push factors**

Case 3 identifies a degree of lucky timing in their rapid scale, and success as a social business. At the same time, one of the founder-leaders acknowledges that, despite the fact that HIV has become a “very big and forthright industry” (C3, CEO, L187) in South Africa, the context is inherently risky and tenuous, going on to say that “the development sector is intrinsically fragile: the communities we serve are fragile, and the funding sources we seek are subject to political sway, so intrinsic to the sector is fragility” (C3, CEO, L229-231).

Case 3 views itself as open to both collaboration and competition, when necessary. The general manager maintains that “no-one's ever worked out the best ways to respond and how to collaborate. Everyone's competing with each other in the business of Aids, but you don't get anywhere” (C3, General Manager [GM], L303-304). Nonetheless, the organisation argues that they try to collaborate broadly, and enter into non-exclusive partnerships, “because nobody really sees us as threatening” (C3, DP, L341). Others perceive the organisation as “small and niche but influential” (C3, ES, L22). Due to this, case 3 is included in multiple proposals and projects.

The leadership team, confident in this strategy, maintain that “nobody else does it. And we’ve got the IT backbone to support it” (C3, CEO, L151-152) and “we can work with everyone, they approach us because our offering brings a unique component in this sector” (C3, DP, L32-33). The CIO, a seasoned business professional describes the overall HIV-health industry as extremely competitive, contending that “it runs like a competitive business” (C3, CIO, L120).

Using this philosophy as a foundation, the CIO argues that business practices must be applied to create efficient operations. He adds that social enterprises also need to understand the organisational business model, and ask themselves “what is our justification for being in business, if we’re making a loss?” (C3, CIO, L155). Case 3, therefore, operates from the perspective of thinking through whether ways of operating would work if profit was a requirement for existence, because case 3 might “turn back into a business at some point” (C3, CIO, L168).

#### **8.04 HR as a measure of success**

Case 3’s HR policies assist the organisation to focus on “building the organisation, keeping people, retaining talent, keeping them stimulated, and paying them well” (C3, GM, L418-419), according to the general manager, who is a consultant turned manager. In addition, there is an emphasis placed on “identifying key people, key to reigniting the business arm/s should the rug be ripped out from underneath us, which happens occasionally” (C3, CIO, L319-320).

The CIO goes on to praise the founder-owners’ “business practice and the wisdom demonstrated in investing in people, as that grabs people by loyalty. But is important because there’s lots of competition for human resources in this sector” (C3, CIO, L416-418). The general manager also contends that case 3’s HR policies and processes are “entirely based on evidence, research, and tried and tested concepts” (C3, GM, L451). He shares his concerns that other organisations often appear to implement “theoretically untested concepts, that’s go to scale without even a real model” (C3, GM, L450-451).

##### **8.04.1 Learning, HR and culture practices**

Because both the founder-leaders have strong academic backgrounds and value the organisation’s link to academia, learning is viewed as both necessary and important in case 3. Leader 1, in particular, regards himself as both a social and an academic entrepreneur, maintaining “although I’m not an academic anymore, my background is in academia, my culture is academic and I’m very attracted to academia” (C3, CEO, L354-355). He preserves close links to the academic institutions he hails from and considers case 3 to be “an academically aligned organisation” (C3, CEO, L339). The director of programmes, also a

strong believer in academia as well as the learning organisation says, "I'm a scientist, not as academic as the CEO, but I keep my hand in there" (C3, DP, L33).

The case 3 leadership who are risk-taking and entrepreneurial are part of the head office with the CEO, where the culture assists entrepreneurial staff to "tap into the entrepreneurial energy" (C3, CEO, L364 ) and "run multiple businesses in addition to being at case 3, as long as they deliver, perform, contribute" (C3, CEO, L385 ). In addition, the CEO claims to enjoy "being around entrepreneurs, the energy, and throwing ideas around" (C3, CEO, L390-391). He encourages and fosters this, challenging staff to take risks, and "go out on their own to create their own money" (C3, CEO, L375).

Programmatic employees and implementing staff are primarily based in the Tshwane office under the director of programmes. This health programmes operations office is much bigger than the head office, with a larger staff group. It is, additionally, more structured and organised, with more of a "boots on the ground, rolling it out" (C3, CEO, L367) culture.

A "distinctive case 3 culture" (C3, CEO, L81) has been created and strengthened across the organisation as-a-whole, which ensures staff feel nurtured and supported. This is implemented primarily through the organisation's HR policies, procedures and practices, as well as through its learning activities and practices. The HR, together with finance and administration are run out of the head office. HR is, consequently, addressed in an entrepreneurial manner, like much else emerging out of the Cape Town office.

In addition, the case 3 leadership believe that it is important to have a strong HR process, as a foundation for the organisation. Furthermore, "hiring the right technical skills" (C3, DP, L211), "hiring into the system" (C3, GM, L469) and "valuing diversity in the people hired" (C3, CEO, L319). Thereafter, a formal induction is critical, as case 3 is a "values-driven organisation" (C3, CEO, L68) with a belief that the organisational "culture is a manifestation or expression of the values that are espoused by the organisation" (C3, CEO, L67). Case 3's values include respect for one another, excellence and transparency, "within a culture of being cared for" (C3, CEO, L69-70).

The CEO asserts that he finds it deplorable for a new staff member to join the organisation without being "given the policy to read through and a laptop that works, and that's fully laid out" (C3, CEO, L73-74). Additionally, there is a belief from the top that "it's not acceptable if you submit a claim that only gets paid at the end of the month. You get paid the next day" (C3, CEO, L74-75). In these ways, supported by the policies, staff feel valued and nurtured.

The financial director describes the culture of case 3 by sharing that "the personal relationship is of importance in as much as the work is" (C3, FD, L36). He describes how morale is enhanced, when the leadership "champion" (C3, FD, L197) the staff, and treat them

as “major resources” (C3, FD, L195). In addition, all the internal case 3 respondents talk about the “staff-focused policies” (C3, FD, L195), internal training and mentoring programme.

Many opportunities provided for external learning also boost morale. As the founder-leader describes:

we want to build our people so we put a lot of money into internal coaching, emotional quotient (EQ) testing, learning how to work in teams, assisting staff with their honours or masters degrees . . . a lot of internal training, even down to self-defense classes . . . And even defensive driving courses ‘cos they’re out on the road a lot, etc. . . . so, not just how to manage HIV . . . or how to apply business thinking (C3, CEO, L77-81).

Case 3 characteristically encourages employees to stay with the organisation while exploring their own business ideas and entrepreneurial start-ups. In addition, employees who have left to pursue new opportunities are able to return if the business does not work out, or if they wish to run the new start-up through case 3. A strong spirit of loyalty, high performance, innovation and independent thinking permeate the organisation. The leadership jest that “no one leaves, we can’t get rid of anyone! People even want to re-join” (C3, CEO, L84).

There are high levels of confidence in the organisation, with reciprocal levels of transparency, due to this “way of being” (C3, CIO, L513) in case 3. The financial director shares an example, to provide insight:

let’s say I come to your organisation to teach some of your staff budgeting for donor reporting, and I charge you R500 per hour. I can go to the CEO, tell him that I’m willing to pay R100 of that to case 3. He’ll agree, and we’ll sign an agreement (C3, FD, L242-244).

## **8.05 Governance and board practices**

Because case 3 is a private company, the organisation is not required to have a board, and legally, all the oversight and decision-making power rests with the two leaders. This makes for agile decision-making. “We have a board because every organisation has a board and that is a 70/30 split between the two of us: we are the owners and by definition the board” (C3, CEO, L486-487). The CEO goes on to explain that:

you have no choice when you’re an NPO, because it’s not vested in you as an individual . . . you need a broad representative board that helps with sustainability, but it’s different for us. We started this show, and we don’t want to be controlled by somebody else’s agenda (C3, CEO, L503-506).

In addition, the CEO describes feeling resistant to the pressure to establish a board, maintaining that, “we’re ethical and we run a transparent system of financing; we do profit work

and I take personal risk as well, every day” (C3, CEO, L483-484). He acknowledges, however, that were case 3 struggling to access work, contracts and grants, then the leadership would likely “put together a broadly representative board that would help us be more sustainable” (C3, CEO, L508).

He goes on to describe the four-level governance structure that has been put in place, as follows: “around us we have an EXCO, which is four people, and below them it’s less structured but there’s a senior management team, and then boots on the ground” (C3, CEO, L487-489). When the focus shifted to grant funded, non-profit work, the two leaders introduced an executive management team (EXCO). The EXCO provide a board-type strategic and oversight role. This structure allows case 3 to be nimble in decision-making and crisis management, as the organisation is able to change course quickly.

Consequently, despite not having a board, case 3 ensures that board-level concerns on transparency, accountability, risk versus control, oversight and strategy are uppermost in the minds of the leadership team and management tiers. The EXCO meets monthly to discuss these matters, and each of the six senior leaders steers a quarterly meeting with their full teams to ensure they are up-to-date and cognisant of all oversight and accountability concerns. This participative decision-making style is one of the many aspects that makes case 3 more like an NPO, despite being a privately-owned business.

The CIO maintains that issues such as case 3’s registration, structure and governance, are regularly considered. He further contends that:

really one’s got to think about what the benefits of having an associated NPO as part of our structure are, perhaps a shareholding and a common board or something like that. But what might the benefits of that structure be? (C3, CIO, L215-217).

He goes on to state that typically, “one of the primary reasons is access to donor funds” (C3, CIO, L218), but that case 3’s experience has been that those are “quite small and quite non-core” (C3, CIO, L219) reasons.

## **8.06 Strategic development practices**

Case 3 began as a strategic health research and evaluation consultancy. As such, it has sophisticated strategic thinking skills and practices. These are formally applied to case 3’s internal strategic development process. A formal process of strategic planning takes place annually, led by the executive leadership team and rolled out through the full organisation.

Diversification has been a key component of case 3’s income strategy since the organisation’s inception. Accepting donor funding has, therefore, been a natural part of case 3’s diversification agenda. The leadership extrapolate that this diversification agenda – a



“central part of our strategy, part of our sustainability” (C3, CEO, L145) – to even include “diversification in application” (C3, CEO, L146). The director of programmes agrees, maintaining that the organisation’s “strategies run across our three divisions, as they’re not really that separate: strategy, health programmes and strategic information” (C3, DP, L60-62).

Case 3 further posits that the organisational strategy provides both a justification for, and guides, the development of its structure. In addition, the leaders assert that the “acknowledged driving force behind our success has been our strategy, directed by a unique and substantial social mission” (C3, DP, L346-347). Case 3, additionally, believes in “continuing to justify our relevance” (C3, GM, L433), and “attempting to reinvent” (C3, DP, L182) itself if necessary.

Nonetheless, the predominant view is that ultimately case 3 should “close down if our products and services are found to be no longer relevant” (C3, DP, L180-181). The founder-leader echoes this, by demanding that case 3 ask themselves: “is our mission still relevant? And are we able to accomplish something of substance?” (C3, CEO, L425-426). This thinking informs the case 3 business model.

### **8.06.1      *The business-model practices***

The business model at case 3 is strictly evidence-based and originated out of the extensive research experience of the two initial leaders before starting the organisation. Case 3’s current business registration does not demand that any profit or excess donor funding be invested back into the organisation. Nonetheless, with case 3’s clear social mission, the two founder-owners ensure that any profit made is reinvested into the organisation in order to strengthen it. The owners do not “siphon off any dividends for personal gain” (C3, DP, L440), but invest all profit and excess income generated, into case 3. The two founder-owners also take all the risk. The finance director claims that “there’s no conflict with being a business that is owned, as opposed to an NPO” (C3, FD, L253-254).

Case 3 maintains two sets of accounts for its commercial, for-profit work and the donor-funded, non-profit work. The non-profit funding allows case 3 to extend the reach of the work they have always done – in laboratories and pharmacies, conducting monitoring and evaluation, research and strategy consulting. Whereas the private-sector, profit-making work “reduces the fear linked to working with donors” (C3, CEO, L518). In addition, the profit-generating work permits case 3 to prepare for the future, to take risks, and to sustain important work that may lose donor funding at some point.

Case 3 has accepted donor funding for many years, “almost since inception, because we registered mid-2006, and by late 2006 we got our first international grant” (C3, DP, L18-19). Case 3 has, therefore, always had a funding strategy. Diversifying income sources,

including donors, has consequently been an important historical component of case 3's strategy.

Over the years, the funding strategy has matured. Partly, this is because case 3 recognises that:

the alarm in the sector every October, on the refunding cycles – and the mass panic in the funded groups every time a new five-year plan is being thrashed out with the donors – means they just haven't done their job to be sustainable (C3, CEO, L533-535).

The case 3 leadership also believe that organisations need to remain relevant and competitive, as opposed to assuming they will receive “eternal funding” (C3, DP, L153). This assumption makes, he believes, other organisations “fat and lazy” (C3, CEO, L206). Case 3 argues that organisations need to be social mission-driven, but that once the mission has been accomplished, the “organisation needs to shut down, and we get to retire . . . that should be the goal” (C3, CEO, L297-298). Instead of “a never-ending desire to do everything” (C3, CEO, L599) extending the social mission whenever the environment shifts. The general manager asserts that a social enterprise should never move “out of one's theory of change . . . trying to be everything to everyone forever” (C3, GM, L250-251) as that “opportunistic and rent-seeking behaviour” (C3, CEO, L600) is “a sure path to mission-drift” (C3, GM, L252).

Case 3 not only applies this thinking internally, but the organisation has also developed a variety of products and contracting mechanisms that give it, as a leader explains, “the ability to withstand stormy weather in the funding environment” (C3, CIO, L76-77). The founder-leaders further maintain that an organisation's core strategy must involve “considering threats to their own survival, and how to mitigate against them” (C3, DP, L332) because if the “immediate reaction is to retrench staff, and close divisions” (C3, DP, L336), then the leadership really have not “kept their eyes open, and their ears to the ground” (C3, DP, L333) in developing the organisation's sustainability strategy.

“We live in exciting times . . . but you can't shut down each time there is a funding crisis, you have to expect it, plan for it” (C3, DP, L332-338). The CIO, however, counters that the business model may need to change to include “innovative ways of not making case 3 more people-heavy cos that's where the costs are” (C3, CIO, L66).

Despite growing in size and scope from a two-person strategic healthcare consultancy in 2006, to multiple technical teams implementing strategic healthcare projects in 2019, case 3 maintains that their purpose has remained “absolutely constant” (C3, GM, L123). For big international government grants, the organisation has historically always been the sub-awardee, going in with multiple partners, in order to increase their chances of success. A core part of case 3's business plan, therefore, is a diversified income strategy, within a business

strategy that is able to focus on profit-making. This is despite case 3's reduced focus on profit-making over the past five years and, largely due to the massive increase in the availability of donor-funded work.

Case 3 operates in a business-like manner, and the leadership pays attention to the following:

employing more people . . . from business or traditional management environments – because they have different performance expectations, they understand how to manage performance and output in a way that shows they know it matters . . . that low performance means a financial cost or loss (C3, CIO, L181-186).

Management at case 3 have a business-like expectation of high quality, excellence, performance, the delivery of tangible outputs, as well as the urgency of implementation. To create efficiency, case 3 also operates in “a reimbursive way, similar to a corporate environment, that encourages efficient spending” (C3, CIO, L199-200).

In addition, because case 3 is mission-driven and entrepreneurial, the leadership are certain that while they “may not be sustainable at their current size” (C3, CEO, L123), even if they “lost all (of their) funding” (C3, DP, L323), they would “just do something else in the sector, and still roll out programmes in a mission-driven way” (C3, CEO, L123-125). There is a strong argument that:

if, as a staff member, you're going to spend money on behalf of case 3, for example, you drive your own car to a meeting and claim when you're back . . . you must prove you went with a GPS log book, and first spend your own money, so you learn to spend as efficiently as possible, but we reimburse, quickly (C3, CEO, L196-202).

Case 3 has not detected a disadvantage in the commercial registration status, on their ability as a profit-making commercial entity to access donor funds. Neither has this commercial status influenced their dedicated focus on the social mission. Due to much of their income now sourced through international donors, there is a big emphasis on “establishing a retention plan that focuses on sustainability” (C3, CIO, L301).

Nevertheless, case 3 acknowledges that they could not continue running health programmes at the current scale, “without donor funding, even clearing out all the reserves” (C3, FD, L403). Consequently, “the survival of the organisation is the focus . . . building up reserves over time where possible” (C3, CIO, L303-304), by doing strategic consultancy projects on the side. Case 3, therefore, uses the donor-funded “programmatic platform as a springboard” (C3, CIO, L307) to other types of activities and income. Case 3 also acknowledges that “sustainability of organisations is at risk, if there are changes in government in the USA” (C3, DP, L161). As such, the leadership emphasises the building of strong relationships, and an investment in

innovation practices, as an essential part of the organisation's "preparation for when funding ends, or at least, reduces" (C3, SD3, L18).

## 8.07 Innovation practices

Innovation is a critical cog in case 3's operational machine. The organisation uses technology extensively, after first piloting a novel idea or concept. Technology is specifically used to extend access: to products, services, programmes, data and other implementation inputs. In addition, case 3 constantly innovates to improve quality in their existing offerings.

Innovation is viewed as a way of besting their competition and remaining "a step ahead of the curve" (C3, DP, L338) in a context that the case 3 leadership readily acknowledges, is frequently changing.

It would be naïve or arrogant to think we've got the package and we'll have that space indefinitely . . . we manage to keep the competition at bay by just upping the game every time . . . good marketing as well (C3, CEO, L156-164).

Furthermore, according to a senior leader, case 3 implements "process and business model innovations, all the time, to support our staff" (C3, CIO, L430-431). Innovation is also included in case 3's performance management processes. Case 3 has "in the past" (C3, DP, L206), and is open to, "restructuring to improve the innovative response" (C3, FD, L406). As an example, case 3 recently shifted the COO position into a new role of CIO, "as part of our response to drive the business development side, drive the systemic support to our staff so we can quantify our outcomes. Now that we have the data to show it" (C3, CEO, L239-241).

Case 3's innovations have largely arisen out of the desire to "repair inefficiencies" (C3, DP, L252) or "rebuild broken systems" (C3, CIO, L518). An example was when case 3 built an electronic system because "even the idea of paper-based data capturing is so inefficient" (C3, DP, L229). The organisation, therefore, "needed a system where you get real data on your smartphone or tablet, that you analyse and then in real time, you know what you need to do" (C3, DP, L230-231). Once case 3 is comfortable with an innovation, meaning the organisation has piloted it and rolled it out, it then looks at "refining it a little bit more and selling it on to outside entities" (C3, DP, L238). To do this even more effectively, case 3 developed an "innovation office lab" (C3, DP, L229).

To safeguard case 3's future in what it regards as a "highly competitive space, where partners are only interested in safeguarding their own futures, over even our future, and even when they're reliant on us" (C3, GM, L615-616), the leadership have developed an internal information division. Having focused for many years on their niche area of expertise, namely laboratory and pharmacy systems and strategy, case 3 has built the organisation into being the current leaders in "client-lab-interface (CLI) technology" (C3, CEO, L150) in the country.

But case 3 admits, other organisations and businesses are starting to include CLI in their broader portfolios of offerings. As such, the CEO maintains that more and more, case 3 finds they need to “protect our IP from those who want to steal our work” (C3, CEO, L556-557). Consequently, case 3 finds they “are continually having to innovate, and defend” (C3, CEO, L244) their CLI work, which is difficult, as “our approach is already so expansive” (C3, CIO, L118).

Because the donor environment is currently experienced as extremely rules-oriented, case 3 maintains that many organisations are frightened of stepping outside the donor boundaries and losing their future funding. Case 3, thus, believes that “there is a severe lack of innovation amongst the implementing partners” (C3, CEO, L557-558) because the rules generate “an environment that does not permit creativity” (C3, DP, L290).

In addition, the contractual “expectation that all IP is handed over limits an organisation’s desire, and ability, to innovate” (C3, CIO, L171-172), because all possible future income from the innovation is then lost to the donor. Moreover, the donor “can choose to share the IP with any other partner, or even generate their own income from it” (C3, CIO, L173). This complicates the matter of competition, which “should be more straightforward than that” (C3, GM L492). Moreover, the CIO contends that the actual innovations are only coming from the organisations “that are big and have reached a critical sense of scale” (C3, CIO, L426-427).

For case 3, the fiscal bottom line is strengthened by being innovative in the organisation's grant writing ability as well as developing an aptitude for writing specialised grants. In addition, case 3 attempts to “get something tangible out of the work, which we can later [emphasis added] sell” (C3, CIO, L309). Case 3, therefore, carefully plans their sellable innovation work, so that this concrete outcome only occurs after the grant period/s. This mechanism has become an important part of the organisation's sustainability plan. The case 3 leadership, consequently, view innovation as “having some kind of way to see the future. A way to work now, and to be able to adjust to something down the line” (C3, CEO, L237-238).

Furthermore, case 3 has a strong belief that innovation cannot occur without evaluation, with the general manager maintaining that “the whole field of evaluation's been overlooked” (C3, GM, L314). He goes on to say, that a range of evaluative questions still need to be asked:

I haven't seen any real evaluation of large international donor impact – of course it's had massive impact, but how has it had impact, where has it not had impact, what are the problems associated with that impact, what are the sustainability questions related to that? (C3, GM, L315-317).

## 8.08 Scale and change practices

Started as a small two-person consultancy business, and initially running out of the CEO's home, case 3 has over the years needed to acquire office space in Cape Town, where, after registering in 2006, later that year they started as “a consulting company that changed to a development-sector organisation” (C3, CEO, L450). Consequently, comfortable with change, the CEO describes how “the trajectory of the organisation has changed” (C3, CEO, L17) over the years. He goes on to clarify, “organisations can change and if organisations don't change, they die” (C3, CEO, L452-453).

The CEO, however, cautions that organisations “can't just reinvent the mission. When the mission's realised, we shut up shop, job done” (C3, CEO, L438-439). His second-in-command, the director of programmes agrees:

we changed the company name to reflect more what we do now, but it's still the same company at heart, though we've grown in size since then . . . our mission's the same, completely. It's probably why we grew and changed our name etc. (C3, DP, L23-27).

Donor funding pushed case 3 to become a bigger player than initially intended. “The donors pushed us more towards the social mission, not away from it” (C3, CIO, L467). This resulted in the organisation also opening up an office in Tshwane, near the national Department of Health government offices, very early on in the organisation's development. The majority of case 3's implementation projects take place from out of this office, and it has considerably extended the organisation's reach nationally. The director of programmes set up this more structured Tshwane office, and runs all the organisation's health implementation, CLI operations, or all the donor-funded work, from there, in a more thought-out and traditional manner.

The CEO remains in Cape Town and the Cape Town office operates as the strategic head of the business, with a more flexible structure and entrepreneurial character. The CEO explains the tonal differences between the centres:

I'm the entrepreneur and he's not. He's very hierarchical in his relationships, I don't even know how to spell hierarchy. I think I'm more innovative, he's more process oriented, which is fantastic for me because I never have to worry about the process side of things (C3, CEO, L311-314).

Case 3 is optimistic about the future and the organisation's intended impact, both in South Africa and continent-wide as “it feels like case 3 has the scale at this point, like we're going to last another good 5 to 10 years, at least” (C3, CIO, L250-251). Case 3's strategic intention to “maintain our uniqueness and maintain great relationships with all these other agencies” (C3, CEO, L49-50) assists the organisation in increasing impact within South Africa,

and then “driving that across parts of the continent as well” (C3, CEO, L51). This results in case 3’s social mission seeming “almost within reach” (C3, CEO, L52).

However, on the journey to mission achievement, case 3 holds that a critical business principle has been to “develop good partnerships and relationships with people” (C3, GM, L378). The general manager explains “you basically have to find out who you need to work with to be able to survive” (C3, GM, L380). He also lightheartedly describes the CEO as being “very strong at forcing relationships. He decides on a relationship and makes it happen” (C3, GM, L382-383).

The leadership maintain that the founders’ agility and tolerance for risk have also been subject to change over the years, with the financial director contending:

they had to change their thinking to say let’s have an impact. But what differentiates them? As much as they’re entrepreneurs, both from a health background . . . their entrepreneurship comes in with an ‘are we serving the community that we want to save?’ attitude, which works better, than ‘I want to save’ (C3, FD, L47-51).

The financial director is also an entrepreneur, who left case 3 to start a business. Once the business was operational, he returned to work at case 3. When asked how come he returned, he described feeling excited and energized by “the growth potential” (C3, FD, L18) of case 3. He goes on to assert that change is good, particularly when “change’s lessons can be taken on board” (C3, FD, L377). He adds that “change is a learning process or period for us” (C3, FD, L360). Furthermore, he argues that “for me, the growth is the change” (C3, FD, L357).

## **8.09 The practices necessary to build a social enterprise**

The practice of building relationships, based on trust and integrity, is universally held by the case 3 leadership to be the key ingredient to building a sustainable social business. The organisation views strong relationships as essential to reduce the risks inherent in an unstable funding environment. Despite the South African government not funding the HIV-health sector, case 3 works hard at building and maintaining relationships with key technocrats in the national and provincial departments of health, the schedule 3a public entities, such as the Independent Electoral Commission, and other relevant government departments, such as the Departments of Science and Innovation and the Department of Trade, Industry and Competition.

Additionally, case 3 works hard at their relationships with foreign government donor agencies that dominate the HIV donor environment in South and southern Africa. The leadership, however, describe high turnover in these foreign government agencies, consequently finding that individual relationships are difficult to sustain: “we have to constantly

maintain relationships internally and externally because we have such an unstable environment” (C3, CEO, L112-113).

Case 3 maintains that the greatest cause of instability in the context is due to a single donor country providing almost three-quarters of all available funding in the sector (C3, SD2, L54-58). The organisation, consequently, attempts to diversify its funding base, even in this single-donor arena in order to reduce these threats. According to leader 1:

one of the greatest instabilities is that 72% of HIV donor money, more than four out of five Rands, comes from one country . . . We are looking to a more diversified base of funding, even if it is all within that 72% (C3, CEO, L107-114).

Strong relationships in the sector support growth and sustainability. Case 3 has, consequently, according to the CEO, started to apply for “geographic diversity funding” (C3, CEO, L119) and to do this “through collaborations, to venture out of SA, through partnerships, as well” (C3, CEO, L116). These collaborations tend to be with other large HIV-oriented NPOs, social enterprises, government departments, as well as linked section 3a public entities and parastatals.

Case 3 believes in diversifying as a strategic principle, and the leadership acknowledges that “if we could find another big funder that could put this kind of money into us, we would do that too, but there just aren’t that many” (C3, CEO, L120-121). However, case 3 cautions that for social enterprises to become sustainable, they must work out their specific value-add, as opposed to being generalists, and trying to be “everything to everybody forever” (C3, GM, L252).

The leadership team suggest: “be(ing) very good at doing what you set out to achieve” (C3, GM, L306), “measure your impact” (C3, CEO, L254), and:

don’t grow too fast. Build your systems. Treat your staff well. If you’re a small organisation you can’t compete with the big players, create a niche. It’s no secret in this world . . . do what you’re good at! (C3, CEO, L247-250).

This, in contrast to competing with the big players, and spreading resources too thin by “chasing after the donor dollar” (C3, CEO, L298). Furthermore, case 3 recommends spending time growing the organisation, as they did, primarily by “working out what your value-add is, providing that, treating your staff well, measuring your impact” (C3, CEO, L253-254). The CEO concludes with his motto, “and don’t do bad things. Just do good things” (C3, CEO, L254).

## **8.10 Impact on the organising context**

Case 3 still perceives itself as a relatively small organisation. It consequently does not consider itself as a sizeable enough player to truly exploit institutional voids, although it is alleged to do so within the non-profit space. Case 3 is also frequently viewed as a large and dominant



organisation, albeit a specialist versus a generalist one: “they’re really big so now they are more influential, like when wealthy people get more free stuff. They play in the same leagues as the big boys” (C3, ES2, L23-25). The leaders of case 3 maintain that “intrinsic to our space is inefficiency, and it’s about managing that inefficiency and making sure you’re on the right side of that dotted line – which you shouldn’t stray over” (C3, CEO, L262-264). The organisation furthermore believes that while one should not deny that the sector has inefficiencies, that also “shouldn’t stop one trying to be innovative to improve these inefficiencies” (C3, CEO, L265).

In terms of influencing the donor environment, case 3 does not believe they have, or can have a level of influence that correlates to system-wide change. This is primarily because the leadership believe that donor decision-making power, and the resultant directives, typically rest in the donor’s country of origin. This results in the in-country officers typically having very little decision-making power, and with “all the instructions coming from DC” (C3, CEO, L283). The CEO aspires to “influence in other ways, but I’m not sure we’ve been that successful” (C3, CEO, L287).

Nevertheless, case 3 has “influenced the field in some ways, and we’re very happy about that” (C3, CEO, L285) by ensuring that the organisation’s niche strength, their CLI work, has become an integral component of overall work in the HIV-health field. Case 3 also perceives donors as “terribly irrational . . . and not really that interested in country by country nuances” (C3, CEO, L278-280). This is echoed by the director of programmes, who acknowledges, that while case 3 continues to work to demonstrably improve their own efficiencies, and can exert influence upon the local context, “but can we influence funding bodies? The answer should be yes; but isn’t” (C3, DP, L208).

That case 3 does not fear failure or closure is another important ingredient in both the organisation’s growth and its impact. The organisation is not afraid of being told to achieve more and happy to attempt to “achieve double targets with the same amount of money” (C3, CEO, L266). The leadership enjoy the challenge of being able to leverage or accrue other work and other funding.

Case 3 believe that everything learned by working in the donor-funded environment has strengthened their future positioning (C3, SD2, 28-35). The CEO reminisces: “I don’t fear failure or closure. I’ve had businesses that failed before. I’ve had three businesses in my life, from when I was 17: two were successful and one was not, and that’s OK” (C3, CEO, L287-289).

## 8.11 Conclusion

Case 3 is an innovative organisation that has developed expertise in a niche area in the HIV-health field, and leverages this to gain access to donor funding, as well as internal donor business. The organisation and their leadership teams are well-known and perceived as strategic players in the field. Case 3 is a highly credible organisation and employees manage to maintain relationships broadly across the sector, even with organisations, government actors and donor agencies that they consider “fierce competitors” (C3, GM, L53). Their agnosticism is, therefore, a strategic asset.

The leadership are agile and adaptable, while still able to conform to agreed structures and processes. Organisational structure is balanced through leadership personalities that offer different strengths and opportunities to the organisation. While personal mentorship is recommended as a critical success factor for the leadership of a social enterprise by the case 3 leadership, they also acknowledge that they often struggle to find mentors themselves, but that the “collegiality amongst the development sector” (C3, CEO, L400) which has grown and developed over time, has resulted in a “peer-ship that is in place, and that one can tap into” (C3, CEO, L402).

## **CHAPTER 9: Case 4: Creative culture social enterprise**

### **9.01 Introduction to case 4**

Case 4 grew out of case 2 in much the same way that case 2 began, as a department that ultimately became, as the founder and CEO of case 4 describes, “too big for case 2” (Case [C]4, Chief Executive Officer [CEO], Line [L]21), when it “outgrew them” (C4, CEO, L22). The founder-leader of case 2 then offered the head of the department a similar opportunity to the one he had been given. Case 2 also provided start-up funding, and start-up strategic and board support.

Although not common knowledge outside the two organisations, case 2 is still involved in supporting case 4 and does so by utilising their services, and not yet drawing down on their return on investment as a primary shareholder. In this way, money is kept in case 4, so as to facilitate the latter’s growth. The case 2 founder-leader maintains that the case 4 CEO has “done a lot of thinking around moving much stronger to the for-profit side, so even some of the stuff they were doing for free, they’ve decided to start charging” (C2, Founder-leader [F], L699-701).

The case 2 founder-leader recommended that case 4 be included in this research study, affirming it would be “a good sort of case study, of popping out from an organisation and then running this dual structure of the for-profit and the non-profit” (C2, F, L697-699). In addition, the CIO from case 3 also mentioned case 4 and the case 4 CEO, advising that the case 4 CEO would “love nothing more than to take case 4 to a purely profit model, and he can . . . because they do recruitment, they can actually track what their revenue would be, and cost the service they’re providing” (C3, Chief Intelligence Officer [CIO], L144-149).

Being an ex-case 4 employee, the case 3 CIO also shared the case 4 CEO’s struggles within the donor environment, particularly some years back when case 4 needed to retrench more than half of their staff group. He maintains, “I spoke to the CEO after, and he was like, ‘I’m never having a donor relationship again!’” (C3, CIO, L146-147). Case 4, similar in this instance to case 3, is also a smaller organisation.

Case 4 works within human resource and recruitment-oriented services within the HIV-health field. Also, relatively new or young at only 15 years old, case 4 nonetheless has a sophisticated culture-building orientation, resulting in a tangible, visible and congenial organisational atmosphere and ethos.

## 9.02 Lack of mission-drift and mission constancy

The case 4 mission, published on partner and alliance websites, innovation hubs and government sites, is as follows:

case 4 is a South African-based social profit organisation working to address the extreme inequities in access to healthcare through human resource solutions. The organisation's mission targets health access for the most indigent, partnering governments, civil society and the private sector to do so (C4, Strategy Document [SD]2, L2-5).

Case 4 defines itself as social profit because its work, while mostly donor-funded, delivers a profit measured in terms of improved healthcare and social indicators. The bulk of their services are donor funded and delivered free of charge, but they are also partially self-sustaining, through a professional locum placement service. They operate in a businesslike manner, focused on service delivery and effective marketing communications. "Africa's greatest obstacle in the public (and particularly rural) healthcare environment is a lack of qualified professionals" (C4, SD6, L3-15). Case 4, consequently, aims to fill these gaps.

Over the past 12 years, as the organisation has matured, case 4's purpose appears to have grown in scope and size. However, case 4 stands firm in maintaining that the organisation has not experienced any mission-drift or values change at all. Its original social mission arose from the desire to meet a critical gap, and "all that's happened is that what we do has extended to breach every aspect of that gap" (C4, CEO, L56). The CEO goes on to allege that:

basically, our mission is very clear: a shortage of doctors means poor health outcomes. Africa is short of doctors, South African rural areas too . . . nobody was trying to address it in any kind of systematic way . . . from there, it's grown from recruiting – initially foreign, qualified – healthcare providers, to placing them, and now also, supporting and retaining them (C4, CEO, L12-17).

Case 4's social mission is at the centre of this hybrid enterprise's business model, as the mission is to "support and enhance healthcare systems in Africa, by finding, placing and retaining healthcare workers in rural and underserved areas" (C4, SD1, L1-2). Case 4, furthermore, "works to fill the healthcare gap in Africa" (C4, SD1, L4), and also "advocates for health professions to be seen as truly viable and exciting career options" (C4, SD1, L4-5).

There are several taglines, with the most formal proclaiming, "that's why we're on a mission to place and support doctors who want to serve in resource-poor environments while simultaneously growing personally and professionally" (C4, SD1, L6-8) whereas a social media tagline offers "global experiences for qualified doctors" (C4, SD6, L3). The 2018 annual

report states: “we envision a world in which the skills of doctors are available to those who need them most” (C4, SD1, L15-16).

For case 4, 2017 was a difficult year as the organisation's revenue declined despite the fact that they had “developed a strong customer-acquisition strategy” (C4, Leader [L]2, L11-12) which involved learning “how to work with government and regulatory bodies” (C4, L1, L13). This decline in uptake of their service by an established client base serves as a push factor for case 4 to rethink their organisational strategy. Case 4, therefore, completed a detailed research process to understand the underlying causes of this decline, and how to, as the leadership maintains, “fix our business model” (C4, L1, L15).

Through this process, the organisation realised that they were not quite meeting all of their customers' and their beneficiaries' needs consistently. Consequently, even though, as the founder-leader asserts, “the core of our work, the thing we've always been known for is placements” (C34, CEO, L32-33), case 4 found they had to make a fundamental change in their business strategy and practices, because “our revenue was in decline and our service wasn't quite what we realised our customers wanted” (C4, CEO, L38).

Furthermore, the healthcare providers were not all seeing their contracts through. Hospital managers sometimes felt that case 4 had abandoned them with healthcare providers that were “actually only partially skilled resources” (C4, ES2, L90); and the healthcare providers themselves felt lonely and disconnected from their home contexts. Case 4, therefore, adjusted its service offering to better meet these nuanced needs.

Case 4's service offering accordingly now includes a formal support and training programme for the healthcare providers that the organisation places. The CEO describes the services offered:

doctors really want these placements, hospitals really need these doctors, we know how to get doctors into hospitals, get them through government and the Health Professionals Council (HPCSA), and we know how to convince doctors to leave their homes wherever in the world to do so (C4, CEO, L34-37).

The training programme, described by the leadership team, involves three tracks: the “clinical track where they become clinically competent to serve in these environments” (C4, L1, L18-19); “a health systems strengthening track where they're given the tools to fix the problems that we know they're going to see in hospitals – from quality improvement to management to culture problems” (C4, L2, L20-21); and “the third track is lifestyle and networking: giving them the support they need to be resilient in the difficult conditions they're going to be working in” (C4, L2, L22-23).

At the conclusion of the programme, the healthcare providers receive a training certificate of completion, a transcript of all their clinical, systems and lifestyle-networking knowledge, as well as a job reference. This makes case 4's service more attractive to

healthcare providers, who now not only receive formal training, but also formal work experience. In addition, the healthcare providers now receive better support to do the work (C4, SD2, L51-75). This, furthermore, also results in the hospitals “getting better-prepared doctors and, therefore, better support” (C4, CEO, L51).

At its initiation, case 4 was registered as a commercial entity as well as an NPO, so that the organisation would easily be able to accept donor funding. It thus considers itself a hybrid social enterprise and is attempting to become more of a profit-making entity, although it has actually only recently begun to make a profit. Despite this, case 4 has managed to sustain its projects and staff, primarily through extensive activity growth in the donor-funded environment.

As case 4’s service offering has broadened, so too, its revenue has grown, with the CEO maintaining that the board often claims that:

now doctors actually pay for this service we’re providing. So, with the volume of doctors we expect to bring in, we should have half our revenue covered by doctors and half covered by donors this year, and if we get to the right volume, we can actually be a very profitable business (C4, CEO, L53-56).

### **9.03 The contextual push factors**

Case 4 attributes part of its success as a social enterprise to luck and timing, and specifically being in the right place at the right time, as well as having access to the correct network. As the founder-leader confesses, “it’s an admission: I don’t know whether it was really me that did this, that there wasn’t a degree of luck involved, I don’t know that it can be replicated” (C4, CEO, L288-290).

However, case 4 has had a single-minded focus on articulating their overarching organisational strategy, aligned to their social purpose, as a first step. The CEO contends that:

if you’ve got a clear strategy and a clearly articulated culture, then at least your end goal isn’t the money. Your end goal is living your culture in the world in a way that’s to the benefit of the people you serve . . . translating into a strategy where you’ve got clearly articulated goals that make an impact on health outcomes (C4,CEO, L335 -339).

Thereafter, case 4 has emphasised developing and codifying their internal culture into specific, measurable behaviours, as a critical second step. Finally, case 4 focuses on evolving certain daily management, team and individual organisational practices, directly translated from the codified culture, as a third step in their development process (C4, SD2, L88-104). This has facilitated the organisation’s consistent progress, as the leadership team assert,

making it “easier to work hard, and stay along a single path” (C4, L1, L24). These factors are regarded, across case 4, as critical to the organisation being able to achieve ‘success’.

Case 4 is frequently perceived by others as a small and niche company, although with an acknowledged strategic leader. The case 3 General Manager maintains that the case 4 CEO is “strong, and very strategic, with a kind of commitment of leadership” (C3, General Manager [GM], L401). The organisation argues that they are open to both collaboration and competition but, particularly in the HIV-health field, they primarily collaborate. This is because, much like case 3’s CLI function, the organisation’s placement, training and support functions are typically viewed as a complementary add-on.

Case 4’s collaboration efforts have, furthermore, resulted in the creation of a platform that the organisation claims should ultimately facilitate linkages between social enterprises, NPOs, social businesses and its own network of healthcare providers (C4, SD3, L112-120). However, the organisation does compete where necessary, specifically as an agency in the commercial HR and placement sector. The CEO explains:

for now, we offer case 2’s clinical short courses, we pay for local conference registration, we use case 7’s services to run quality improvement training support and evaluation. Soon other organisations will be able to make their offerings available, as long as they offer support to healthcare providers to deliver care to the underserved (C4, CEO, L179-183).

The case 4 CEO, like the case 2 founder-leader is critical of large international donor agencies that appear to be controlled by politicians and technocrats with no, or limited, understanding of the particular context they are funding. However, case 4’s leadership questions the projected dissonance by NPOs, that are entirely funded by the same single international donor agency. A case 4 leader argues that, “bitching behind closed doors about the policies they have to follow but going ahead and taking the funding regardless. It’s the donor’s money, they should be able to say how it gets used” (C4, L2, L29-31). The CEO agrees, contending that if “it’s your money you get to dictate. The lesson is for us! You don’t want to take their money with their conditions? Get your own damn money” (C4, CEO, L427-428).

Additionally, case 4 is critical of the NPOs in the HIV-healthcare environment that have a fear of money, and consequently cannot conceive of both doing good and making money. The founder-leader, board and management team all strongly believe that as long as the organisation’s end goal is “not just about making money” (C4, L1, L32), and there is a clear strategy and an articulated culture, then the beneficiaries remain the focal point. In addition, making “an impact on health outcomes” (C4, L1, L32) remains the “nucleus around which profit is generated” (C4, L2, L34).

The leadership also maintain that “one of the ingredients that leads to impact, amongst others, is the financial piece” (C4, CEO, L343-344). But that it is not enough “if you’re just not scared of money, but you don’t have a clear strategy about how you’re impacting healthcare and you don’t have a culture that defines how you behave on that path” (C4, CEO, L344-346). Consequently, case 4 suggests that both an entrepreneurial orientation as well as a strategy and culture that is actively entrepreneurial is required.

The CEO's personal philosophy on capitalism and profit has influenced case 4's success as a social business. When the founder-leader left the banks he had worked for in London, and came back to South Africa, he went into the NPO sector specifically because he thought he could do one of two things: “I could either make myself rich or I could make other people wealthy, and I kind of railed against capitalism” (C4, CEO, L330-331).

He was, however, deeply disappointed in the NPO space, as he realised it was a rallying point to the capitalist system, driven by money, and that if he was to:

make something happen within that system, then I had to accept that one of the ingredients to making stuff happen is money – it's just one of the ingredients. The system will make you think it's the only thing but it's not, you need people, technology, information, you need all these things to come together (C4, CEO, L333 - 337).

#### **9.04 HR as a measure of success**

For the past 15 years, case 4 has worked in the human resource and health space to bring equipped healthcare providers into the healthcare system, in order to reduce the burden that HIV has placed on the health system, and ultimately to strengthen it. After going through a formal strategic process to make their own organisational culture visible and measurable, the leadership “realised the same could be done in hospitals” (C4, CEO, L28).

Case 4, therefore, began to do the same culture-building work they had done for themselves internally, but now offered it externally to big health facilities, as a tangible, paid-for service. In doing so, according to a government representative, case 4 could “be credited with building a patient-centric culture offering. Hospital by hospital” (C4, External Stakeholder [ES]1, L59-60).

Case 4 has done extensive, clearly thought-out work on their internal culture. This is because the CEO and board of directors did not want to just talk about their mission, and the values and mindset of the organisation, “and have it end there” (C4, L2, L36). They wanted, instead, to go further and “really live our mission and values” (C4, L2, L37). The organisation underwent a “long, hard journeying” (C4, L1, L38) process of articulating their mission, purpose, values, mindset and culture into five visible and measurable behaviours.



Case 4 undertook this “arduous expedition” (C4, L2, L40) in order to make the covert and invisible much more palpable. Every employee within case 4 understands that these five behaviours are the ones the organisation wants to see expressed in every interaction with both internal and external stakeholders. An employee explains, “you can hold each other accountable. There’s no questioning each other about ‘why you did it that way’, and ‘why you angered me in this way’” (C4, Employee [E], L7-9).

The five behaviours are expressed as centering around each staff member, perceived of as part of the organisational system as-a-whole. Each individual part of the organisation, therefore, takes responsibility to plan, communicate and deliver according to case 4’s objectives. In addition, to be genuinely open to giving and sharing feedback. And, lastly, to work at strengthening relationships both within and external to case 4 (C4, SD3, L4-28).

#### **9.04.1 Learning, HR and culture practices**

Despite being a self-acknowledged academic and “nerd” (C4, CEO, L93) who emphasises the importance of learning in the organisation and in the field, the CEO and case 4 as an organisation present as both practice-oriented and practice-based respectively. The majority of the board and all of the leadership and management team are experienced practitioners, whether commercial, social, medical or educational. The CEO asserts:

I like learning, so setting up new structures, offering new services, finding new ways to get the team to converge in a culture, finding a strategy that’s financially self-sustainable and more impactful on the world, opening up offices in new countries – these things sustain me (C4, CEO, L109-112).

The five behaviours represent, as the leadership frame it, “the case 4 culture codified” (C4, L1, L39). Each behaviour has sets of questions and cheat sheets. Additionally, the behaviours are visible in various ways around the office, such as through art and posters that represent the behaviour, and even home-made desk signs that state a behaviour explicitly.

Moreover, the ways of measuring each behaviour are documented into each employee’s job description, role profile, employment contract, performance agreement and performance plan. Case 4, in addition, recruits against the five behaviours. Performance reviews are based on how each employee has lived the five behaviours and are scored in that manner.

As staff buy-in to the five behaviours, they are recognised through a formal, internal “recognition programme celebrating who’s lived which of the five behaviours in a given month” (C4, CEO, L236). The staff are also financially compensated and personally developed within the five key behaviour areas, plus case 4 offers “learning and development opportunities

focused on developing the staff and the board members to better live those five behaviours within their particular roles” (C4, CEO, L238-239).

These five behaviours, consequently, represent case 4’s “codifying of our mission, the impact we intend to create, our values that drive us, and our culture that sustains us” (C4, L2, L40-41). The behaviours have been clearly and obviously inculcated into the organisation, with every employee, leader, and board member interviewed giving the same, or very similar, responses, which have been précised below:

#### **9.04.2 “I Connect”**

This behaviour means that one listens without interrupting and asks questions only to clarify. In addition, this behaviour means listening to the other’s emotions and the emotional context underlying the conversation, and not only to other’s rational communication.

#### **9.04.3 “I Plan”**

This behaviour includes making sure one has obtained the evidence, based on up-to-date research to know, and back up, where one is going; and setting clear objectives from the start. This behaviour includes defining the who, what, when, where and how of one's plan. In addition, it incorporates scenarios plans in order to be able to adapt to unforeseen circumstances.

A further example of the commonalities in “I Plan” behaviour, as expressed throughout the organisation, is that the CEO in his strategic role is thinking five years ahead, the administrator planning travel is thinking one month ahead, the receptionist booking meetings is thinking one week ahead. However, according to the board, “the behaviour is the same” (C4, CEO, L229).

#### **9.04.4 “I Keep You Informed”**

This behaviour involves each individual within case 4 making sure that others, both within the organisation, and outside it, understand the organisation's plan/s. This behaviour, therefore, includes keeping internal and external stakeholders up to date through the appropriate channels. It, furthermore, demonstrates values of transparency and accountability.

#### **9.04.5 “I Deliver”**

This behaviour, according to case 4 employees, “means doing what you said you were going to do, when you were going to do it” (C4, E1, L12-13); “it means being accountable for what you said you would do” (C4, L2, L41-42); and “it’s about taking responsibility for your part in

the whole” (C4, L1, L44). This behaviour represents values around integrity, performance, accountability, responsibility, and impact.

#### **9.04.6 “I Lead for Growth”**

This behaviour comprises each individual in the organisation taking responsibility for continually growing and learning in their role. The behaviour includes both seeking and giving feedback. Practically, it is also about identifying the relevant research, evaluating the evidence, and then sharing the facts. The behaviour, therefore, ensures that learning is a two-way process, by communicating what one has learnt. Additionally, employees are encouraged to share insights from their own personal learning, unrelated to the work of case 4.

An example was when a staff member sharing about a school-feeding project she'd become involved in through her church, that excited her, and that ultimately resulted in a handful of other staff members from case 4 supporting its rollout. The support was provided through donating money, purchasing food for the scheme, preparing the food on behalf of the church and volunteering in the feeding scheme on the weekends (C4, L2, L47-51).

Another example was when an employee shared details about the book he was reading, and his bucket list of books he hoped to read and that he was looking for a forum within which to discuss the books. This resulted in a monthly book club at case 4, where a cross-section of staff members would meet the last Friday afternoon-evening of the month and discuss common books (C4, L1, L52-56).

Case 4 employees utilise these five behaviours internally to encourage each other, and externally to ensure transparency and accountability. The case 4 culture is reinforced by videos of the work case 4 does playing in the reception and in common spaces, such as the staff tearoom, depicting case 4's “mission in action” (C4, L). In addition, employees wear T-shirts that express the five behaviours. All offices have clear windows as walls or are open plan. In this way, every employee, from the CEO to the secretary and the recruitment manager, are held accountable for living these behaviours.

Case 4 also maintains that these behaviours are the daily management practices and processes necessary to sustain the organisational culture. The organisation has therefore, as the CEO frames it, “embedded culture in all our talent management and we have integrated talent management through our culture” (C4, CEO, L231-232). The behaviours are embedded in all of case 4's systems and are, in turn, reinforced daily through the same systems. This makes it “very difficult for someone coming in to do anything but those things” (C4, L1, L58-59).

New staff are oriented into the culture of the organisation formally. However, when a new staff member does not conform to the behavioural norms described above, they receive

feedback from their peers. In addition, they receive ongoing feedback “from their one-on-one managers, their quarterly performance reviews, the recognition system, and from their colleagues in every interaction” (C4, CEO, L243). Typically, those who do not live the organisational behaviours leave the organisation fairly quickly as the system reinforces itself.

One of the leaders, jokingly calls it “the nicest fit in or fuck off context” (C4, L1, L54). As such, employees who do not live the five behaviours are given constant feedback that they do not fit, such as: “hey, you didn’t deliver what you said you were going to deliver” (C4, CEO, L244); “you’re interrupting when I’m talking to you – that’s not ‘I Connect’” (C4, L2, L60); “I see you’ve got an idea here, but there’s no plan, I don’t know what I’m supposed to do if you don’t have a plan” (C4, CEO, L245-246).

Case 4 only hires onto the management team from within the organisation, because, as the CEO states, “they’re all people I’ve grown through the organisation, so we build expertise by building institutional knowledge internally in a very unique environment” (C4, CEO, L139-141). This reflects the focus in case 4, on building expertise internally, as well as on retaining, and rewarding expertise. These “top people” (C4, CEO, L141) have wholeheartedly bought-in case 4’s identity and culture.

The CEO maintains that this is important because, “while the strategy tells you where you’re trying to get to, the culture tells you how you behave along the path to getting there” (C4, CEO, L193-194). He goes on to emphasise, that “when you want a group of people to be able to work together, you want them to all do things in the same way, because then you’re going to be more effective in reaching your end goal” (C4, CEO, L195-196).

The anecdotes described above, were identified by the CEO (L216-258), the leadership (L139; 145-147), and the employees (C4, E1, L7-13), as compelling evidence of the integration of the five behaviours with their corresponding values in the life of the organisation. In addition, because case 4 documented both their process and their learnings, as well as the actual codified behaviours, additional detail was found contained within strategy documents 4 and 5. The CEO explains further how come case 4 went down this route:

the problem with mission and values and even mindset is they’re all latent things, you cannot take a photograph of mindset, you cannot take a video of values, and when you think you’re taking a video of values and give examples, you’re actually describing the articulation of values as behaviours (C4, CEO, L204-207)

And according to another leader, what case 4 has done is take their “purpose, values, mindset – latent things – and articulated them as five visible, measurable behaviours, that we want to see expressed, we want to see them lived” (C4, L, L140-144). This is echoed by an employee who maintains, “they want to see everyone express those same behaviours in every interaction, it’s what we all want” (C4, E, L18-20).

## 9.05 Governance and board practices

Case 4 has an active, functioning board, composed primarily of businesspeople, as well as skilled governance, training, legal and finance professionals. In addition, two representatives from case 2, namely the founder-leader and the financial director, sit on the case 4 board. The case 2 founder-leader, additionally, provides ongoing mentoring to the case 4 founder-leader, and their common philosophy comes through strongly in their interviews, as well as interviews with their respective staff and board members (C4, Memo [M]4, L12-29).

Much like the rest of the organisation, the board is run in a business-like manner, although the board members have only recently begun to receive reimbursement pay. The level of this reimbursement is not yet comparable with what cases 1 and 2 pay their board members. Case 4 works hard to attract and retain the correct skill set on the board – proficient practitioners able to provide strategic input and oversight to both the commercial and non-profit entities.

Case 4 provides training and development for the board. Some of this training orients the board to the culture of the organisation. In addition, the board participated actively and equally with the staff in developing the five organisational behaviours, representing the translation of the organisation's mission, values and culture into measurable practices (C4, SD5, L22-45). The board members typically like being involved, much as the CEO likes "running a mission-driven organisation, even though there is no real profit yet" (C4, CEO, L101-102). The CEO goes on to say that he hopes case 4 will make some money soon, but "just as an ingredient that's needed for us to deliver our work" (C4, CEO, L103).

This is echoed by other leaders and employees, who contend that, "I think we'll start making a profit soon, I really hope so, so that it filters down at some point" (C4, L1, L71-72); and that it is the "incentives and shares and so on. So that's one of the reasons everyone works hard, buys-in and so on. Because this is innovative. We all want in" (C4, E1, L15-17).

## 9.06 Strategic development practices

A formal long-term strategy process occurs every five years, a mid-term strategic planning process occurs annually. Both processes are fully inclusive, coordinated by the board of directors, but with all staff participating actively. A key component of case 4's strategy is maintaining the organisational culture.

Another important strategic concern is diversification. Be it diversification of income, strategic partnerships, beneficiary groups and levels, and customer groups and levels. Occasionally the beneficiary and customer groups overlap. Typically, however, the customers support the beneficiaries in an integrated business model.

In addition, case 4 includes trainings for employees within the fabric of the organisation, as well as for the doctors that have been placed. The organisational strategy also includes the daily management practices, which according to the board, “keeps people on the same path towards the end-goal strategy, in alignment with the agreed culture” (C4, CEO, L200-201). This is because even though an organisation:

may very well have a culture of how you behave, may very well have an endpoint you're working towards, but there are always a lot of different paths you can take to get to the end goal, even in line with your culture (C4, CEO, L197-200).

Despite the founder-leader's lack of experience in social enterprise development, he is a skilled strategist, who intuitively knows when he needs to bring in independent consultants to run a strategic process with the organisation, as opposed to facilitating the process himself or getting a board member to do so. When the culture was codified in 2017, external consultants were assisted so that the case 4 staff could “feel heard and not marginalised by a pre-determined endpoint set by the leadership” (C4, CEO, L257-258).

This external strategy consultancy had done similar work in multiple industries around the world, had extensive organisational culture-building expertise, as well as applied organisational design theory knowledge. As such, due to the re-emergence of the contextual factors, the strategic practitioner group at this point in the organisation's development also included these external consultants.

### **9.06.1      *The business model practices***

Case 4's business model is evidence-based, and although the CEO is not a medical doctor, he is an experienced businessman and academic who values learning and research. Furthermore, despite a commercial registration, case 4 also has a non-profit company registration, and has always operated as a hybrid social enterprise. The organisation places its social, educational and health mission at the centre of its business model, with a profit-making formula that has case 4 itself, its employees and case 2 as shareholders.

The majority of any profit generated will, therefore, be “ploughed back” (C4, L1, L68) into case 4, and also utilised in case 2, as returns on an investment. There is, furthermore, a shareholding compact so some of the shares in the for-profit are held by the non-profit; some are held by staff; and the majority are “actually held by case 2, as they invested in building our programmes by giving us the money we needed in the for-profit” (C4, L1, L70-71).

Case 4 has a co-operative feel to it, as some employees are also shareholders. The extent of employee shareholding is limited by the circumstance that requires case 4 to pay back their primary shareholder – being case 2 – for the investment in its early years. The co-operative feel is also linked to the particular organisational culture that permeates through

every interaction, as well as the performance objectives maintained within the broader HR strategy.

For the first four years of case 4's operations, the organisation was almost entirely donor-funded. In 2012, case 4 reignited their hybrid structure with the intention of generating revenue from recruitment. Unfortunately, the state has yet to financially support case 4, as either a customer or a sponsor, even though the organisation's services directly bolster the state health system. As such, the CEO bemoans the fact that "profit's been negligible in the Pty [for-profit], and all our funding has come through donors in the non-profit company [NPC]" (C4, CEO, L85-86).

From 2018, case 4 has had an increasing, and sustainable revenue stream into the for-profit side of the business. Case 4, therefore, has a formal funding strategy that emphasises diversifying sources of income. This fits with case 4's overall strategy for generating income, at different levels and in different ways, from the public and private sectors, in South Africa and more broadly through Africa.

Acknowledging that entrepreneurial enterprises typically do not last longer than five years in South Africa, case 4 is optimistic of its chances, having already "survived for almost 15 years, making us already more than three times the average length of survival for an SA company" (C4, CEO, L354-356). However, the case 4 leadership are also pragmatic, and appreciate that sometimes, even though an organisation does all they can, adjusts the business model, and reinvents itself, "that's the way things go, sometimes" (C4, CEO, L360).

Case 4 goes on to describe how, a few years ago, there was a 60% chance that they would have to close down. However they had mobilised the full organisation, worked hard and "came through as a team" (C4, CEO, L357) as they "had a good strategy, relied on the culture and code built, pivoted the revenue and the service model" (C4, CEO, L358-359) and, in the end, came out appreciably stronger for it.

## **9.07 Innovation practices**

Innovation is a critical component of the DNA of case 4. The organisation focuses on an agile, innovative, technology-oriented and people-centred culture – with codified behaviours a meaningful innovation itself. Case 4 partners with all the other organisations interviewed, as well as the three that did not form part of this study, at different times and in different ways, in order to achieve their social mission. The CEO shares how this collaboration is "very much an entrepreneurial role, to conceptualise an idea, build a team to deliver on it, and scale it" (C4, CEO, L303-304).

Case 4 is future-focused and has a five-year plan that specifies how they will place a sufficient volume of healthcare providers in various healthcare systems across southern

Africa, in order to generate a profit, which is allocated to specific cost centres in advance (C4, SD6, L15-22). This gives the organisation of a sense early on what, in the foregoing strategy, can and can't be funded. Additionally, case 4 hopes to facilitate the formation of "a community of practice" (C4, CEO, L124-125) for global health in under-served communities "that allows healthcare workers to share experiences, skills and knowledge and learn from each other" (C4, CEO, L126).

A further systems innovation, similar to many of the other cases but seemingly absent in the NPO sector beyond HIV-healthcare, is the manner in which case 4 manages to bridge the profit and non-profit worlds, as well as enlist commercially experienced and socially knowledgeable board members and employees. Through the learning organisation that has been established, the CEO anticipates that he and his employees will take the lessons learned in case 4 into other work contexts to "be able to do better . . . and make a bigger impact" (C4, CEO, L306-311). There is also an expectation that case 4 "learn from some of our mistakes, especially those that have slowed things down here" (C4, CEO, L308-309).

## **9.08 Scale and change practices**

Case 4 has grown rapidly over the years. Initiated 15 years ago with just the founder-leader, case 4 currently has a staff group of 85 straddling the non-profit and commercial entities. The leadership have discovered that to be a successful social enterprise means being able to generate sufficient income to sustain case 4's way of doing things. Success, furthermore, means the ability to scale these successes.

As such, the leadership maintain that case 4 needs to have "three pieces in place: a clear strategy with easy-to-measure objectives and targets; a codified culture, deliberately created, which the staff buy into and follow; and a range of daily systems and practices" (C4, CEO, L324-328). The CEO cautions, however, that one mustn't attempt sustainability, just for sustainability's sake. The organisation needs to understand what kind of sustainability, operational or financial, for example, they wish to create.

Case 4 typically begins with a small cohort to test a new idea, then the staff team builds it, "gets it right, gets it working well, and then we can approach scale" (C4, CEO, L170). Consequently, to maintain their current offerings, and to continue to grow and develop to meet new needs, case 4 persists in the following:

designing products and services that make the case that invariably, the health system, ravished by HIV, is going to need healthcare providers, and it's going to need them coming from outside, who in turn, need to be supported to be effective inside (C4, CEO, L131-133).



Case 4 is optimistic about the future, and their role within a National Health Insurance (NHI) in South Africa. At the same time, the organisation is not too concerned to align to the NHI, maintaining that “whatever form the NHI takes, if it’s social health insurance, or even if it’s the status quo – it doesn’t matter. The NHI is going to need healthcare workers [HCWs] to deliver all its needs” (C4, CEO, L128-130).

### **9.09 The practices necessary to build a social enterprise**

The case 4 leadership maintain that there are only a set number of practices necessary to build and maintain a social enterprise. The first is being “very clear on the mission we’re trying to achieve” (C4, CEO, L104). The second is ensuring a collectively built, overarching strategy that contains “very measurable targets on the path to achieving our mission that we can focus on, and measure ourselves against as objectively as a financial measure in a commercial company” (C4, CEO, L105-106).

Case 4, thirdly, argues for codifying the organisational mission, values and mindset into a defined culture, supported by clearly defined and understood behaviours and practices that can be measured. This ensures that “the end point, the purpose, the reason for which we exist isn’t something as meaningless as the Rands in the bank account” (C4, CEO, L107-108).

### **9.10 Impact on the organising context**

Case 4 acknowledges there is no certainty that they will succeed in meeting their social mission as “in any kind of social enterprise space, there are situations where you just cannot generate your own revenue, and the services still need to be delivered because government’s just not doing it” (C4, CEO, L373-375). In these circumstances, where an organisation cannot transition to a different business model, and the service is critical and needs to be offered, case 4 concedes that they would need to rely entirely on donor funding. Under these circumstances, the organising context “just will not permit the NPO to become a social enterprise” (C4, L2, L77).

There are other situations, however, where case 4 believes “it’s not the organisation’s fault, sometimes it’s just government who’s lazy; should’ve been paying for things . . . they just refused to” (C4, CEO, L378-382). In other circumstances, however, case 4 maintains that NPOs have critical and “specialist skills that government probably doesn’t have, and there’s an independence in not taking government funding, that allows these organisations to do things government couldn’t do” (C4, CEO, L380-382).

However, this is usually where donor funding, especially from foreign governments, is available. For the case 4 leadership, this has raised concerns regarding the organisation’s autonomy from the policies of the foreign government, tied to their funding. This creates a

“ridiculous environment” (C4, CEO, L383) of contesting or work around values and policies in the delivery of a service or the implementation of a funded deliverable. Case 4 laments the double-edged consequences of foreign aid: “particularly in the NPO healthcare space, that funding has been both beneficial and highly destructive, because it will leave, and when it does, there’s going to be a reckoning” (C4, CEO, L384-386).

Case 4 also maintains that the foreign funding pumped into the HIV-healthcare industry in South Africa “is not a market” (C4, CEO, L421), and that this artificial context leads to a “fake environment” (C4, L1, L78). When the funding recedes “salaries are going to come down, security will come down, the scale of operations will come down, even status. It’s created a bloatedness that exists in all NPOs” (C4, CEO, L387-389).

The CEO of case 4 is concerned about the mindset he has seen in “even the best NGOs” (C4, CEO, L389) who have “a psychological problem, with a distorted relationship to money” (C4, CEO, L391). They are required to “spend everything they’ve been given” (C4, CEO, L392) when delivering a service “versus when you have to be efficient with what you’ve got” (C4, CEO, L393). This has resulted, in the case 4 CEO’s conclusion that spending patterns in the NPO healthcare space is “literally opposite to the efficiencies of the business world” (C4, CEO, L394). The founder-leader CEO goes on to describe that these inefficiencies reflect:

not just in how you plan and deliver activities, it goes to how you lead, what decisions you make, how you structure your organisation, how you have conversations with each other, it comes down to how you dress, how you congratulate each other on what success actually looks like (C4, CEO, L395-398).

Case 4 believes that “overfunded” (C4, SD1, L31) NPOs will result in “a delay in enterprising the NPOs who are not already overfunded” (C4, SD1, L32). Case 4 questions the coherence of grants rules that typically fund an organisation if it can show it is sustainable post-funding but will not permit funding to be used to build revenue-generating programmes. This is an inherent contradiction. Consequently, although the organisation believes that “they [donors] can do whatever they want” (C4, CEO, L422), and “it’s their money” (C4, CEO, L422), the leadership also believe that this is:

not a market, as a market is where somebody needs something and they find a way to pay for it, but if they can’t afford it then you find a way to give it to them in a different form” (C4, CEO, L423-424).

Case 4 goes on to maintain that were they “to look for a recipe, it would be the companies in the world that have got it right, because NGO, NPO, NPC, CC or Pty, it doesn’t matter” (C4, CEO, L145-147). The case 4 leadership argue that what matters is consistency and efficiency, and that being “money hungry, where every cent counts, means you find a way to make things as efficient as possible. But when you’ve got 50 million dollars and you have

to spend every cent otherwise you've got to give it back" (C4,CEO, L449-451), it makes you and your organisation "fat and lazy" (C4, L2, L79).

Case 4 has operationalised their mission and set targets to improve their efficiency annually, together with a renewed focus on profit-generation. Although the typical tensions expected within hybrid social enterprises appear to be absent, and employees are willing to consider all angles of an issue, and to push themselves to think differently as part of the case 4 culture made visible: "that's just part of our culture. We can ask: where's your research to back this?" (C4, CEO, L464-465).

Case 4, furthermore, insists on statistics, research and evidence to challenge, what the leadership refer to as "the ideology that is taken as fact within the whole healthcare sector" (C4, CEO, L468-469). The CEO and his leadership team insist on holding case 4 project teams to a commitment to never going over budget. The organisation rather underspends, attempting to save and spend less and even returning donor funds if necessary. Case 4 has found that underspend is typically linked to the organisation's efficiency targets. Simultaneously, the leadership continually strive to answer the question of why you can walk into a "hamburger joint anywhere in the world and get the same shitty burger, so why can't you get the same awesome service in every clinic?" (C4, CEO, L447-449).

## 9.11 Conclusion

Case 4 has a youthful, infectious energy pulsating through the organisation, with earnest, passionate young entrepreneurs and managers grappling with preventing mission-drift, while transitioning more fully towards profit-generation. Simultaneously, case 4 is completely comfortable with the discomfort this generates, as everything within the organisation is seen as an opportunity to learn and engage, build stronger relationships, and further refine their organisational culture.

The CEO muses that if he could do it all again, he would likely come up with a different organisation name, one less synonymous with recruitment, as "what we actually do looks nothing like recruitment . . . and goes beyond what a traditional recruitment agency would do" (C4, CEO, L151-153).

The leadership, furthermore, maintain that tasks such as the following, are more representative of the role the organisation plays:

finding skilled people, persuading them to leave their homes, getting them through regulatory and government hurdles, opening budgets for posts in government, making sure that skill sets are matched to suitable places, actually getting them into posts, ensuring they've got the support and tools they need to fix problems when they're there (C4, CEO, L147-151).

Furthermore, the organisation plays a dual role, and runs a dual business model. Firstly, the duality is seen in case 4 providing experiential learning experiences as a training institution. Secondly, as a professional organisation “where you’ve got a community of people focused on a particular field of healthcare delivery and discipline, connecting with each other and seeking advancement within that space” (C4, CEO, L155-157). This demonstrated duality denotes that these competing logics within hybrid social enterprises can be effectively managed, with the application of the right practices, within a suitable organisational culture, with an unmovable social and social change-oriented social mission and an agile business model.

### **9.12 Within-case conclusion**

The individual cases presented above describe four organisations in the HIV-healthcare field in South Africa. This sector has been dominated by international government funding. It has also been the last sector to still receive substantial funding, as South Africa is increasingly perceived of as a middle-income country, and therefore, less deserving of donor aid. An attempt has been made to provide a thick description of how each organisation was initiated, has grown and changed over the years. In addition, the respective organisations’ efforts to become successful social enterprises, operating at scale, has been described.

What is striking is that these organisations, viewed as large and ambitious, simultaneously operate according to a very narrow, set of social missions. Contained within these social missions, is the social change orientation that not only permits but drives these organisations to grow in influence and in scale, without any mission-drift. Moreover, and most crucially, these organisations all aim to change the healthcare system in South(ern) Africa and intend to do so continent-wide.

The next chapter will compare these cases and present commonalities and differences across the cases. The chapter will present a model of non-profit social enterprise transitions, growth and development, within the South African HIV-healthcare context. In addition, propositions for future research will be shared.

# CHAPTER 10: Across-case analysis and discussion

## 10.01 Introduction to the analysis

The themes that emerged across these cases will be presented below. The similarities identified between the four social enterprises will be discussed, as well as the differences noted. Furthermore, samples of the data, codes and categories that make up each theme will be provided. A detailed description of the coding process follows, in order to facilitate credibility and validity within the research findings.

A practice lens was applied to this study in order to bring an EaP framework to bear. As such, the data collected was translated into specific practices within this particular context. These practices will also be explicitly broken down into precise tasks, activities and behaviours enacted by the strategic and organisational practitioners to moderate the impact of the context.

Two sets of inter-relating themes emerged during the study, the first being related to moderating the effect of the context and converting potential contextual tensions into entrepreneurial opportunities to be exploited for mission achievement. The second set of themes reflected the daily practices necessary for sustained growth to scale without mission-drift.

## 10.02 Practice model of social enterprise growth

The practice model, depicted in Figures 7.1 - 7.4 overleaf, represent the overall findings from the study. The theoretical practice model addresses the business model practices supporting social enterprise scale, and how contextual tensions are moderated through the application of strategic and management practices. The practices are employed in order to keep the social mission stable and unvarying, and to facilitate organisational growth and development. Ultimately, the effects of the constant social mission and the adjustable business model combine to facilitate the conversion of tensions in the context into entrepreneurial prospects.

### 10.02.1 Introduction to practice model of social enterprise growth

All of the study findings within the theoretical practice model, called: The practices keeping the social mission constant, at the core of the business model, while converting contextual pressures into entrepreneurial opportunities, as social enterprises grow to scale, are contained within Figures 7.1 - 7.4, overleaf.

The first two diagrams depict the moderating effects of social mission constancy in

turning contextual barriers into entrepreneurial opportunities. Initially, the context impinges on the organisation, but the organisation uses these contextual pressures to fuel its growth. The organisation does this by converting the contextual obstacle into an entrepreneurial opportunity that is used to drive mission accomplishment. Although the context continues to impact on the growing social enterprise over the years, the organisation is able to exert greater and greater influence back onto the context. This is a self-perpetuating cycle of growth and innovation.

The second two diagrams focus on the impact of the daily business model practices that support scale, while holding the social mission constant and unchanging at the centre of the business model. The practices utilised by the organisation are depicted as the gray lines coming off the unchanging social mission in all the diagrams, however in Figure 7.4, these practices are divided into general strategic and management practice categories. These practices are developed and strengthened as the organisation attempts to achieve the social change social mission for which it was formed.

In addition, the practices simultaneously maintain the social mission as unchanging and unchangeable at the core of the business model. The context is depicted in the first two figures as the red circle surrounding the organisation. As the organisation grows, as portrayed in the set of figures, it is able to exert more and more influence on its organising context, beginning with the organisation itself, and then the sector, and finally the most powerful of contextual stakeholders, the donors and the government.

The organisation's growth is thus also represented by the expanding set of contextual circles of influence, as the organisation grows. With growth, the organisation is concurrently able to affect ever more change within the context, utilising both strategic and management practices to obtain scale. Scale, in turn, is used to accomplish the social mission by creating change in the predominant system.



**Figure 7.1: The theoretical model: Part 1**

The social enterprise is created by the context. The social mission is established as unchanging at the centre of the business model. The organisation implements practices to prevent mission-drift by permitting the business model to change and adapt. In addition, the practices enable the organisation to move closer towards the social change oriented social mission.



**Figure 7.2: The theoretical model: Part 2**

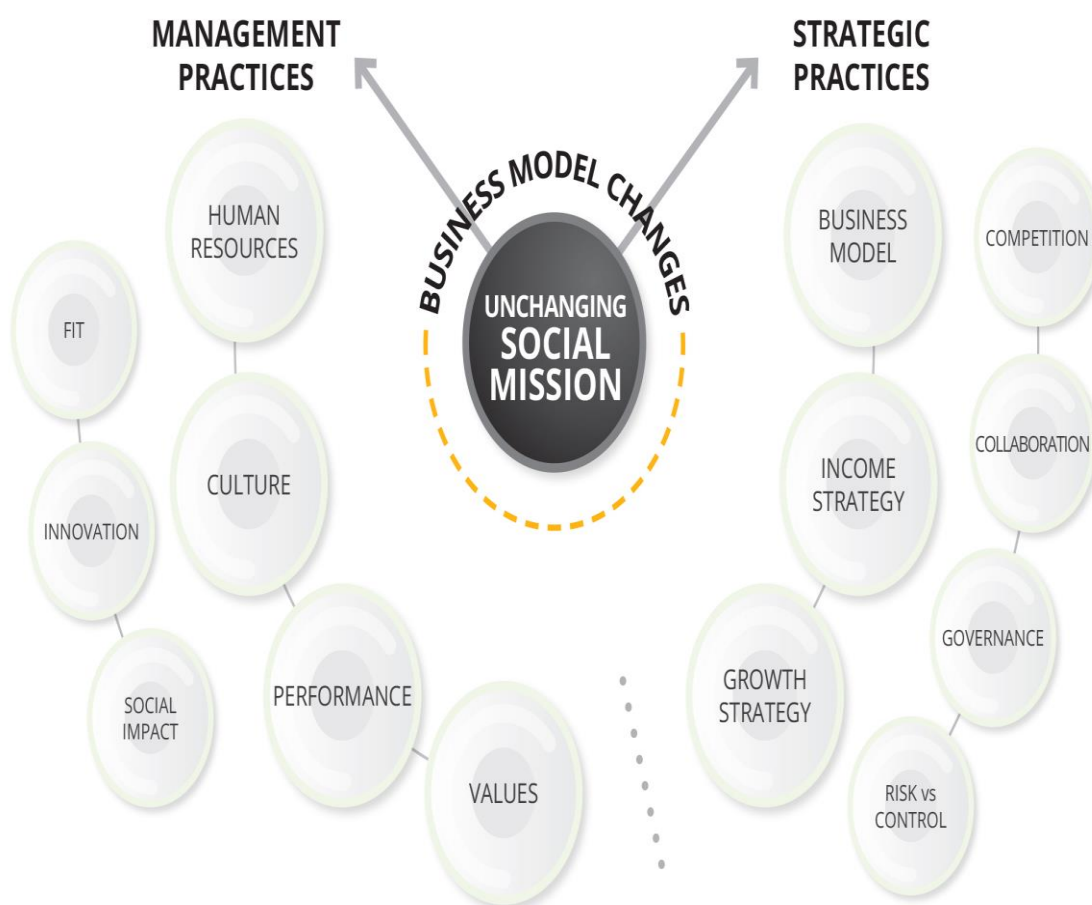
As the social enterprise grows, it is able to affect change within the organisation, and the organisational culture is established. The practices employed through the flexible business model enable the organisation to convert obstacles, barriers, triggers, drivers and facilitators from the context into entrepreneurial opportunities that can be exploited in order for the organisation to grow. This growth is necessary to empower the organisation to move closer towards accomplishing the social change social mission.





**Figure 7.3: The theoretical model: Part 3**

Over the years, the social mission remains constant and unchanging, while the business model persists as flexible and adaptable. The social enterprise continues to convert contextual tensions into opportunities for innovation and entrepreneurship. As the organisation begins to scale, first it finds it is able to influence the organisational context, and then the HIV-healthcare sector, including other organisations, social enterprises, and commercial companies involved in HIV-healthcare. Finally, the social enterprise's size and scale are such, that the organisation affects government, as well as donor, contexts, both local and international. Scale creates social impact, and is how the social enterprise accomplishes its social change social mission. Consequently, the scale provides the licence for the organisation to modify the system.



**Figure 7.4: The theoretical model: Part 4**

The final model depicts the range of regular strategic practices, as well as daily management practices that modify the business model activities, in order to maintain the social mission as permanent and unchanging, at the heart of the business model. By the time the social enterprise obtains scale, these practices had become entrenched within the organisational culture and were utilised to maintain the “structural flexibility” (Haigh, Kennedy, & Walker, 2015, p. 75) necessary to manage the competing logics inherent to hybridity. This enables hybrid social enterprises to “become more strategic over time” (Haigh et al., p. 78). The authors, furthermore, found a “noteworthy absence of such tensions in the 48 hybrids we studied” (p. 78). Consequently, the authors concluded that “while scholars focus on such tensions, social entrepreneurs focus on solutions to them” (p. 78).

### **10.03 Theme 1a: The context creates growth opportunities**

It was evident from early on in the interviews that these organisations had been created by their organising context. This was confirmed repeatedly during the study, when talking to other organisational stakeholders, including those external to the organisations. Words such as 'brave', 'courageous', 'stood tall in the face of fear' indicated that the founder-leaders of these organisations had faced a foe in the form of HIV disease, and had not backed down until they were able to begin to create some pressure within the external health system. Consequently, these organisations had 20-year plans still to accomplish, as their social missions had not yet been fulfilled. However, all described feeling "closer than ever" (C3, CEO, L88) to it.

A sizeable contributor to the establishment of these social enterprises was the context of HIV within South Africa at the time. The context, therefore, both allowed for, and even facilitated the development of a range of enterprising organisations, prepared to, and desirous of, taking on general state functions and delivering products and services broadly within HIV-healthcare.

Moreover, whenever criticism was directed at these organisations and their founder-leaders, it was always prefaced with an acknowledgement of "all the good they've done, over very many years" (C1, ES3, L18). The leaders themselves acknowledged their own "arrogance" (C1, F2, L88; C2, F, L48; ;C3, CEO, L156) but maintained (as did both their loyal staff, as well as external competitors) that "that's what led to these organisations being formed in the first place" (C2, CM, L549), "so he makes a lot of noise, at least he does it on behalf of the whole sector" (C1, OD, L422-423), and "it was that 'screw you, I'll do it anyway' that got us to where we are today" (C3, CIO, L331).

#### **10.03.1 How Theme 1a was derived**

Theme 1a emerged from within the data, when the founders and long-time leaders, in particular, spoke about what had led to the formation of their organisations. In addition, in discussing pressures and barriers from the environment, as well as facilitating and push factors. Table 4, overleaf, presents a snippet of the data, to provide insight into the development of this theme.

**Table 4: Example of how data informed the development of Theme 1a**

DATA	CODE	CATEGORY	THEME
"It was luck and timing, being in the right place, at the right meetings, with the right people, at the right time".	Luck Timing Lucky context	Contextual facilitator	The context creates growth opportunities
"It was impossible getting buy-in within the business community, like banks and so on. We had no choice but to register as an NPO and accept funding". "Because we couldn't get financing, we just took a risk, I mortgaged my house to start case 3. But it made me hungry, so much skin in the game. I knew I could make it work"	No financing Forced into funding Created opportunity	Contextual push factor Contextual barrier	The context creates growth opportunities
"It was the context of HIV, and fear, and ignorance. Just no services being provided and people dying, not 1 or 2, hundreds, everywhere" "HIV was a draw card, not really infectious diseases, but HIV, and the chance within HIV to change the whole health system as we know it"	HIV context Systems-change opportunity Social change	Contextual push factor	The context creates growth opportunities
"Government was useless. They weren't responding, I know they were dealing with the new democracy but tens of thousands died while they dilly dallied on HIV" "Business wasn't effective. We had to force their hands to start providing treatment, drawing up our own guidelines cos we couldn't count on government then"	HIV context Systems-change opportunity Social change	Contextual push factor Entrepreneurial responses	The context creates growth opportunities
"I always wanted to make a difference in the world, I can think of no better way. I jumped at the opportunity to join the founder in creating havoc in a useless, damaged health system, really getting to grips with HIV, and as a doctor, that really meant something, you know?"	Entrepreneur personality Making a difference Systems-change opportunity Social change	Contextual push factor Entrepreneurial responses	The context creates growth opportunities

### 10.03.2 Comparison with the literature

According to systems theory, the literature maintains that the environment has a considerable impact on organisations, with the result that organisations are both "context-sensitive and context-creating" (Holbeche, 2006, p. 104). This renders the founder-leader and leadership teams as "interpreter(s) of context and facilitator(s) of change" (p. 216). Pettigrew (1987) historically agrees, maintaining that if leaders can mobilise the context, they can create change and, in this scenario, they can convert contextual obstacles into entrepreneurial opportunities for action.

Furthermore, Van Gelderen and Masurel (2012) maintain that there is a "reciprocal influence exercised by the entrepreneurial venture and its corresponding context" (p. 1). Consequently, there is a dominant view that entrepreneurship is entrenched in contexts from the individual personality, family and community contexts, to the local micro-contexts (such as organisation and geographical area), to the broad socio-economic and political contexts (such as HIV-healthcare, South Africa and social enterprises in emerging-markets).

In addition, social constructionists, such as Rindova, Barry and Ketchen (2009) view entrepreneurial opportunities as created, or co-created. Moreover, these opportunities are perceived of as changeable, adapting as the entrepreneurial process changes. Therefore, the concepts of bricolage (Desa, 2012; Gundry, Kickul, Griffiths, & Bacq, 2011; Janssen, Fayolle,

& Wilaume, 2018) and of effectuation (Johannisson, 2018; Sarasvathy, 2003) apply to this theme, as both concepts imply the ability of the entrepreneurial actor/s to “recontextualize: to reframe social and material resources in order to create new value” (Van Gelderen & Masurel, 2012, p. 8).

#### **10.04 Theme 1b: Turbulent contexts result in added entrepreneurial opportunities**

Although some of the organisations studied began as hybrid social enterprises, there were definite shared triggers that resulted in these organisations transitioning from holding the social mission as a distant idealistic dream, to developing the mission as a working goal. Therefore, the social mission resulted in these organisations actioning specific change upon, and impact within, the broader system. However, although it was anticipated that while some of these triggers would drive the strategic growth and development, it was also assumed that others would impede it. This was not found to have occurred.

In order to assess the influence, if any, of both external stakeholder and various other contextual drivers and obstacles on the individual organisations and their respective development and growth processes, sub-questions to the overall research question focused on whether and how organisational growth and transition was triggered, and whether and how growth actually occurred. In addition, sub-questions investigated whether there were specific contextual factors that supported growth and development, as well as whether there were particular contextual or organisational barriers and tensions that hampered the growth of these organisations. The data table overleaf provides some explanation as to how these conclusions were reached, and the theme developed.

Universally, these organisations possessed entrepreneurial leadership teams, able to keep the social mission at the forefront of all planning. This included the ability to actively view beneficiary outcomes “as organisational profit” (C1, OD, L422), and the income generated as the necessary tools required to meet the social objectives. Furthermore, it was found that the social missions themselves did not grow bigger over the years but remained identical to what they had been between fifteen and twenty-five years prior. Figures 7.1 - 7.4 (p. 199 - 202) depict this organisational growth, within the particular context, as well as how the organisation's impact spreads as it grows over time.

Figure 8 (p. 254) in addition, depicts the growth path, but in isolation from the context. The organisation, consequently, develops more and more business practices to support its growth over time. While the social mission remains unchanging at the centre of the model.

#### **10.04.1 Contextual drivers**

Some of the support factors leading to growth included luck and timing, with all of the organisations indicating the following: “being in the right place at the right time” (C1, F1, L568); “it comes down to luck and timing, and also having time” (C2, CM, L274); and “there's the element of luck, there's no denying that. And investing the time” (C3, DP, L50-51). Another large contributing factor was the context of HIV within South Africa at the time. The context, therefore, both allowed for, and even facilitated, the development of a range of enterprising organisations prepared to, and desirous of, taking on general state functions and delivering products and services broadly within HIV-healthcare.

In addition, support factors included founders and then leadership teams able to both clearly see the social needs, as well as the possible solutions to tackle these. Furthermore, the organisations in this study all demonstrated long histories of single-minded and “ultimately consistent, continuous hard work and along a single pathway” (C1, F1, L352). This contributed to the sustainability, scale and success of these social enterprise organisations. Therefore, developing a culture of innovation and experimentation was a further driver within the organisational context.

Within this context, many of the large international donors became supportive of the move towards social enterprise, particularly when it came to organisations wanting self-sustainability. Some large donors, particularly early on in the development of these organisations, consequently permitted reinvestment into the organisation of excess income and exchange rate gains and, more rarely, as with case 1, were supportive of reimbursing board members so organisations could engage the correct skillset in governance and strategy.

Pull factors included the capacity-building and financial support offered by some donors, as well as the changing political environment within SA, which required support and appeared poised to usher in a new era without the extent of previous social need. The funding pressure typically came later and in repeating phases, such as when international donors supporting these organisations to carry out the health functions of the state began to move their funding towards immature and ineffective government support functions, and away from the organisations that had historically carried out this function.

The push factors towards entrepreneurialism and greater self-sufficiency included: the lack of choice of available donors to approach; a reduction in the availability of donor funding in South Africa and for HIV-oriented work; a desire to exert more autonomy in organisational decision-making; and an understanding that donor funding in and of itself was not sustainable. Consequently, these organisations strove to become more self-reliant by and for themselves. Furthermore, fluctuating donor priorities translated into unclear, and oftentimes, unpredictable programme indicators, resulting in widespread anxiety within these organisations regarding

donor expectations. In addition, oftentimes, the donor-provided capacity-building was experienced as “capacity-killing” (C4, L2, L19).

The earned income component of the business models of these organisations emerged, therefore, as an expected response to a context where the needs which their social missions attempted to address – thus requiring their products/services – had remained constant, and even grown. This was despite the available funding decreasing and the lack of structures within the broader healthcare systems.

Consequently, these organisations had not yet doubted their relevance within the context. The needs and problems were perceived as lying outside the organisation boundaries, within the broader system. This primarily resulted in internal adjustments to the organisational business models. An additional result was the designing of supplementary business plans that included either earning own income or generating a profit that could be reinvested into meeting the social need, or both. This was versus altering the social missions in any way, shape or form.

Additionally, the social mission did not grow in size or volume. It remained absolutely constant, but also totally central to the business model. Therefore, it was only the activities that changed, as the business model was altered in order to more effectively meet the social mission. What frequently occurred was that the organisation initiated another business unit in order to better meet the original social mission. Consequently, even though the social mission appeared more ambitious, it was only the organisation that grew larger, and the business model that multiplied.

#### **10.04.2 Contextual obstacles**

The many contextual obstacles were perceived by these organisations as entrepreneurial challenges, with entrepreneurial opportunity hidden beneath. Consequently, the organisations studied referred to donors generally as “attempting to place obstacles everywhere . . . not allowing greater financial sustainability, even preventing systems-change” (C2, CEO, L378-380). This was primarily due to the mandates and expectations demanded by the majority donors. These demands centred around the organisations not generating any profit through grant funding, even if it was to be reinvested into the organisation.

Nevertheless, these additional tensions, such as the amount of energy and time spent on finding, managing and retaining grants, and on preserving donor relationships, had the potential to create mission-drift. However, these were markedly reduced when the organisations were able to access their own, unattached income. Within the political sphere, ensuring the organisation was cognisant of what the government wanted and needed – despite the government itself frequently being unclear on its own mandate – was also a

potential tension, turned opportunity. Consequently, these challenges, obstacles and tensions did not cripple or immobilise the organisations. Instead, they were seized upon and utilised to spur on systems innovation, business model adaptation, strengthening relationships, and either autonomy from, or increased influence over, the donors and the state.

The organisations indicated that these early potential strains had been tackled largely by creating new educational opportunities for staff to become more knowledgeable and effective managers and programme planners. The commercial entities within the broader HIV environment, however, had, on occasion, felt pushed by the donors to get more involved in implementation activities. Nevertheless, this was understood as being primarily due to existing business-like principles and skillsets within these organisations. The commercial entities and non-profit organisations which operated according to comprehensive corporate standards were thus perceived as being quicker, better, and more efficient than their nonprofit counterparts.

In addition, this resulted in these organisations – as well as the broader contexts which had brought them into being and within which they operated – being created, crafted and mediated by these strategic and entrepreneurial business practices (Gartner, 2016). Consequently, the social enterprises fixated on their social mission mandate. This focus involved raising the necessary funding and/or capital, and then implementing activities to meet the targets intended to lead them closer to meeting the social mission. The organisations ensured they were able to measure and report on these targets and indicators. This was so that they could be adjusted, improved and reconstructed as necessary, in order to meet them again in the next cycle.

#### **10.04.3      *How Theme 1b was derived***

The data table overleaf provides an example of how the codes were developed, refined, categorised and, ultimately, how theme 1b was formed. As indicated previously, the detail in the tables is not exhaustive.



**Table 5: Example of how data informed the development of Theme 1b**

DATA	SECONDARY DATA	CODE	CATEGORY	THEME
<p>"We dealt with the competition by consolidating a lot of our IT into independent businesses"</p> <p>"We closed the business cos it wasn't even breaking even anymore, but we took the best programmes into the XX business, and the ones we can't charge for into the NPO".</p> <p>"You can't provide receipts for taxi trips; you buy a vehicle to get your people to work"</p> <p>"The donor's always changing its objectives. There's always a pendulum swinging this way and then back that way and this way...so we have to create independence, we have to make our own money, so sometimes we can say 'no'"</p>	<p>The organisation builds relationships across sectors in order to ascertain whether there might be opportunities. Even during our darkest times, we've always been needed, been able to create change, demonstrate it, fund it. We reinvest quickly, that means even the for-profit subsidiaries don't pay (much) tax.</p>	<p>Obstacles overcome through business model responsiveness</p>	<p>Overcoming Contextual Barriers</p>	<p>Context supporting growth - obstacles converted into opportunities</p>
<p>"We changed our model cos our revenue was in decline".</p>		<p>Obstacles overcome through business model responsiveness</p>	<p>Overcoming Contextual Barriers</p>	<p>Context supporting growth - obstacles converted into opportunities</p>
<p>"Our culture inside affects our culture outside: we just need to harness our strengths, and that's our business"</p> <p>"It helps, that I know we're in this together, I know I'm not sitting alone with this"</p>	<p>Our strengths focus is applied equally externally: we look for what is good within a system and build on that.</p>	<p>Facilitators acted upon through business model sensitivity Strengths focus = contextual facilitator</p>	<p>Culture: Contextual Enablers</p>	<p>Turbulent contexts - more opportunities</p>
<p>"There isn't a single path, multiple paths, and we explore as many of them as we can"</p> <p>"Getting that 1st grant when we did, really helped. It gave us a leg up"</p> <p>"Having the skills is crucial, for getting there"</p>		<p>Pull Factors acted upon</p>	<p>Contextual Enablers Context offers multiple options</p>	<p>Turbulent contexts - more opportunities</p>
<p>"Everyone thinks they can do it, and there's all these bits, instead of finding a way to play to strengths and do what we each do best".</p> <p>"You find that most of the time the NPO doesn't have enough funds, so the for-profit comes in to assist"</p> <p>"We adapt all the time, to donors, government, customers, to be better, more efficient, cheaper".</p>		<p>Push Factors acted upon</p>	<p>Contextual Enablers</p>	<p>Turbulent contexts - more opportunities</p>
<p>"It's time for a change".</p> <p>"It was luck and timing, being in the right place, at the right meetings, with the right people, at the right time".</p>	<p>Being at the inaugural meeting resulted in high-level relationships that we work to maintain.</p>	<p>Re-emergence of contextual issues Context created organisations - parent</p>	<p>Contextual Enablers Opportunities in context</p>	<p>Turbulent contexts - more opportunities</p>
<p>"We've gotten so big; we've needed to break the organisation down into smaller units"</p> <p>"Part of making changes in the health system is building a conglomerate of organisations"</p> <p>"We're actually at the point where we could compare our turnover to the top 100 listed companies in SA. We're a top 100 company in size and number of employees and turnover"</p> <p>"We've got much wider influence on the health system now".</p>	<p>20% growth per annum... better support for facilities and for healthcare providers. An additional benefit is it brings in unattached income. The very context created us, created him: outspoken unafraid.</p>	<p>Organisations powerful in context - growth through power</p>	<p>Contextual Mediators Problems in context addresses through scale</p>	<p>Context supporting growth</p>
<p>"We're a role model to other organisations now".</p> <p>"We want to create much bigger access, so we shared our business model with 10 competitors, presented our business ideas, told people what our systems were. We disrupted the market we created access, and yes, that business's gone"</p> <p>"Having someone to fight strengthened us"</p>	<p>The upcoming NHI is an opportunity for the organisation to grow further. Firstly, we intend to present our pilots and demonstrate creativity this way.</p>	<p>Opportunities in context if business model responsive and open to innovation</p>	<p>Contextual Enablers Opportunities in context The more chaotic contexts provide more opportunities</p>	<p>Turbulent contexts - more opportunities</p>

#### 10.04.4 Re-emergence of contextual push factors and obstacles

The study found that the more chaotic, unstable and uncertain the context, the more the process of becoming more entrepreneurial as an organisation was an ongoing and continual process. This was because the state continued to shirk its responsibilities and when it finally

decided to address the HIV crisis, the problems surrounding the disease had become bigger than the available resources, knowledge or skill, required to address it. This resulted in the HIV organisations becoming more and more entrepreneurial, until they could generate at least part of their income themselves, and until their scale was such that they could exert influence upon the system as-a-whole.

Nonetheless, by the time these contextual factors began to re-emerge, the organisations in the study had each developed their own entrepreneurial grant management systems that emphasised the building of long-term donor relationships. In addition, these organisations utilised clinical and research outputs to frame new programmes that would allow them to better reach the social mission. Because these were well documented, they provided inarguable proof of their respective track records and achievements. Additionally, these evidence-based frameworks provided confidence and certainty, to both donors and investors alike, with regards to capitalising new project design.

While the earlier set of contextual push factors that had resulted in the formation of these organisations were a combination of the continued lack of government support, absence of market interest and deficiencies in donor funding to meet the identified needs, similar elements reappeared on a cyclical basis. The most recent re-emergence of contextual turbulence, initiated primarily by renewed anxiety regarding donor sustainability, had led to a further wave of entrepreneurial activity. This was, contrarily, despite large funding over many years, as well as strong, independent organisational systems.

In particular, not only was there still no government funding or other support of any kind, *per se*, but government opinion – necessary to create buy-in for the international donors – had begun to influence the decisions of certain donors. This meant that these private social enterprises were experiencing the occasional withholding of government support as a reaction by government intended to reduce external criticism. This raised potential conflicts of interest and concerns that it might impact upon grant actualisation.

Nevertheless, over the years, these organisations had become masters at mediating situations of conflicting organisational values within state policy and/or donor decisions. Therefore, the organisations contended that these new circumstances merely needed to be “continually managed” (C3, CEO, L144). The organisations were split on the issue of legislating social enterprise. Most contended that new legislation would be punitively applied to interfere unnecessarily in entrepreneurial practice. However, some felt that new legislation could be massaged to ensure continued dominance.

In addition, there was a belief that legislation would potentially add in additional rules. Legislation was therefore perceived as a potential hinderance, particularly for multilateral social enterprises. This was largely due to the assumption that the institutional voids being

exploited would be shut down, resulting in having to pay additional taxes. The expressed fear was that this would impact on these organisations' abilities to progress towards meeting their respective social missions. Finally, the social enterprises worried that legislation would create false boundaries, when practice had demonstrated that the boundaries around and binds of registration status were unnecessary.

#### **10.04.5 Comparison with the literature**

Contrary to the suggestions by Defourny (2016) and Defourny and Nyssens (2016), the organisations studied were not content to merely create impact within General Interest activities, typically controlled by the state. This was because, from inception, all the organisations in the study had desired concrete change in the broader health system. Consequently, the social missions, as well as the early business models and organisational structures, were designed to achieve wide-ranging social change within the South African health system.

These founders thus tied the early business models to the social purpose. This is hinted at by Hanson's (2013) theory of change; Hendry and Seidl's (2003) description of strategic change and Lumpkin et al.'s (2013) insistence that the social mission includes broader change within the system. However, none of the social entrepreneurship or SaP theories adequately take the impact of the context into account.

Welter et al. (2019) focus on the Third Wave of contextualisation of entrepreneurship research, whereby the focus has moved away from seeing entrepreneurship as solely taking place in Western, highly technologized settings, by men in the quest for profit. Broader conceptualisations of entrepreneurship are of *entrepreneuring* (Gartner, 1985; Johannisson, 2014, 2018). These are, enacted, everyday practices, by diverse actors, within varied contexts, and in pursuit of different types of objectives, such as social capital, and the pursuit of a combination of both social and economic growth (Baker & Welter, 2018; Welter & Gartner, 2016).

Furthermore, this Third Wave views entrepreneurship research as an opportunity to make the invisible visible through seeing multiple contexts beyond the physical environment. Consequently, within this study there is a new focus on the organisation within the industry, both impacting the context (Gartner, 2016; Johannisson, 2018; Patriotta & Siegal, 2019) and being impacted upon by the context (Karanda & Toledano, 2012; Kerlin, 2013; Urban, 2015). The context, therefore, is perceived as critical to the study of entrepreneurship, due to entrepreneurship being related to the resolution of the context's "creation of difficulties" (Welter et al., 2019, p. 319). This theme is consequently largely in alignment with the latest thinking

on the contextualisation of entrepreneurship research (Patriotta & Siegal, 2019; Welter et al., 2019).

The newer conceptualisation of contextualisation attempts to frame the impact of entrepreneurship on the context (Patriotta & Siegal, 2019; Welter et al., 2019), with entrepreneurship perceived as “naturally occurring and embedded in social systems through constructed meaning and values” (Steyaert & Hjorth, 2006, p. 22). However, the various entrepreneurship practices (Gartner, 2016) that can impact upon multiple contexts has not yet been discussed more broadly than the organisational context.

This very particular context not only facilitated innovative and entrepreneurial thinking but provided the perfect breeding ground for entrepreneurial and innovative businesses, able to introduce novel products and services. Arguably, these products and services should have been – but were not being – provided by the state (Defourny, 2016; DSD, 2015; Urban, 2013). In addition, the market – unable to address the scale of unemployment within a free South Africa – was also largely unable to effectively respond to the extent of need (DSD, 2019; Urban, 2013). This further cemented the creation of the particular organising context (Gartner et al., 2016; Johannisson, 2014) required for social enterprise to flourish (Milson, 2017). Thus, the actual issue of HIV and how large the problem was, as well as the extent of need, served as a contextual push towards establishing these HIV-healthcare oriented organisations.

Further, the extent of need, as represented by the social change social mission, served as an ongoing push factor for the organisations to keep reinventing themselves and keep expanding activities. Thus, the social mission versus the profit motive was the push factor. Notwithstanding that the literature implied that growth and development of this nature would involve substantial transformative change (Lee et al., 2012; Pierre et al., 2011; Rashid, 2010; Weerawardena, et al., 2010), the organisations studied unanimously described this growth and these change processes as evolutionary, strategic, unfolding organically, partially structured organisational development processes: “it didn't feel earth-shattering. It was gentle, really, like we'd been planning to grow this big from the start” (C1, F2, L388-389). This growth towards comprehensive social change social enterprise (Lumpkin et al., 2013) consequently involved the adoption of new ways of thinking and behaving across all levels of the organisation. Battilana (2018), Bacq et al. (2018) and Cornforth (2014) labelled this ‘process socialisation’. Van and Vredenburg (2015) called it ‘managed growth’.

However, the tensions within these social enterprises were not as the extant literature predicted (Alter, 2010; Bacq et al., 2018; Battilana, 2018; Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Grimes et al., 2018; Kodzi, 2015; Maier et al., 2016; McGee & Donoghue, 2009; Moss et al., 2010; Wilson & Post, 2013; Young et al., 2010; Young & Lecy, 2013) and the researcher expected as potential obstacles that had to be

resolved. Contrary to the theoretically-based assumptions, there was no mission-drift observed or spoken about within the organisations. Nor were these organisations required to challenge any stigma regarding 'profit' – either their own nor the broader nonprofit community's – as a component of their growth and transition processes. Consequently, there was no need to resolve competing logics, described as the biggest obstacle to a successful hybrid model (Bacq et al., 2018; Cornforth, 2014; Ebrahim et al., 2014; Grimes et al., 2018; Kodzi, 2015; Pache & Santos, 2010, 2013).

Within this overarching category of contextualisation – broadly defined as both the impact of the organising context on the organisation, and the organisation's reciprocal impact on their context (Welter et al., 2019) – all of the organisations within the study felt pushed by the donor context to generate their own unattached income. However, despite experiencing working with the large international donors as increasingly stressful, all the organisations in the study converted these potential tensions into motivators.

In addition, they felt certain they could withstand the loss of donor income, with some feeling more empowered and more willing than others to walk away from the massive funding on offer. Others justified continued acceptance of donor funding, much like similar justifications regarding the generation of profit: as a means to an end – “the end goal doesn't change, just how we get there does” (C1, ID, L15; C2, CM, L494; C4, L1, L32; C4, CEO, L337).

#### **10.04.6 Theme 1a and 1b conclusion**

In conclusion, the first part of theme one found that the organisation was created by its context. There is an emerging body of literature to confirm the importance of the context in entrepreneurship research. This is in alignment with the latest literature on how the organising context may be interpreted (Davidsson & Wiklund, 2001; Dey & Steyaert, 2016; Gartner et al., 2016; Johannisson, 2014, 2018; McKeever et al., 2014; Patriotta & Siegal, 2019; Steyaert, 2007; Welter et al., 2019), as well as with the literature on contextualisation, and the necessity of taking the effects of the context on entrepreneurship into account (Baker & Welter, 2018; Welter et al., 2019; Welter & Gartner, 2016). Consequently, the evidence suggests that context may play a critical role in forming these social enterprises (Patriotta & Siegal, 2019; Rindova et al., 2009; Van Gelderen & Masurel, 2012).

The ongoing turbulence within the context, has been central to maintaining the functioning of these social enterprises, which the context was also responsible for creating (Van Gelderen & Masurel, 2012). Furthermore, the turbulence within the context pushed these organisations to grow and scale. Scale permitted the organisations to exert influence over the context and advanced them closer to meeting their respective social missions. Consequently, the practices described and observed were developed in order to mediate and manage the

effects of the context, convert contextual obstacles into entrepreneurial opportunities and grow to scale, aligning with and extending the newer EaP perspectives advanced by Gartner and Welter (2016); Steyaert and Hjorth (2006); and Johannisson (2018).

In addition, micro-practices were adroitly connected to macro issues, by these organisation leaders' manipulation of political discourse, public legitimacy perceptions, and donor concerns (Cornforth, 2014, p. 15). This contributed to these organisations' scale and influence within the broader context. Consequently, these organisations were able to exploit the context to "forge a new identity that combines the different institutional logics" (Cornforth, 2014, p. 9) and, by so doing, successfully creating social change. Simultaneously, the organisations generated additional operating income and profit to do so. This resulted in these organisations attaining "wider legitimacy" (p. 9) as they began to to "create a new organisational field" (p. 9).

## **10.05 The daily practices used to build sustainable social enterprise**

What emerged overwhelmingly as relevant to answer both the overall research question (how these large hybrid social enterprises had grown and developed to reach scale, without any social mission-drift at all), as well as the majority of the sub-questions in this study, were the specific practices which were employed in designing the organisational strategy, implementing organisational activities, and maintaining organisational development and growth. The majority of these practices were implemented as part of the organisation's daily management routines. Some were implemented as part of regular strategic activities.

The founder-leaders, and other organisational social entrepreneurs were primarily conscious of these practices. However, some were only identified in retrospect, during the interviews. These practices are represented by the grey arrows in Figure 7.1 - 7.3, and by the lines and bubbles in Figure 7.4.

A reminder that practices are "sets of hierarchically organized doings/sayings, tasks and projects" (Schatzki, 2002, p. 73). The practices highlighted in the following sections demonstrate which common practices were adopted and implemented, in different ways and forms, in order for each organisation to better meet the social mission. In addition, how these practices evolved to result in mission constancy is explored below.

The table overleaf encapsulates the various daily practices necessary to create social change, and thereby achieve one's social mission. The multiple practices, additionally, both resulted in – and developed as a result of – the constancy of the social mission. Moreover, these also supported the maintenance of organisational growth and development which, in turn, impacted on the system as-a-whole. The following practices were observed and described. These will be unpacked further within the upcoming themes.

**Table 6: Practices identified broken down into component parts**

PRACTICE	BEHAVIOUR	ACTIVITY	RESULT	IMPACT
Governance practices	Using evidence/ research to assist in making entrepreneurial decisions	Innovation of a new product/ service	Risk vs Control Responsible decisions, bigger impact	Responsible innovation Understand market & behaviour
Strategic practices	Including staff & relevant stakeholders in strategic decisions	Eliciting MHealth responses via survey	Participative decision-making	Ground-up support
Business model practices	Starting external meetings with mission & values	Ensuring programming reflects business model	Business model implementation results in mission achievement	Mission at centre of business model
Practices to maintain mission-focus	Training for staff through board on mission perspective	Training Hiring for cultural fit	Mission remains focus No mission-drift	Buy-in throughout organisation
Values-driven practices	Values written up, visible	Codifying values into concrete behaviours	Values-oriented programming Values-driven organisation	Values underpin all Work is values-driven
Culture development practices	Visible, build offices in different shape Codified culture	Inculcate way of being internally to meet mission Values expressed at start of meetings Listening, asking for feedback	Consistent programming	Functioning organisation Internal aligned to image
Human Resources practices	Recruitment Mentoring? Fit? Performance management	Exams to get hired Leaders empowered with hiring Online PoE system	Consistent programming Staff fit with culture and mission	Functioning organisation Staff fit Organisational culture maintained
Competition & collaboration practices	Partnership agreements, strategies Aggressive competition	Joint action/activities Consistent work - to devious behaviour SLAs	Pleasant context Joint power Agile, effective, better	More impact Cheaper, better, more useful/ effective
Innovation practices	Openness Comfort with failure Future-thinking Creative No boredom	Innovation labs Partnerships Technology	New, better, cheaper, improved products/ services Greater impact - reach more, quicker	Beneficiaries have needs met better Closer to mission Longevity
Growth & scale practices	Take risks Accept control/ governance	Apply structure Access capital Experiment	Greater reach Power & influence	More impact Mission achievement Size = power
System change practices	Concerned with system System greater than whole	Participate in/ establish thinktanks & strategic consortia	Beneficiaries have needs met better Closer to mission	Impact on system System changes Closer to mission

## 10.06 Theme 2: The business model, not the social mission, drifted

Unexpectedly, the social missions of the social enterprises in this study remained absolutely fixed. Indeed, the social missions not only remained constant, but actually strengthened. It was only the activities, defined by the changing business model, and in full support of the social missions, that drifted at times. This, therefore, implied a drift in business model, and not one in social mission. The business model, defined by Santos et al. (2015) as “a central unit of analysis for understanding the functioning of hybrid organizations” (Santos et al., 2015, p. 39), is seen as the mechanism for hybrid organisations to strategise, innovate, and promote better coherence amongst the potentially competitive goals.

Consequently, what shifted regularly were the operational plans and budgets resulting from the business models. Furthermore, the business models were actively utilised to better reach the social mission, with the result that these business models and plans were adaptable, and able to change, as the changing context demanded. Please refer back to Figure 6 for a

sample of the data resulting in the development of this theme. An additional section is provided in Table 7, below.

**Table 7: Example of how data informed the development of Theme 2**

DATA	CODE/s	CATEGORY	THEME
<p>"A couple of years ago, we went through a big shift, not in our primary purpose, our social mission. That remained absolutely fixed. Just what we do changed, our activities, our projects"</p> <p>"Our activities changed, because we realised, we weren't actioning our mission as well as we could have been. We needed to really focus our energy on changing the overall system, so we decided it was important to put new processes in place. But also, to change our activities. That's when we started doing way more government consulting, I think you could call it, so ultimately, we could use the evidence to create the change. And that's working for us, I think"</p>	<p>Adapting business model to better meet mission.</p> <p>Listening to context</p> <p>Activity change</p> <p>No mission-drift</p>	<p>No social mission-drift</p> <p>Business model adaption</p> <p>Social mission central to business model</p>	<p>Social mission does not drift, business model drifts</p> <p>Social mission central to business model</p> <p>Activity drift, not mission-drift</p>
<p>"Have a direction, a philosophy, an approach, then find, build, know your assets. Then stick to it, crystallise it, sell it. And so, more doors open"</p> <p>"Use time and competencies to show impact".</p>	<p>Strengths focus in business model,</p> <p>Business model underpinned by social mission.</p>	<p>Business model strengths focused.</p> <p>Mission drives business model</p>	<p>Social mission is strength in business model</p> <p>Mission at centre of business model</p>
<p>"We do what we set out to do; how we do it changes sometimes"</p> <p>"We do what we say we will".</p> <p>"We're open to change, but it isn't harried change. It's slow and steady progress towards our goals".</p>	<p>Mission driven business model</p> <p>Business model open to change.</p>	<p>Mission drives adaptable business model.</p>	<p>Business model changes so mission can be met.</p> <p>Mission doesn't drift, business model drifts</p>
<p>"It's not just a job, my work is important"</p> <p>"I'm changing the world"</p> <p>"I don't know a different way of being".</p>	<p>Employees stay because they feel their work is purposeful.</p>	<p>Mission drives staff input into business model.</p>	<p>Organisational culture sustains mission</p>
<p>"Our profit is not about money, it's about targeted delivery, meeting of indicators, delivering services to patients".</p>	<p>Sustainability: about more than profit.</p>	<p>Profit enables mission.</p>	<p>Mission at centre of business model</p>
<p>"I've been coming for 20 years, and the faces have changed but I get the exact same service as if it were yesterday".</p> <p>"Same friendly staff. Same nice clinic surroundings".</p>	<p>Beneficiary services remain constant over years .</p>	<p>Beneficiaries see no mission-drift.</p>	<p>Mission does not drift, just the business model drifts</p>
<p>"The end goal hasn't changed...just how to get there has"</p>	<p>Profit does not mean mission-drift.</p>	<p>Business model drifts, not mission.</p>	<p>Mission does not drift, just the business model drifts</p>
<p>"In many respects, we haven't changed, there's been no real change. Certainly not in our social purpose. Just in how we get there, I guess".</p> <p>"We're much, much bigger now, but that's it, everything else is the same. We still do similar work for the same objective"</p>	<p>Change in size and ability does not mean drift</p> <p>Mission has not drifted</p>	<p>No social mission-drift, even when organisation changes and grows</p>	<p>Social mission at centre of business model</p> <p>No mission-drift, some business model drift</p>
<p>"In the end, I think there's no difference in running these organisations than running a purely forprofit business"</p> <p>"The only difference is does doing good make you tick"</p>	<p>Comfort with dual business models</p> <p>Doing good and doing well.</p>	<p>Business model can accommodate duality.</p>	<p>Mission at centre of business model</p> <p>Comfort with dual business models.</p>

The lack of mission-drift was clearly evident in each organisation but manifested in a range of different ways. All of the organisations in the study experienced massive growth to the organisation as-a-whole, as well as major change in organisational activities, thereby implying business model change. Case 1's social mission within their South African work, where the majority of their focus still was, remained absolutely constant. This was evident in how the organisation, at every level, referenced the social mission, as well as the organisation's values in support of the mission, in describing their work. Furthermore, case 1



staff verbalised the rapid business model changes they had experienced in order to better meet their social mission.

Cases 2 and 3, both originally registered as commercial entities, described pressure from donors to shift even closer towards their social mission. However, both organisations maintained they were able to secure their social mission and prevent mission-drift, despite this pressure. They did this by cauterising new units off from the whole if they felt these would cause the mission to drift. Both organisations did this by generating their own independent income to support the original social mission. In addition, all of the organisations in the study found they became much more independent once they began to make financial decisions on their own earned income. Earned income and, more particularly, profit, resulted in the resources, both human and capital, required to deepen the social mission.

Additionally, profit and excess income resulted in these organisations being able to better meet the social mission by extending their activities, products and services offerings. For the social missions to remain constant, therefore, what was necessary was an entrepreneurial founder-leader, supported by a board and/or leadership team that were not risk averse but were able to apply sound business principles to establish necessary governance boundaries. All of the organisations in the study also conducted ongoing board/leadership and staff training to inculcate a different organisational approach to the social mission. Case 4, which originated out of case 2, and had a similar leadership culture, also focused extensively on organisational culture, breaking it down and codifying it into behaviours that aimed to preserve the importance of the social mission.

Consequently, no social mission-drift at all was identified during the study, although a slight move away from the business mission may have occurred within cases 2 and 3 as they moved more towards the social motive, and away from the profit motive. Furthermore, although the dominant donor's insistence that these commercial entities become implementing partners was viewed by some to have resulted in slight mission-drift, this was not obviously evident.

From the outside, all of the organisations studied, regardless of their formal registration status appeared to be NPO-oriented social enterprises. As such, the missions within the commercial entities, having always been social in nature, may have experienced some drift away from the profit motive, and towards the grant motive in the donor space, if indeed any drift was experienced at all.

In addition, extensive business model drift was detected, particularly with regards to donor funding determining sector changes and pushing implementation. Even business model drift, however, was kept within a separate part of the organisation so that, if necessary, this component could be separated out, and the core organisation could move on as normal. Table

8, overleaf, differentiates mission-drift and a new concept emerging from this study called 'activity drift, in which the business model drifts in order to better accomplish the social mission, by adjusting the activities to be implemented.

Provided the organisations focused on their social missions, the business decisions that arose would hold the social mission constant. As such, although conscious choices were emphasised initially in formulating the social missions, conscious decisions were also taken mid-way, or at some later point, as opposed to solely at the start of each organisation. These early decisions, nevertheless, resulted in any strategic or business model changes that came later, feeling natural and gentle. The changes did not feel as if they were formal change processes at all, nor periods of rapid growth. Instead, these were experienced as being a result of consciously made, early decisions regarding the social mission.

When asked about mission-drift, the respondents universally expressed surprise at the questions, as they explained that they were only interested in and, consequently only undertook activities insofar as these affected the system. Furthermore, the social change activities were inextricably linked to the social purpose. The organisations further maintained that "it was never how many, how much, how big, or how far, but always about how to solve this problem. And then that problem" (C1, F2, L88-90). Consequently, solving these problems was very much the 'how' of meeting their respective social missions.

Although it was conceded that conscious decisions were made all the time, it was held that the initial "big ideas" (C1, F1, L667) remained constant and were merely translated into actionable operational plans over the years. Finally, across all of the organisations, as the needs grew, the field expanded, and the funded environment grew to include additional donors and larger grants becoming available. This resulted in the social purpose becoming both more within reach and simultaneously more predominant.

#### **10.06.1 Comparison with the literature**

The extant literature states that organisational business models result from formal strategic processes (Baden-fuller & Mangematin 2013; Baden-fuller & Morgan, 2010; Schaltegger et al., 2015). This was evident, as expected. Consequently, this study confirms that the organisational strategy results in the business model (Baden-fuller & Mangematin 2013), and that the business model, in turn, results in the implementation of regular strategic practices (Jarzabkowski et al., 2007). The literature also maintains that the business model should be flexible in order to be responsive to the context (Mair & Schoen, 2007).

Additionally, the business model consists of a range of activities that are employed in order for the strategy to be realised (Pache & Santos, 2010, 2013; Santos et al., 2015). Within these cases, it was the ability of the business model to adapt by changing its activities that

held the social mission constant. Table 8, below, provides a summary of the differences between mission-drift and activity drift within the business model in this study.

**Table 8: The differences between mission-drift and activity drift**

DESCRIPTORS	MISSION-DRIFT	ACTIVITY DRIFT
<b>WHAT IT IS</b>	A clash between economic and social value creation; a “process of organisational changes . . . resulting in diverges from its main purpose or mission” (Cornforth, 2014, p. 4) focus; diverting attention, resources and focus away from the social mission (Cornforth, 2014); a “diversion of time, energy and money” (Jones, 2007, p. 300); a rerouting of time, energy, and money away from an organization’s values, benefits, and beneficiaries (in other words, its social mission) (Cornforth, 2014); “a change in direction . . . due to forces in the environment” (Young et al., 2012, p. 24); In social enterprises, mission-drift typically refers to business concerns taking on added emphasis and pulling focus away from an organisation’s social mission (Cornforth, 2014).	A refocusing within the business model, paying more attention to certain activities, allowing programmes and projects to change quickly (even if the organisation has ‘always done that’ or ‘always done it like that’). The activities change in order to better respond to the context, and by so doing, better meet the social mission. There is no clash between economic and social value creation, as the social drives the economic. The activities are designed to meet the social mission. Generating an income is merely a means to an end. Opposites are reconciled so there are no competing logics, rather different components to be utilised at different times.
<b>MORE</b>	Mission-drift is the inability of a social enterprise to achieve its social mission through the use of independent activity, needing to resort to other sources for support. It is the prioritisation of economic value generation over social value generation (achieving the social impact that it set out to accomplish).	Activities are both the components of the business model, as well as the specific business tasks. Primarily, the activities are in the programmes and the projects. These include design and development of products/services, user-experience testing, sales/demand creation, management and problem-solving.
<b>WHEN IT OCCURS</b>	When an NPO needs to generate its own income and focuses energy on making money, resulting in a compromise to the initial organisational objectives and mission (Mair, 2017).	When the social mission is central to the business model and remains central. When the social mission has a social change or a systems-change focus.
<b>RESULTS</b>	Lead to undesirable consequences. Can result in bad reputation. Can result in liquidation and bankruptcy. Which results in loss of jobs, income. Can (rarely) be competitive advantage	Finance and accountability; governance; Marketing and social media: promotion, generating demand; HR and administration; Operations, logistics and distribution: production and service delivery
<b>TYPES</b>	Too much focus on economic value creation: generating the income to sustain the organisation. May also include too heavy a focus on the social mission, without any attention to generating an income.	Business model activities and/or programmatic activities directly linked to the product and/or service.
<b>WHAT TO DO</b>	Use board to secure social mission in constitution; utilise resource-dependency strategically: diversify income; change the institutional logics.	Problem-solving and strategic planning: things done to add value, competitive advantage.

### 10.06.2 Conclusion to Theme 2

Cornforth (2014) warns that mission-drift “may not just arise from commercial activities but also from dependence on any dominant funder” (p. 4). Nevertheless, contrary to the literature (Alter, 2010; Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Kodzi, 2015; Moss et al., 2010; Smith et al., 2013), no mission-drift was detected. The only possible drift mentioned was merely that of business model drift. This was particularly where the business model had evolved without a formal strategic event, including strategy meetings, typically utilised to alter it.

However, notwithstanding that there may not have always been formal strategic change processes, there were always strategic change discussions surrounding any business model changes (Jarzabkowski, 2005; Jarzabkowski et al., 2007). The organisation would therefore start to demonstrate the change to come internally – through its ‘sayings’ and ‘doings’ – as described within entrepreneurship-as-practice theories (Schatzki, 1996, 1997, 2001, 2002, 2005; Schwarz & Stensaker, 2016), and as captured within the data and, ultimately the themes emerging.

Finally, a business model contains an assortment of organisational activities, as well as how these are designed, who implements the activities, and the capabilities and resource-mix required in order to implement these (Zott & Amit, 2010). This is where the business model adapts in order to better meet the social mission. As such, the social mission remains absolutely constant and, even though these social enterprises introduced hybrid business models whereby they generated operating income, (and, in some instances, profit), the social mission still did not shift. The organisations maintained that this was because the business model enabled the social mission, and that was its role. As such, it did not detract any focus from the social mission.

### **10.07 Theme 3: Specific practices ensure no mission-drift, permit business model drift**

There are a number of specific practices undertaken in order to ensure mission stability, as well as to prioritise the social mission over the lifetime of the social enterprise. These practices also facilitate business model adaptation, or drift. A range of practices are, thus put in place, both to maintain the social mission at the heart of the business model, and in order to achieve the social mission. The data contained within Table 9, overleaf, provides an example of how the data ultimately informed the development of the theme.

**Table 9: Example of how data informed the development of Theme 3**

DATA	CODE/s	CATEGORY	THEME
“This year, we had to make a change because although we’re offering something that our customers want, beneficiaries need, and although our customer acquisition strategy is strong: we know how to do our job, revenue was in decline and then we realised our service wasn’t quite what our customers wanted”.	Adapting business model to better meet mission. Listening to customers/beneficiaries.	No social mission-drift Business model adaption Social mission central to business model	Social mission does not drift, business model drifts when social mission central to business model
“We do what we set out to do; how we do it changes sometimes”. “We do what we say we will”. “We’re open to change, but it isn’t harried change. It’s slow and steady progress towards our goals”. “We’re all about our purpose, nothing else”.	Mission driven business model Business model open to change.	Mission drives adaptable business model.	Business model changes so mission can be met. Mission doesn’t drift, business model drifts
“Our profit is not about money, it’s about targeted delivery, meeting of indicators, delivering services to patients”.	Sustainability: about more than profit.	Profit enables mission.	Mission at centre of business model
“It’s not just a job, my work is important” “I’m changing the world” “I don’t know a different way of being” “I love my work, my colleagues. It’s important, you know. It feels important, and needed”	Employees stay because they feel their work is purposeful.	Mission drives staff input into business model.	Organisational culture sustains mission
“We introduced some changes, like started to diversify funders, firstly. Then we looked to diversifying our income streams generally” “First thing, we set-up a proper board, with experienced people, then we could start really growing. But the board kept us stable, you know, so we keep our focus constant” “So instead of doing the actual service delivery in facilities, we started to rather provide technical support, advice, and so on to government and into the facilities still, but we changed our programme focus to do better”	Social mission constant but business model and activities change	Business model agile Mission drives business model	Social mission at centre of business model Business model drift, no social mission-drift
“If it doesn’t work, then we must change the way we’re doing it”. “We must do it better, faster, cheaper, trying new ways til we get it right”.	Business model irrelevant, about meeting need	Business model adapts to better meet mission.	Business model adaptable. Business model changes so mission can be met.
“It’s not just a job, my work is important” “I’m changing the world” “I don’t know a different way of being” “I love my work, my colleagues. It’s important, you know. It feels important, and needed” “I couldn’t survive anywhere else”	Employees stay because they feel their work is purposeful.	Mission drives staff input into business model.	Organisational culture sustains mission
“Our leadership are much more focused on the organisation and the organisation’s future than their own personal gain”. “We train on our purpose, we train on how we reach mission, who we are, our values . . . there’s pressure to fit in”. “If you don’t need to make a difference, if you want to earn more than work for good, this isn’t for you”	Values and mission focus transferred/inculcated throughout organisation. Mission in all pieces of business model.	Values underpin business model.	Social mission at centre of business model Organisational culture sustains mission
“In the end, there’s no difference in running these organisations and running a purely forprofit business. You’ve gotta have the same sorta discipline, the same kinda processes and systems, you gotta have that insistence that people need to be managerially competent”	Comfort with dual business models Doing good and doing well.	Business model can accommodate duality.	Mission at centre of business model Comfort with dual business models.

These practices include a range of practices, such as the strategic diversification of income streams (Carroll & Stater, 2009; Cornforth, 2014), and culture-building practices. Furthermore, there are specific practices responsible for permitting the business model to be responsive to the community, while holding the social mission constant. These include the following:

### **10.07.1 Social mission influences business model, not vice versa**

A focus on the social mission – with the business model utilised as a mechanism to enable the social mission – minimised the tensions expected within a hybrid organisation managing a dual business model. This was because the business model enabled the social mission, as opposed to competing with it. Hence, the business model emerged from within the social mission, versus the other way around.

This is interesting because it upends what Alter (2010), Battilana et al. (2015) and Jay (2013) have been saying in the management literature around the dual mission, and the emphasis on balancing these competing logics/tensions. Instead this finding echoes Kay, Roy and Donaldson (2016) in finding the social enterprise can be defined as one of two types: reformist or radical. Reformist social enterprises tend to be larger, more focused on traditional business models and more oriented towards profit that is channelled to social good, whereas radical tend to be more local, oriented towards alternative paradigms for a better society, and based almost entirely on a shared set of values.

### **10.07.2 Business model realigned to social mission vs. adapting social mission to fit business model**

This practice of realigning the business model to fit the social mission, as opposed to the other way around, facilitated the centrality of the social mission. With the social mission at the heart of the business model, adjustments to activities, income models and operating methods in order for the social mission to be realised, were embraced.

### **10.07.3 Keeping purpose constant throughout projects and years**

As opposed to “chasing the money” (C3, CEO, L234), be it capital or funding, the social mission was kept constant at the centre of the business model. In addition, the social mission remained unchanging regardless of any leadership changes, the passing of time, and the loss of donor funding. When the social mission was kept central to the organisation's business model, it remained pivotal to the strategy and operating mechanisms, regardless of financial pressure. In this way, the organisation was able to stay true to its purpose. Because of donor pressure to shift with the offer of considerable funding, many of the organisations adjusted their business models to accept this funding. However, none of the organisations interviewed were content to remain reliant solely on ongoing donor funding.

#### **10.07.4 *Inculcating social purpose into organisational culture***

This was so that the social mission became part of the language of the organisation and became fully integrated into its values. The social mission was reinforced and maintained throughout the organisation – from the board through to the staff at all levels. Utilising the organisational culture as a component of the business model to maintain the primacy of the social mission, ensured that it was reinforced at every level of the organisation.

#### **10.07.5 *Social change objective as social mission***

That an organisation possessed a social change social mission automatically resulted in organisational scale, provided that the social change social mission remained central to the business model. In addition, the organisation needed to apply consistent effort, single-mindedly, along a single path, to attain the social mission. Therefore, the social (as well as health and educational) mission was, is and remains constant across all the cases. This practice is the next theme.

Mission-drift was neither described nor observed, except for a slight drift towards a greater social focus, described earlier. Consequently, as opposed to drift away from, or even broadening of these social missions, the organisations all grew towards hybrid social enterprise, with the social mission firmly in place. In addition, all the organisations took on additional entrepreneurial systems and strategies to address any apprehension regarding future sustainability.

Generally, there was a comfort and an ease working across multiple registration forms, with all of the organisations operating as hybrids of one form or another. This hybridity was expressed as all of the organisations embraced – to varying degrees – the nonprofit philosophy or values typical to NPOs, while operating within much more business-like environments.

The social mission within all of these organisational types, consequently, had always been the entrepreneurial driver, with a consistent focus on the social mission. Furthermore, “how you get there” (C1, ID, L55) was not viewed as important at all, with the common view being that the ends justified the means. Rather, emphasis was placed on whether the social mission remained central, and whether the culture and values were maintained. It was strongly believed that then the 'how' would take care of itself.

Likewise, it was ascertained that as long as the business models were informed by the social missions – and the missions remained at the forefront of organisational operations – the business and social functions of the social enterprises were not in conflict in any way and, therefore, there was no social mission-drift. The managing of multiple logics, therefore, did

not cause drifting away from the mission but, rather, the business model and business plans reinforced and supported the achievement of the social mission.

The leadership of these organisations conducted recurrent reassessment of their continued relevance in order to create legitimacy within the beneficiary communities they served, and in order to create change in the broader system. In addition, access to a skilled leader, able to create buy-in and generate support was considered necessary for legitimation. When comparing the literature and the data this study found that the business models were adjusted regularly through daily organisational cultural and management practices, as well as through annual or biennial strategic processes and events. This resulted in the social mission remaining a constant focus for these enterprises.

Furthermore, the social missions did not budge even when they had been partially met. In addition, the social missions did not drift once the organisations were flourishing, be it through obtaining sufficient funding, generating enough income to sustain their operations, generating profit, or through reaching scale. Consequently, when sufficient income, and even profit, was being engendered by these organisations, their social missions did not become less central.

The social enterprises in this study, held that their social missions were maintained as central to their business models, through the consistent application of a range of business practices in order to reach these social missions. Furthermore, the organisations felt it was their acceptance of risk, openness to change, and even comfort with failure, that cemented this.

The governance structure of each organisation further facilitated these strategic processes. These, in turn, led to the development, and strengthening, of the business models. The business models within these organisations, furthermore, included all the details, functions and activities undertaken for each organisation to reach the targets, represented by their social missions. Moreover, these business models were found to be living representations that were responsive to the context, and, therefore, able to change.

After the overarching business models had been developed initially and/or realigned in later years, the organisational leadership teams would ensure that the business and operational plans were developed, adjusted and advanced in order to result in achieving the social mission. Alongside this, the leadership teams would attempt to either obtain funding and/or to generate income in other ways, in order to enable the implementation of these plans. This would then occasion supplementary strategic processes and, oftentimes, the further refinement and adjustment of the business models.

Despite all these conscious processes and decisions, however, and while all the organisations had their own structured and evidence-based business models, the majority of



practices and processes were innovative and agile, within a dexterous, responsive business model. Additionally, all of the cases had business models that were innovative and future-focused, with balancing mechanisms in place for accountability, such as separate governance processes for the management of money, whether donor generated or not. This was whether the social enterprises were registered as NPOs, forprofit businesses, or hybrids of both.

The historical documents further proved that these organisations' business models had evolved and changed, often substantially over time, in order to better meet the organisations' respective social missions. The social missions, however, remained unchanged, over multiple decades, in the same historical documents.

#### **10.07.6 Comparison with the literature**

Aligned to the literature, this study discovered a range of daily practices that support holding the social mission constant. Mair (2017), Maier et al. (2016) and McDonald et al. (2015) all maintain that organisations can employ a range of business-like daily practices in order to manage the competing logics of social mission and income generation. Mair (2017) identifies particular business model practices such as assessing the value chain and creating new value chain networks. McDonald et al. (2015) holds that depending on the business model choices, there are a range of income generation and marketing practices organisations can utilise.

In particular, revenue diversification emerged repeatedly as a strategy (Carroll & Stater, 2009). In addition, certain regular strategic practices, as identified by Jarzabkowski and Spee (2009) were identified. All of these, from administrative (such as strategic planning documents) to discursive (such as strategic communication and organisational 'legends') to episodic (such as strategy days and writing away-days) were observed.

Consequently, because business models can be adapted in order to benefit from the changing context, they can assist organisations in overcoming threats and exploiting opportunities to their advantage (Gunther McGrath, 2010). As a result, the business model is best used as a tool that is agile and flexible to changing contextual circumstances (Chroner et al., 2015).

#### **10.07.7 Theme 3 Conclusion**

Furthermore, all of the organisations deliberately exploited institutional voids to further the growth of the enterprises (Mair & Marti, 2009; Pache et al., 2018), but even more specifically, to further the specific social objectives. Multiple social enterprise forms were consequently found implying that the definition of, and any legislation that may follow for social enterprise in South Africa (Claeyé, 2017; Steinman & Van Rooij, 2012) would need to consider all of the variance possible (Dacin et al., 2010; Karanda & Toledano, 2012).

Consequently, these organisations employed dynamic business model practices, in order to keep the social mission constant, while allowing the activities contained within these business models to drift and change as needed, in order to maintain the social mission and permit growth.

#### **10.08 Theme 4: Social change occurs as lack of mission-drift is reinforced**

The social missions remained, quite literally, narrow in scope. However, because these social enterprises had always worked within the arena of general/state interests, as the organisations became more financially viable, so they were able to actualise a substantial and extensive social change impact on the broader social system. This occurred as a component of these social enterprises accomplishing parts of their broader social missions, as opposed to these missions growing at all.

The social missions, thus, merely appeared larger as the organisations grew in size and influence but had never actually changed or drifted at all. If there was any drift at all, it was towards the social mission. Nonetheless, this kind of drift still resulted in some confusion, tension and anxiety for organisational employees. It also resulted in some unease about the registration category. This was so for case 3, in particular, which originally registered as a forprofit company, and not also as an NPO, like cases 1 and 4. Only mild anxiety was perceived, however, in cases 2 and 3 only, with no ensuing change in registration status.

Moreover, case 3 was able to provide employee benefit because of their profit, and this was the principal reason the owners did not want to change the registration status. Nonetheless, they were still perceived of as an NPO, primarily externally, but occasionally even internally, due to their philosophy and way of working. The table overleaf provides a sample of the data utilised to develop Theme 4.

**Table 10: Example of how data informed the development of Theme 4**

DATA	CODE/s	CATEGORY	THEME
<p>"We like to think big; you've got to think big if you want to make a difference"</p> <p>"So instead of doing the actual service delivery in facilities, we started to rather provide technical support, advice, and so on to government and into the facilities still, but we changed our programme focus so we could do what we were meant to do better"</p>	<p>Thinking big</p> <p>Social mission constant but business model activities change</p>	<p>Business model agile</p> <p>Mission drives business model</p>	<p>Social mission at centre of business model</p> <p>Business model drift, no social mission-drift</p>
<p>"If it doesn't work, then we must change the way we're doing it".</p> <p>"We must do it better, faster, cheaper. And keep trying new ways until we get it right".</p>	<p>Business model irrelevant, about meeting need</p> <p>Comfort with change</p>	<p>Business model adapts to better meet mission</p>	<p>Business model adaptable.</p> <p>Business model changes so mission can be met.</p>
<p>"We intend to change the world . . . I work here cos I want to change the world"</p> <p>"We look at how to make the biggest difference, and sometimes that means working together, even if we don't like or trust the others"</p> <p>"To make a big difference you need a big leader, or a leader with big ideas, and big partnerships, and to be seen as big, you know, powerful, by others"</p>	<p>Mission = changing the world</p>	<p>Business model adapts to better change system</p>	<p>Business model changes so mission can be met.</p> <p>Thinking big, big thinkers</p> <p>Systems-change = mission</p> <p>Social change = mission</p>
<p>"The whole system's corrupt, it needs to be torn down. Start again".</p> <p>"We could do it, better, sure of that"</p>	<p>Mission to change system</p>	<p>Systems-change intentions</p> <p>Social change intentions</p>	<p>Systems-change = mission</p> <p>Social change = mission</p> <p>Thinking big, big thinkers</p>

### 10.08.1 Comparison with the literature

Unexpectedly, therefore, as the literature maintains otherwise (Defourny & Nyssens, 2010, 2012; Mair & Schoen, 2007; Maier et al., 2016), the slight mission-drift observed in the businesses who had become social enterprises, was a drifting towards the social mission, as opposed to away from it. According to Zahra et al. (2014), this emphasis on social change and systems-level change, is a defining feature of social enterprise: "social ventures also differ from both for-profits and not-for-profits by their deliberate investments in social impact and social system change capabilities" (p. 144).

The authors go on to describe the specific evidence-based practices that accompany this social systems mission focus as social impact capabilities. These, they describe as "the bundle of knowledge, skills, and routines necessary for achieving measurable social impact and . . . underpinned by a theory of change" (Brest, 2010 as cited in Zahra et al., 2014, p. 144). In alignment with the literature, therefore, there was no mission-drift because the social missions had always intended to create broad social change (Battilana, 2018; Cornforth, 2014; Dees et al., 2004; Hendry & Seidl, 2003; Lumpkin et al., 2013; Pache & Santos, 2013; Pache et al., 2018).

Furthermore, the predominant literature maintains that as the mission-based, nonprofit social enterprise achieves greater financial sustainability, so it moves further away from its social mission (Alter, 2010; Battilana et al., 2012; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Kodzi, 2015; Moss et al., 2010; Smith et al., 2013). The existing literature therefore holds that the danger inherent in social enterprise is that the organisation's

hybridity, will ultimately result in either social mission-drift (Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Grimes et al., 2018; Kodzi, 2015); or the social mission of the organisation may be preserved, but without subsequent growth and scale (André & Pache, 2016; Bull et al., 2014; Dees et al., 2004; Van & Vredenburg, 2015; Young et al., 2012); or without a successful income model (Defourny & Nyssens, 2010; LaRose, 2012; McBrearty, 2007; Sontag-Padilla et al., 2012).

However, this study found that this was not the case, as long as it was the social mission that was the organisational driver, and that accomplishing this social mission always remained at the forefront of the organisation's business model, and therefore its activities. Instead, what was unearthed was that it was the business model and the ensuing operational plan/s that emerged from within it that changed or drifted. This, in turn, did not cause drifting away from the social mission, but rather the business model and business plans reinforced and supported the achievement of the mission.

Mission-drift is distinct from activity drift as activity drift represents an agile business model, able to adjust course to better meet the social mission. Whereas mission-drift means the organisation diverges from its core focus, without intending to do so (Cornforth, 2014).

Consequently, although it was anticipated that as the nonprofit or social enterprise achieved greater financial sustainability, so it would move further away from its social mission (Battilana et al., 2012; Dart, 2004; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Smith et al., 2013), this did not occur. Additionally, it was expected that, on occasion, the social mission would enlarge by drifting towards more general interests (GI) and in so doing, would grow (Defourny, 2016).

Instead what occurred was a profound and multi-faceted intensification of the social mission through a multiplication of the business model. Consequently, the social mission remained narrow in scope, yet because these organisations had always worked within and intended to create social change, they actualised a substantial and extensive impact on the broader social system, as the organisation became more financially viable.

#### **10.08.2 Theme 4 conclusion**

This study, therefore, contradicts the social entrepreneurship literature (Alter, 2010; Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Grimes et al., 2018; Kodzi, 2015; Smith et al., 2013; Young et al., 2010; Young & Lecy, 2013) with regards to hybridity resulting in mission-drift. Furthermore, this study extends the social enterprise literature by providing for the centrality of the social mission in the business model in order to ensure mission stability, while simultaneously allowing for the generation of sufficient operating income.

This finding also adds a new component to Defourny and Nyssens (2016) ideal-types triangle, by adding in the finding that for social businesses, the social mission may drift not only towards capital interests (CI) but also towards mutual interests (MI).

This study therefore confirms the business model literature, primarily contained within the technology fields, as applicable more broadly in other fields (Baden-fuller & Mangematin 2013; Baden-fuller & Morgan, 2010; Casprini, 2015; Hacklin & Wallnöffer, 2012; Osterwalder et al., 2010; Zott et al., 2010). Specifically, this study confirms that the business model must be able to adapt to changing contextual conditions (Mair & Schoen, 2007; Pache & Santos, 2013).

Unlike conventional NPOs, social enterprises are believed to be more able to engage with transformative social system change, as their business models are more progressive (Kania & Kramer, 2011). The social system includes “the set of actors who are active in addressing a social problem/opportunity, and who govern the prevailing narrative and behavior around how the social problem is perceived, understood, and addressed” (Zahra et al., 2014, p. 144). This study, consequently, additionally extends the business model and the strategy literature by demonstrating that within these organisations, it is the social mission which informs the organisational strategy, the strategic practices, and both underpins and influences the business model.

### **10.09 Theme 5: Values-driven daily management practices underpin entrepreneurial culture**

Although fairly obvious and discussed previously within the strategy and the business model literature, this study clearly found that the organisational strategy, which in these social enterprises centred around the social mission, directly informed the business model. The business model, in turn, acted as the delivery vehicle, through which the various daily practices necessary to meet the social mission, were practiced. This harks back to early definitions of entrepreneurship by Schumpeter as change from within, or development (Steyaert & Hjorth, 2006). Table 11, overleaf, provides an example of how change was created from the inside out, paying particular attention to the values-driven strategies, entrepreneurial organisational culture and strategic practices influenced by the organisation's principles.

**Table 11: Example of how data informed the development of Theme 5**

DATA	CODE	CATEGORY	THEME
"We start with our values and mission first, then we plan our activities" "We make sure what we do aligns, so we're always thinking: is this a quality product? Is this innovative? Are we being responsive?"	Strategy based on social mission Values underpin operational plans	Values and mission lived Mission underpins strategy Social mission at centre of business model	Values derived from mission foundation for business model
"We hold the big, annual strategic planning meeting, and from there we design the operational plans" "The plans go to the Values Committees to assess if they align and are mission supportive" "The plans get unpacked into bite-size project goals" "Sometimes there are little reminders, like in our payslips, or on group messages"	Strategy unpacked into values reminders	Strategy vehicle for mission delivery Formal strategic practices/ tools and reminders Values underpin strategy Interconnected, manageable	Strategic practices used to maintain social mission
"You need to be open to alternatives 'cos shit happens, and you need to adapt". "The end goal remains the same, but how you get there may need to change 100 times over".	Business model adapts to changing environment	Agile business model Business model drifts Social mission at centre of business model	Mission informs business model
"We run like a business, we use business tools and methodologies" "Even if we don't make a profit, we still operate according to business efficiencies"	Runs like a business with business practices	Business-like practices Profit doesn't make business	Business-like but profit defined differently
"We've got scenario plans for 20 different things over the next 5 years. We conduct extensive research" "We make conscious decisions, even when we're innovating, we plan and think through possible risks"	Identify viable opportunities, conduct research, then implement based on solid plans	Conscious decisions inform business model Evidence informs business model	Business model evidence-based
"The overall strategy comes from the social mission, which then gets divided into a business model per project area, which then gets divided into operational plans, and then gets implemented" "The business model gets evaluated monthly and as needed, so the plans can be adjusted as necessary"	Social mission informs strategy Strategy informs business model Business model informs service delivery	Social mission informs strategic process Social mission informs business model Ongoing measurement according to mission	Social mission determines strategy, business model and service offering
"It's up to you to take up opportunities, request help etc." "There's a lot of independence, but if you screw up, without informing anyone, resist asking for help etc. you'll be out of here before you know it" "When we hire, we test people to see which parts of the strategy they can fulfil, how aligned their values are, etc."	Strategy determines skills mix required Autonomy leads to entrepreneurial action Cultural fit linked to social mission HR processes linked to strategy	Strategy informs HR practices	HR practices determined by social mission informed organisational strategy

The organisational strategies were found to be agile – open to change and adjustment, as necessary – and future-focused. The specific practices discovered included a formal annual, strategy development event, as well as regular planning and evaluation events. Ultimately, these annual events evolved into prescribed biennial strategy alignment events, primarily with the board and/or leadership team/s.

These events, initially designed to reinforce the social mission within the organisational strategy, evolved over the years to also include opportunities to assess implementation challenges and successes from the prior year/s. Thereafter, if necessary, operational plans would be adjusted. The agreed upon strategy would then be cascaded throughout the organisation, via staff meetings, team meetings, internal newsletters and team WhatsApp group messages.

An additional range of motivational reminders were primarily rolled out at case 1, such as: encouragers and notices to align with the organisational strategy would be sent through team WhatsApp messages, organisational social media posts, regular intranet posts and newsletters, messages on pay slips, monthly journal clubs, internal staff training, staff peer recognition awards, and a formal performance management system which included measures for bringing in grant money and/or developing new business ideas as key staff performance indicators [the last one, was particular to case 2]. All of the organisations studied followed a

regular, structured, strategic planning process with strategy development formally designed to be inclusive and innovative.

Within all the organisations, furthermore, team planning and presentation meetings, and staff teambuilding events aimed at developing and strengthening the organisational culture, were regularly organised. Daily check-ins were held at case 3 in an attempt to create self-managing teams that could support one another in resolving project blockages, and to address any challenges as they arose in an agile management manner. In addition, daily 5-minute stand-up staff meetings were initiated at case 4 in order to provide quick feedback. Case 2 also provided for a structured daily check-in with the leader of the organisation, if there was a problem a staff member was unable to resolve. Consequently, multiple agile management practices were implemented to ensure staff ability to negotiate organisational changes.

It was universally declared, however, that teaching someone to be entrepreneurial was not particularly effective, but that establishing an entrepreneurial culture within an organisation resulted in the recruitment and retention of entrepreneurial staff. Additionally, for those who did not fit into this entrepreneurial culture, the same would typically result in the individual choosing to leave the organisation.

This, in turn, resulted in long-term entrepreneurial leadership teams, holding the institutional memory of the organisations, while able to maintain a social mission focus, reach scale and achieve success. Universally, these entrepreneurial leadership units – able to place the organisation above their personal needs – were viewed as both a direct outcome of, and what was resulting in, the development and preservation of the entrepreneurial organisational culture.

#### **10.09.1 Values-driven strategic practices**

All of the organisations maintained that despite their access to many years of generous international donor funding, it did not come easily. Donor funding was therefore not necessarily considered the easier option, as there were increasing moral issues, combined with ongoing bureaucratic delays in the processing of donor payments. Typically, donors worked through reimbursements that could cause considerable cash flow difficulties when an organisation was still small. However, even once an organisation had scaled and had multiple bank accounts with strictly controlled donor funding in each, this still created difficulties. Occasionally, this even resulted in organisations needing to apply for bank loans to cover the cashflow shortfalls that these delays created.

Nonetheless, the organisations tended to worry more about whether implementation activities were making a tangible difference and whether they would be able to sustain that,

as opposed to worrying about the sourcing of the donor funds in the first place. Nevertheless, being entirely donor dependent could result in these organisations feeling that they worked very hard keeping the donors happy and wondered if occasionally the focus on the beneficiary got muddled by the demands of keeping donors, government and other stakeholders satisfied.

The income that was raised was always done so with the strict intention of supporting the implementation of the organisational strategy through the business model and the resultant operational plans. With regards the necessity of a funding strategy, there was common understanding of the importance, and fragility of nonprofit and social enterprise sustainability. All cases described a clear and official effort to develop a formal funding strategy that involved, at its core, the importance of diversifying funders. Even the former commercial entities and the hybrid social enterprises had a formal funding strategy underpinned by donor diversification (Carroll & Stater, 2009).

All of the organisations proactively managed their resource-dependency by adopting the “important strategy of diversification of funding sources to reduce the influence of any one funding organisation” (Cornforth, 2014, p. 14). Diversification within the planned strategy overall was also key, whether it was donor-focused, about diversifying income models (Carroll & Stater, 2009), diversifying reach, diversifying beneficiary and/or customer market segments, and/or diversifying geographical area. This aligned closely to how Weber et al., (2012) defined the process of scaling for social enterprises. The organisations, having been around for between fifteen and twenty-five years each, had reached scale in one or more aspects of their initial, defined social purpose, leading to substantial extension of impact. In addition, these long histories led to stakeholder and beneficiary credibility for all of the organisations. The longevity of these organisations also demonstrated their sustainability in-practice.

A thought-through funding strategy with consciously made decisions, was universally practiced and advised and, as such, allowed for a measure of sustainability, particularly with regard to donor-funded projects. In addition, this resulted in a confidence within all of the organisations that they would survive the loss of even a major donor in the field, even if they would need to restructure and retrench some existing project staff and become smaller.

This loss, indeed, occurred for most of the cases studied due to changes in a foreign government's donor policies after the study was completed (between January and March 2019). While all of the organisations were required to restructure to some extent in order to adjust, all of them also maintained a large amount of this donor funding, demonstrating their credibility internationally. Furthermore, all brought on additional donors, and the majority had already introduced further income generation activities or extended existing sustainability mechanisms.



The organisations reported finding these kinds of rapid, donor-influenced changes very difficult. Nonetheless, the experience gained from working with the big donors had facilitated the award of complicated tenders from the state for some organisations, as well as opened up other international commercial opportunities for others. The organisations were also able to segue fairly organically between forprofit and nonprofit work and back, despite these moves being underwritten by clear, conscious decisions and a deliberate planning process.

All of the organisations underwent several phases of growth and development, with the first move towards generating income typically being pushed by necessity, and the next usually a matter of choice, initiated so as to gain greater autonomy. The third or later growth phases also appeared to have been pushed by the context when the primary donor was felt to force their hands, pushing these organisations to become even more entrepreneurial and independent.

### **10.09.2 Comparison with the literature**

The literature maintains that the organisational strategy informs the business model (Baden-Fuller & Morgan, 2010; Casprini, 2015; Hacklin & Wallnöffer, 2012; Osterwalder et al., 2010; Zott et al., 2010). However, within the social entrepreneurship literature to date, the business model has only recently begun to be perceived as a vehicle for the achievement of the social mission (Kickul & Lyons, 2015; Weerawardena et al., 2010). Furthermore, while the necessity of daily management practices is well recognised within practice theories generally (Jarzabkowski et al., 2007; Jarzabkowsky & Spee, 2009; Schatzki, 1997, 2001, 2018; Vaara & Whittington, 2012), less attention has been paid to the ones that follow.

This study, like other studies in the field (Maier et al., 2016), showed that the greater the number of business practices, business expertise, business experienced people and business models available to and accessible within the organisation, the more responsive the organisation was to contextual triggers. This was whether these triggers were drivers, facilitators or obstacles. All of the organisations studied had thus adopted variations of certain daily practices related to business management. In order for these organisations to achieve their social change oriented social missions, certain common daily practices were found to be necessary. In particular, the specific practices were those that supported both strategic change and daily management, and were found within the areas of governance, strategy, business model development, operational planning and fundraising, as described above.

During start-up phases, the organisations studied described the practices of making conscious decisions to design their social missions, as well as a focused effort to link these to their organisational values. Both Chroneer et al. (2015) and Hacklin and Wallnöffer (2012), in studies across different industries maintained that conscious decisions were necessary for the

business model to actualise the strategy. This view is in alignment with the current social enterprise literature, which lists a range of decisions that are necessary for the social enterprise to operate most effectively (Defourny & Nyssens, 2016; Ridley-Duff & Bull, 2015).

In this study, during the early stages, as depicted in Figures 7.1 - 7.4 (p. 199 - 202), the business model was developed with the social mission as the centrepiece of both the organisational strategy and the business model. Again, this finding is in alignment with some of the literature (McDonald et al., 2015). The organisational strategy and the business models that resulted from within it were, in turn, supported by the identified organisational values. The study consequently spelled out the necessity of strategic decision-making practices and organisational values as crucial in order to avoid mission-drift.

### **10.09.3 Conclusion to Theme 5**

In conclusion, therefore, daily management practices were utilised to facilitate change within these organisations (Jarzabkowski & Spee, 2009; Vaara & Whittington, 2012). In addition, these practices prepared the employees so that the organisation was change-ready (Rafferty et al., 2013).

Dean (2008) maintains that “values transcend both contexts and experiences. Therefore, they can be used for making tough decisions in complex situations that have not yet been experienced” (p. 2). As such, being values-driven assists organisations to deal with complexity within the context.

In addition, values-driven practices result in an entrepreneurial culture that prioritises the social mission by encouraging employees to buy-in to the collective mission and purpose. This is accomplished through trust, maintaining high standards, mutual respect and accountable leadership (Dean, 2008).

## **10.10 Theme 6: Entrepreneurial organisational culture results in flexible business model**

The organisational culture needs to be designed, codified and implemented. However, first, the culture must be underpinned by the organisational values and imbedded into specific behaviours and language.

The consistent telling of organisational stories was considered an important practice within culture development. Furthermore, all of the cases placed emphasis on being evidence-based and originating out of structured research processes. For case 1, this manifested in their being academically linked and, for case 2, in their providing academic educational services. All of the cases demonstrated clear beliefs in the importance of learning. All of the

cases practiced this through actively supporting staff study and providing internal capacity-building for staff. Cases 1 and 2, additionally, rolled out compulsory leadership development programmes, and cases 3 and 4 structured themselves so as to facilitate learning more broadly within beneficiary and consumer communities. In addition, all of the cases were perceived internally as being “learning organisations” (C1, MG, L110; C2, CM, L88; C3, CIO, L98; C4, CEO, L421).

Additionally, the academic cultures which permeated these organisations were developed through the insistence that every employee understand and abide by the organisational values utilising credible, scientific, evidence-based information. This resulted in these organisations being able to approach external stakeholders from a place of integrity. Typically, newer employees and smaller teams would adopt the broader culture, as is, in order to benefit from the organisational legitimacy.

While attempting to operate democratically, all of the organisational leaders also acknowledged the need to frequently take decisive decisions, and then institute processes to bring the rest of the organisation along thereafter. Nonetheless, within all of these social enterprises, the staff were fully integrated into governance and strategic planning processes.

Furthermore, the employees of these organisations held themselves to be important contributors to the reinforcement of the organisational culture, while implementing the business model, both internally and externally. The table below depicts a snippet of the data, to demonstrate how the theme arose.

**Table 12: Example of how data informed the development of Theme 6**

DATA	CODE	CATEGORY	THEME
“We’ve built a flexible, staff-oriented but academic, learning organisation” “We do extensive training for staff and board, to inculcate the social mission, but also to build skills and capacity” “There’s lots of learning programmes, links to university and so on, you can study anything, as long as you grab it”	Learning organisation through training Build culture through training Board training Staff training	Learning organisation Academic culture Build culture through training	Learning culture
“It’s our culture, it’s who we are as an organisation” “The way we do things really represents our culture. We respect one another, we all work hard and take work seriously”	Culture values-oriented The way we are here Culture controls performance	Values-driven culture Performance-oriented culture	Performance - innovation - culture
“Our culture determines how we behave: we hold one another accountable, we can say, ‘what research is this based on’ and ‘where is your planning for this?’ ‘cos it’s all been broken down, codified” “We’ve really made sure that our mission is part of our culture, we talk about our mission, reference it, all the time”	Culture controls behaviour Culture values-oriented Culture controls performance Social mission central to culture Culture codified into behaviour	Values-driven culture	Values-driven culture results in social mission
“It’s such a great place to work. I’m so stimulated here; I can experiment and follow my ideas through to the end. I love the culture that’s been built, and it keeps me here” “If you don’t fit in, you’ll leave. The nicest culture in the world will force you out” “I feel like I belong here”	Stimulating culture Entrepreneurs	Entrepreneurial culture	Entrepreneurial culture

### **10.10.1 Culture-building practices**

Per case 3, who had done it best by codifying the organisational culture into specific, measurable behaviours, the following are important components of organisational culture: firstly, connecting, building relationships with one another and listening attentively; secondly, proper planning, based on research; thereafter, ensuring sound communication of these plans within the organisation. This third component also involves transparent communication with external stakeholders. Accountability is the fourth component. This includes taking responsibility for ensuring high performance, and delivery per commitments made. The fifth component is leadership skills that facilitate entrepreneurial thinking in order to drive organisational growth.

Within the SA operations of all of these hybrid social enterprises, it was found that minor tensions were typically quickly resolved. This was held to be due to the cultures within these organisations. This was described as being due to the leadership having designed well thought-out tools for addressing conflict, and that the organisational culture had become ingrained in the employee body. In addition, this was believed to be due to a very strong organisational culture that resulted in individual staff members, who found they did not fit into the organisational culture, having left.

The organisational cultures within these organisations were fostered through the consistent application of a range of practices, not least sophisticated HR and performance management practices, as well as the measurement and reporting of performance according to objectives. These practices all occurred alongside a systems-building and people-development values-driven philosophy.

### **10.10.2 Comparison with the literature**

The consolidation component of the cycles of organisational growth involved a focused internal effort to maintain the designed organisational culture, and further develop it, with the leadership focused on reinforcing the practices necessary for the culture to solidify. This is what Battilana (2018), Bacq et al. (2018) and Cornforth (2014) term 'socialization practices of organizational members on hybrid organizing'. It involves practices that "routinize organizational values" (Battilana, 2018, p. 1293) both through formal means, such as intensive training (Muhammad, 2012), and through informal methods, like less tangible rewards for behaviour and values buy-in.

In addition, this inculcating of organisational values assists in preserving and re-emphasising the primacy and importance of the social mission, from the board members all the way through the organisation. The socialisation process whereby the employees and stakeholders were socialised into the culture and values of the organisation (Bacq et al., 2018;

Battilana, 2018; Cornforth; 2014) was evident. One of the means of socialising employees witnessed was through the “use of ‘protective entry strategies’, including careful recruitment, induction and mentoring as a way of reproducing values” (Cornforth, 2014, p. 13) within the organisation. An additional method of socialisation was also to utilise founders and other long-term staff members as “‘value carriers’, sustaining the values of the organisation and transmitting them” (Cornforth, 2014, p. 13) onwards.

The organisational culture within the social enterprises studied, was built up through a myriad of tiny behaviours translating into broader culture-development practices (Jarzabkowski & Spee, 2009; Jarzabkowski et al., 2013), over a period of years. Through demonstrating consistency with regard to cultural norms and role modelling the behaviours expected themselves, the leadership built up a cultural code for the organisation (Bacq et al., 2018; Battilana, 2018).

In contrast to their NPO counterparts, social enterprises are believed to intentionally embrace an entrepreneurial culture and alignment (Boschee, 2006; Zahra et al., 2014). Within the organisations in the study, this was then reinforced by the organisation's HR policies and internal training, (Muhammad, 2012) thereby actively inculcating the desired organisational culture by both hiring in particular skillsets and developing existing skills within the organisations. As Powell and DiMaggio (1991) argue, “as ideas and practices become institutionalised, they take on a rule like status in social thought and action” (p. 9).

### **10.10.3 Conclusion to Theme 6**

In conclusion, an entrepreneurial culture was developed within these organisations. The culture served to reinforce the achievement of the social mission, and also facilitated growth, because the culture contained the values, beliefs, behavioural norms and rules of engagement, as well as the quality of the leadership (Aldrich, 1999; Colquitt, Lepine, & Wesson, 2009; Denison, 2000; Halim, Ahmad, Ramayah, & Hanifah, 2014).

In addition, an entrepreneurial culture is built by ensuring a learning environment, without too much institutional structure and control, permitting experimentation attitudes, rules and values, having a mission focus, and ensuring available opportunities within a supportive environment (Colquitt et al., 2009; Denison, 2000; Halim et al., 2014).

## **10.11 Theme 7: Consolidating mission focus with HR practices**

A critical success factor within the organisations studied was having the correct skillset at the correct level and the correct time. As such, each organisation had perfected one or more elements of their HR strategy and was working towards ensuring their full HR strategy was best practice for each specific context within which they worked.

Within case 1, this manifested in the development and retention of their strategic staff. Case 2 had developed a sophisticated recruitment process and incorporated this into all of their educational programmes. Case 2 had also designed a state-of-the-art performance management system and process. These HR practices were strictly aligned to the organisational mission and values, as well as in strict accordance with the organisation's business principles. Within case 3, this manifested primarily as retention of high-level, strategic skillsets, as well as ongoing performance management processes. In case 4, this manifested as the development of codified cultural behaviour, resulting in the correct skillset at the correct time, as well as a sustained focus on the social mission.

Furthermore, all of the organisations focused extensively on staff development. In every organisation, performance rewards were designed to be closely linked to the (re)alignment of the strategy, business model and operational plans to the social mission. Moreover, all of the organisations had developed nuanced processes for ensuring that the most emphasis was placed on the strategic area that required the most attention. See Table 13, below, for a detailed example of how the theme was ultimately obtained from within the data.

**Table 13: Example of how data informed the development of Theme 7**

DATA	SECONDARY DATA	CODE	CATEGORY	THEME
<p>"Inside my cluster, most of my senior people have been here an average of 5, 6 years at least . . . it's very high retention considering we've also grown so rapidly; despite donor funding volatility"</p> <p>"When we hire, we head hunt, look for values and mission fit"</p> <p>"We train our board and staff, in the mission and values so they're in everything we do"</p> <p>"We make sure to keep our senior, strategic staff, we invest in them"</p> <p>"Hiring's intense here, big process, but it works. If someone lands up here that shouldn't, our culture'll push 'em out into another organisation, where it's a better fit"</p> <p>"It's role modelled from the very top, all the way".</p>	<p>The biggest risk to any organisation is the loss of its institutional memory and knowledge. However, we have and been very good at retaining our strategic leadership. You cannot train and upskill employees into entrepreneurs.</p>	<p>Recruitment policies hire for fit</p> <p>Internal development processes train for fit</p> <p>Organisational culture maintains fit.</p>	<p>Retention of strategic staff</p>	<p>HR practices maintain social mission by retaining strategic knowledge</p>
<p>"We do ongoing evaluation: daily reviews, monthly management. This gets included in performance review, which we do quarterly"</p> <p>"We establish a performance culture by building retention into our performance management system"</p> <p>"Create particular organisational culture by hiring in the correct attitude, plus skillset".</p> <p>"The value of our organisation is in our employees, so over time we've tried to create a secure environment, with lots of employee benefits, to provide good security"</p> <p>"We've provisioned for retrenchment when we go through a downsizing cycle, as contracts end, basically we create job security, I hate employing people on contracts, prefer permanent employees cos different social relationship".</p> <p>"Performance is self- managed ongoing, online, so there's a PoE built-up of everything done to support the mission"</p> <p>"Whether its generating profit, or writing proposals something financial is built into everyone's performance"</p> <p>"We focus on building an internal brand, people want to work for us".</p> <p>"We codify the required behaviours to establish and maintain the culture, into behaviours, and we measure progress towards that</p>	<p>Our hiring policies, therefore, ensure we identify and recruit them. If our hiring processes fail, the organisational culture should push these individuals out of this organisation. Skills match and culture fit is critical for our organisation's growth. The ongoing training and development we provide internally for staff and externally to develop the field supports the organisational culture.</p>	<p>Ongoing performance management to deliver according to social mission. HR performance management policy. Performance culture results in innovation</p> <p>Culture reinforces/ reinforced by mission.</p>	<p>Performance culture established</p> <p>Performance culture results in social impact and in growth. Culture creates and is created by social mission. Culture results in innovation</p> <p>Internal branding</p>	<p>HR practices maintain mission by creating culture which maintains and is reinforced by it; Social mission achieved by facilitating high performance</p>

### **10.11.1 People resourcing practices**

The HR practices identified as necessary to maintain attention on social change oriented social missions included:

- identifying the required skillset and skills mix to both generate, and maintain, the necessary income to carry-out activities aligned to meeting the social mission;
- designing all contracted-for staff and consultants based on the required skills, thereby “doing an excellent job carrying out the programmes” (C1, OD, L445); and
- evaluating performance (which also necessitated building sophisticated M&E systems) so that social impact could be demonstrated.

The organisations studied all demonstrated differing strengths at the various stages of organisational growth, from recruitment and hiring practices at cases 1 and 2 in particular, to leadership and staff development practices across all the cases, to diversification, fundraising and donor liaison practices at case 1, to the development of organisational practices that translated into structural culture formation at case 4, to ongoing strategic organisational advancement and management at case 3.

Additionally, even those critical of the dominant position some of these organisations had achieved, as well as individuals who had been forced out due to lack of fit, acknowledged that these organisational environments served as an important training ground (Muhammad, 2012) for the HIV context. Identifying and hiring the correct mix of human resource skill was consequently thought to be critical during each development stage. It was therefore necessary to develop a recruitment strategy within a practice-based recruitment policy, that was congruent with the organisational mission and objectives.

In addition, and directly linked to hiring policies, these organisations all maintained the importance of a strong performance management process. This process was furthermore required to be intimately linked to the organisational mission, culture and values. Moreover, different means of retaining necessary strategic skills, typically without adequate financial reward, had to be identified in the early stages of development.

Characteristically, within consolidation phases, new skills necessary for growth to take place needed to be identified and recruited. The consolidation component also involved consistently applying the performance management processes, including developing and implementing the skills-retention policies.

Furthermore, performance management processes were utilised to buttress the cultural code and ensure that employees subscribed to it. The recruitment processes and practices resulted from extensive thinking-through what kind of culture was desired, and how this might be developed. In addition, the existing, long-term staff ensured that “ways of being”

(C2, OD, L88) became inculcated in the organisation, further entrenching the organisational culture.

By leadership insisting upon certain performance measures directly linked to the organisational values in order to deliver mission-related performance further demonstrated what was required and what it took to fit into the organisation. As a result, staff who did not fit in would either leave due to the natural, self-selection occurring, or would be forced out by their peers, due to the strength of the organisational culture.

Cases 3 and 4 both either maintained that they had either never had to retrench staff, or typically tried to puzzle out different structures to accommodate staff, while simultaneously looking at how to cut costs. This, in turn, provided staff with both a confidence in, and a commitment to, these organisations. In addition, cases 1 and 2 described introducing very accommodating benefits to retain their staff. In other geographical contexts, however, collaborating partner organisations described feeling frustrated by these social enterprises' apparent lack of empathy for broader cultural norms. They further criticised these enterprises as appearing to place South African employee team interests above those of teams operating elsewhere in Africa.

### **10.11.2 Comparison with the literature**

There have been multiple studies to date pointing to the risk-averse nature of NPO and social enterprise employees (Dart, 2004; Maier et al., 2016; McDonald et al., 2015; McGee & Donoghue, 2009). This is thought to make it difficult for these organisations to be innovative (Zahra et al., 2009) and effectively move through change processes (Oreg et al., 2011; Rafferty et al., 2013). Furthermore, it is believed to create unmanageable tension for employees (Pache et al., 2018; Santos et al., 2015; Smith et al., 2013).

This was not found to be the case in this study. On the contrary, from the senior leadership all the way through the organisations, employees were found to be bright, imaginative, entrepreneurial and courageous. This was expressed through staff being able to try new things, experiment and take risks, with a firm eye on the social mission.

Studies linking creative and consistent HR management practices to the maintenance of the social mission, or even the effective development and growth of social enterprises were, however, not found. Instead, the literature espoused warnings about performance management, maintaining that this brought in further competing logics (Cornforth, 2014; Hai & Daft, 2016). What was discovered, was what Santos et al. (2015) contended: that in order to measure the impact of a complex hybrid business model, complex performance management systems, with key performance indicators (KPIs) reflecting both commercial and social goals, are required.



### **10.11.3 Conclusion to Theme 7**

This study contributes to the social enterprise field by discovering how HR processes and practices are utilised to maintain a social mission focus, as well as which practices contribute to the social mission, within this context. The daily practices described within these themes, applied consistently, therefore not only resulted in the primacy of the social mission, but, additionally, in social enterprise growth and development.

The HR practices, furthermore, ensured correct cultural fit within the organisation, as well as the correct skills-match for different stages of growth. Finally, there was also a strategic element to the HR practices, in that the organisations developed regular capacity plans, upskilled employees, and then worked hard to retain key members of staff.

## **10.12 Theme 8: Organisational growth through managing competitive and collaborative practices**

All of the organisations described themselves as welcoming collaboration, being desirous of partnerships and being happy to cooperate with others. In addition, the organisations described a willingness to share acknowledgement, donor support and/or income in order to prevent duplication and provide quality outputs. However, this was only the case with organisations where there was “mutual respect” (C2, CEO, L100).

Within case 1 this was manifested as multiple collaborative agreements, and, simultaneously, an openly competitive spirit, in the interests of making patient care better, thus reaching the social mission. In case 2, this was exhibited through collaborative agreements within communities, as well as competitive engagements within the training industry. In addition, case 2 described hurt feelings when collaborative agreements were not honoured. Furthermore, the leadership refused to participate competitively in what they considered to be fraudulent activity, and activity that they felt would undermine their social mission.

In case 3 this was manifested as multiple collaborative agreements as part of case 3's formal strategy. Case 3 maintained the organisation had no need to compete, confident in the uniqueness of their service offering. This was represented in case 4 as both a collaborative and a competitive arrangement with case 2. Case 4 had historically collaborated primarily with case 2, but was desirous of broader collaborations, and frustrated at case 2's forays into what case 4 believed was their territory.

Cases 1 and 2, likely due to their size and dominance in the field, and as a demonstration of the competitive context, were often perceived by others as having “unfairly received too many additional benefits compared to the other organisations in the field, such as special financing agreements” (ES2, L33-35). Nonetheless, all of the organisations studied

described being happy to compete when necessary, with a shared belief in competition as essential to both create a healthy market, as well as in order to get the best service possible for the best price. This was a further indicator of the business-like thinking predominant within these organisations.

Furthermore, even though cases 1 and 2 developed a joint venture together, cases 2 and 4 worked closely and collaboratively together, and case 3 had subbed to both cases 1 and 2, the funded environment was universally acknowledged to be exceptionally competitive, setting organisations against one another within every new grant cycle. As a result, regardless of cooperative agreements and joint ventures, with each new funding round, these organisations became active opponents. Fending off formidable competition, particularly in the form of one another, was consequently felt to be alternately challenging and invigorating, as these organisations regularly found themselves competing for both historical track record and competitive delivery of services/products within the current context.

Multiple collaborative agreements were structured with the organisations landing up working with whomever they were comfortable in the end. This typically meant that cases 1 and 2 swapped lead roles as the prime in different grant proposals, although cases 3 and 4 had only been sub-grantees, up to the point of the study. The table below provides insight into how the themes was compiled from subsections of the data.

**Table 14: Example of how data informed the development of Theme 8**

DATA	CODE	CATEGORY	THEME
<p>"We have some collaborations with values-driven organisations which are absolutely fabulous...and others are not that great because I think those organisations are fragile cos, they don't espouse good values"</p> <p>"We've worked with some groups that I will never work with again because they just treat you badly as a sub"</p>	<p>Values drive collaborations</p> <p>Collaborative NPO environments</p>	<p>Collaborate strategically</p> <p>Values inform relationship strategy</p>	<p>Values-driven strategic collaboration practices</p>
<p>"Disruptive technologies are just that, disruptive. So, they cause anger . . . you have to be ready to fight for your position, but you are also required to, sort-of, be friends with the whole sector"</p>	<p>Business model disrupts markets</p> <p>Innovation - cons</p>	<p>Compete through innovation</p>	<p>Innovation practices provide competitive edge</p>
<p>"We no longer have protest, activist organisations challenging everyone, now we have partnerships, we collaborate"</p> <p>"We join together, we share resources. The context has changed".</p>	<p>Competition vs. collaboration context dependent.</p>	<p>Context influences relationship strategies.</p>	<p>Hybridity balance impacted by context</p>
<p>"I don't have to own something 100%, I'm quite happy if we work together...we'll have greater impact together"</p> <p>"We like to work collaboratively if we can...makes for much bigger change within the sector"</p> <p>"Here's an SLA I'm working on now"</p>	<p>Competition vs. collaboration context dependent.</p>	<p>Context influences relationship strategies.</p>	<p>Hybridity balance impacted by context</p>
<p>"Generally, we're actually in competition with other organisations, especially the like-minded, similar organisations"</p> <p>"The more you try to be like us, try and copy us, the more we will beat you at your own game . . . because that's our winning formula and that's what makes us win the big grants"</p> <p>"With some organisations, when we're the sub and we're collaborating, they won't even tell us what they're putting in the grant, they're so fearful of competition, and theft"</p>	<p>Donor environment sets organisations up against one another.</p>	<p>Partner-relationship strategy</p> <p>Donor-relationship strategy.</p>	<p>Competitive and collaborative practices used to mediate donor context</p>
<p>"There's often a sense and a willingness to collaborate and engage, but you can't downplay the actual competition that's there as well, so it's a delicate balance that's often navigated more by personalities than necessarily by strategic alignment"</p> <p>"Who gets on with one another, and also who's got similar values, and so on, that's where coalitions are made"</p>	<p>Delicate balance between competition and collaboration.</p>	<p>Relationship strategy</p>	<p>Hybridity: embracing balance between business and mission, competition and collaboration</p>

DATA	CODE	CATEGORY	THEME
<p>"If it's for profit, we tend to operate outside of SA, if it's nonprofit we stick closer to home"</p> <p>"We want to improve the healthcare system in SA, but do I wanna go and do the same thing in Malawi? No. Right? I don't really wanna go and compete with their indigenous NGOs, when it comes to stuff, they could do themselves. For me that doesn't make sense. If I go to Malawi, we don't have the background, we don't have the experience, we probably won't add sufficient value and we're just gonna be seen like another beltway bandit"</p>	Hybridity linked to competition and collaboration.	Hybridity = duality  Compete on for-profit and cooperate on non-profit.	Hybridity: embracing balance between business and mission, competition and collaboration
"In this sector if you're fighting for treatment and treatment comes along, well then, job done, go find another job"	Accountability means closing when you can no longer compete	Ultimate aim is to cease to exist	Success = death of organisation
"The whole field of evaluation has been overlooked. I haven't seen any real evaluation of PEPFAR impact – of course it's had massive impact but how has it had impact, where has it not had impact, what are the problems associated with that impact, what are the sustainability questions related to that? And how has it set organisations up to compete with one another 1 minute, and work together the next"	Donor environment sets organisations up against one another.	Partner-relationship strategy Donor-relationship strategy.	Competitive and collaborative practices used to mediate donor context
<p>"I thought we were in for a whole lot of competition recently and it didn't happen, I thought we were gonna have some of our senior staff poached; well they did try, and one left and he wanted to come back again"</p> <p>"Every time I think that they just gonna move, we just move ahead of them, I hope this doesn't sound arrogant, but I think it's true that we manage to keep the competition at bay by just upping the game every time. To be frank, just good marketing as well"</p> <p>"I think competition keeps us on our toes, it makes us better, it makes us do more for our beneficiaries...so, how can it be bad?"</p>	Performance orientation keeps organisations competitive	Competitive advantage	Performance orientation embraced: brings closer to mission
<p>"The other partners we work with, it's strange, we're partners but we don't like to share stuff, so the things that I'm developing now are about our future and they're about our future at the expense of some of these other partner's futures"</p> <p>"It's a competitive space. We see ourselves as the leaders in some of the work, in the country, but we know that other people are getting into it, and they also want to steal our work, and because our approach is open, we continually have to innovate it, and defend it"</p> <p>"In this context, it runs like a competitive business . . . and keep our own intellectual property safe"</p>	Competition dominates sector Competition particularly linked to innovation.	Competition dominant like in business	More competition in this sector, than in business?

### 10.12.1 *Competitive and collaborative practices*

Some of these organisations were involved in, and had initiated multiple entrepreneurial start-ups, and projects that grew into their own organisations. These social enterprises described their regular attempts to disrupt the market, which also set them apart as competitors. This was despite these disruptions typically being positive for the beneficiaries, as well as for the organisations themselves. Furthermore, these disruptions appeared to have been necessary for the establishment of a strong sector, having "high potential value spillover" (Santos et al., 2015, p. 43) effects within the organisational context. Nonetheless, these disruptions also appeared to occasionally result in negative impacts within other, typically international, markets.

Consequently, these organisations argued vehemently with, and about, one another, that the other had had an unfair advantage in relation to long-term, historical donor relationships, early seed funding, and/or undue influence over the biggest donors. Nonetheless, they were all, together as an industry sector, powerful players able to influence donors and direct the efforts of the South African government. In so doing, they had influenced the progression of HIV treatment and care within South Africa.

However, within the region, smaller organisations complained that these large multinationals did not appear to “care at all about the other organisations they step(ped) over” (C1, ES6, L12-14) in order to meet their respective, home-country, social missions. Nevertheless, these organisations were certain that everything they did impacted positively on the context, particularly locally. In addition, they boasted about their broader influence on health policy. Consequently, the organisations studied regarded these criticisms as merely a natural outcome of the competitive commercial environment.

The bickering, therefore, was a way of jostling for power. Nonetheless, the organisations were content to compete mercilessly, when necessary. The leadership teams also described valuing competition for its contribution to meeting their social missions, as well as creating better services and products for their beneficiaries and customers. Nonetheless, the organisations all had partnership agreements between and among them and applied consistent and sustained effort to nurturing these relationships, regarding one another as critical stakeholders within the broader industry.

### **10.12.2 Comparison with the literature**

Within the third sector and social enterprise bodies of literature, the focus has been on studying the competitive nature of relationships (Kickul & Lyons, 2015; McDonald et al., 2015; McGee & Donoghue, 2009). In addition, the reasons competitive relationships emerge within these sectors has also been reported on as largely due to the donor context and innovation competition (McDonald et al., 2015; McGee & Donoghue, 2009). Competition itself has been well described within both the strategy and the social entrepreneurship bodies of literature, primarily, but not only, as a component of innovation (Beckman et al., 2014; Cajasanta, 2014; Maclean et al., 2013; Mintzberg, 1987).

In addition, Jarzabkowski and Bednarek (2018) hold that when organisations are strategic, they change between competition and relationships, as needed and necessary. This was clearly observed during the study. Furthermore, “studying relational competition through a practice lens addresses a long-called for extension of strategy-as-practice beyond the internal strategizing practices that have been its dominant empirical focus” (Jarzabkowski & Bednarek, 2018, p. 795).

### **10.12.3 Conclusion to Theme 8**

What has, consequently, been under-studied to date has been the collaborative relationships established amongst competitors within the same industry. This study thus contrarily found that the social enterprises within the HIV healthcare industry in South Africa, despite being fierce competitors, are also regular collaborators. That collaboration may be utilised

strategically has been demonstrated by Jarzabkowski and Bednarek (2018), as well as Santos et al., (2015).

### **10.13 Theme 9: Management of competing logics through balancing risk versus control**

Through the board and/or the leadership team, a range of governance practices were developed and implemented, both to encourage and allow the risk-taking behaviour necessary for the organisation to become (more) entrepreneurial, as well as to protect the organisation from taking unnecessary and hazardous risks and, thereby, to increase the organisation's longevity and legitimacy (McNulty et al., 2013). Particularly with regard to growth and scale, “if you're not fully governed, after that you're going to see your backside” (C1, F1, L277-278).

Three of the four cases had boards that were business-like, with all being paid for their time, but only case 1 paying the same kinds of rates as corporate boards. All acknowledged that boards brought benefits, such as “the board's muscle, linkages and networks to fundraise” (C1, OD, L552-553). Forming and instituting a governing board was also thought to be a necessary component of accountably managing the enterprise, as well as critical in order to achieve scale in any area.

In case 1, this manifested in the organisation providing board training to both explain the board's role, but also to assist the board in understanding the particular organising context. Furthermore, board training was utilised to inform the board as to how income generation would be addressed within the organisation, as different to how it would be addressed within a commercial entity, regardless of profit-orientation. Case 1 therefore facilitated the development of a knowledgeable board, who understood and valued the social mission, despite being business-like, and operating according to sound business principle. In addition, case 1 worked hard to ensure their board was reimbursed. Initially they used profit to reimburse their board, and later they built it into grant agreements.

Within case 2, this manifested in the organisation ensuring regular, organised board meetings, with board packs sent to board members to allow sufficient time for review. In addition, the social enterprise guaranteed a well-chaired meeting by tabling clear requirements upfront and securing resources to warrant the circulation of timeous minutes with actionable outcomes. Case 2 also drove a practical board policy, in order to ensure organisational accountability and transparency. This included documenting which decisions the board was to be involved in, developing job descriptions for various board roles, and a well thought through procedure for the separation of duties between the operational management and the

strategic board. Case 2 also reimbursed their board, although they were not yet able to include this in grant agreements. The organisation therefore utilised profits to pay their board.

In case 3, being a private company with two owners, there was no board of directors. Nonetheless, this manifested in the executive leadership team acting as the board and following the same principles. Case 3 thus utilised the executive leadership team to both oversee operations and to provide strategic oversight, thereby acting as a board. This was despite the two owner-leaders claiming that they preferred the autonomy of not “needing to report everything through a board” (C3, CEO, L45) and the agility in decision-making that resulted.

Within case 4, this manifested in the organisation firstly recruiting a skilled board of business-experienced leaders, and, secondly, developing an effective, engaged and visible board with true oversight into operations. This was attained by securing sufficient resources to ensure regular and active participation of the board in organisational events and processes. In addition, similar to case 2, case 4 developed comprehensive board policies to guide their board into taking responsible and yet not risk-averse strategic decisions, as well as to pass board resolutions on organisational policy. Table 15, below, depicts the data to code to category to theme process for a sample of the data that was used to inform Theme 9.

**Table 15: Example of how data informed the development of Theme 9**

DATA	CODE	CATEGORY	THEME
“Maybe it’s out of the 2006 experience, people criticised heavily that at that point in time the pioneer was the financial director, the HR director, the CEO etc. etc. and all controls lay with one person”	Separate pillars of control	Governance/board practices	Introducing governance to address growth risks
“We make sure that being on the board is an easy experience for busy business leaders” “We prepare board packs, give minutes straight after meetings, and we pay for their time” “We pay our board; I don’t believe in volunteerism for the board”	Board preparation - Using business leaders to access business skill	Governance/board practices	Micro-practices: Board prep
“We’ve built separate pillars of control” “It’s very clear what the board does, what the management does” “We’ve taken power out of the hands of the executive, so they can go be entrepreneurial and leave the rules to us”	Separate pillars of control Separation of roles	Governance/board practices	Introducing governance to address growth risks
“The board role involves lots of saying no, or rather saying, go back to the drawing board” “We make sure the big new innovations make sense financially and in terms of other deliverables and indicators”	Accountability	Risk vs. control Balancing risk-taking and accountability	Balance between risk for innovation, responsibility for control
“With the intro of governance, we focused on being squeaky clean” “Part of our growth is we’re accountable, squeaky clean”	Governance controls provide operating skeleton	Risk vs. control	Governance = rules structure Governance = control
“Either our board, or our exec leadership provide oversight” “We don’t have a board; our exec leadership provides strategic oversight and guarantees proper governance structures. Otherwise, the 2 of us make the decisions”	Governance controls provide operating skeleton	Risk vs. control Governance practices Oversight in decision-making	Oversight in decision-making
“We’ve trained the whole organisation, from the board all the way through, in understanding the importance of the purpose” “The board protects the mission, helps us grow and allows the innovation”	Board ensures social mission priority	Risk vs. control Governance practices; Mission focus	Board protects and preserves mission
“We’re fully governed now” “Our people understand our business, we’ve got top people who’re making decisions, taking responsible risks”	Using business leaders to access business skill	Correct skills mix	Skills and training practices

### **10.13.1 Governance practices**

Identifying and sourcing the particular skills-match necessary to carry-out the organisational operations, particularly on a governance and leadership level, but also with regard to staff medical knowledge, programme management skill and donor experience, was a facilitator of entrepreneurial change: “governance mechanisms are designed to safeguard the organisation’s mission” (Cornforth, 2014, p. 9).

As such, the governance practices employed by these boards were specifically utilised to balance risk and control, particularly when an organisation was growing so fast that risk was escalating all the time, and yet they also had to manage risk at the same time (McNulty et al., 2013). The organisations unanimously agreed that formalised governance processes were necessary in order to balance risk-taking and entrepreneurial innovation with responsible financial control and accountability, particularly during, and just after, periods of rapid growth.

During growth phases, a delicate balance between risk and control was found to be necessary, with the board playing an important oversight and stability role. The board typically takes “responsibility for managing any tensions between commercial or financial imperatives and the organisation’s social goals” (Cornforth, 2014, p. 10). All of the organisations agreed that it was important that their organisation not only concentrate on growth but equally also distillate on how to simultaneously grow quality.

Furthermore, the organisations in this study all desired increased product and service benefits, and much of the innovation energy was applied to matters such as ease of use, speed of use, and efficacy. Growth aspirations also centred around growing stakeholder legitimacy. Finally, there was a focus on ensuring the increase of innovative practices. The board was felt to play a crucial balancing role, ensuring that this growth and innovation was directly related to meeting the social mission, and not growth for growth's sake.

In addition, these organisations opened themselves up to further accountability measures, beyond only those necessary to comply with business legislation by, for example, having a “legal compliance audit done every year” (C2, F, L47) within case 2. The governance practices, designed to mediate the complexity within the context, therefore, included the following: first recruiting a skilled board – or executive leadership team – of business experienced leaders; then providing board training to both explain the board’s role, but also to assist the board in understanding the particular context and how income generation would be addressed within the organisation as different to how it would be addressed within a commercial entity, regardless of profit-orientation.

Thereafter, what was required was ensuring regular, organised board meetings, with board packs sent to board members to allow sufficient time for review, and a well-chaired meeting with clear requirements tabled upfront and timeous minutes circulated with actionable

outcomes. This resulted in developing an effective, engaged and visible board with true oversight into operations, by also ensuring regular and active participation in organisational events and processes.

Subsequently, driving a practical board policy, including which decisions the board was to be involved in, job descriptions for various board roles and a well thought through procedure for the separation of duties between the operational management and the strategic board. Thereafter, developing comprehensive board policies to guide the board into taking responsible, yet not risk-averse, strategic decisions, and to pass board resolutions on organisational policy, is required. This facilitates the development of a knowledgeable board that understood and valued the social mission, despite being business-like and operating via sound business principles.

### **10.13.2 Comparison with the literature**

The extant literature maintains that having a strong, business-like board, with sophisticated networks that could be utilised for the benefit of the organisation, was an asset for the development of social enterprise (Bull et al., 2008; Defourny & Nyssens, 2016; Hendry et al., 2010; Pache & Santos, 2013). This study thus confirms that governance practices can be utilised to address institutional complexity (Pache et al., 2018). In alignment with the literature, strong governance was found to support the social enterprise in achieving its aims (Defourny & Nyssens, 2016).

However, strong governance was also contrarily found to be necessary for these social enterprises to exploit the institutional voids within their turbulent context (Mair & Marti, 2009; Pache et al., 2018). Typically, strong governance meant utilising as board members, experienced business leaders, who were able to bring the correct skills mix, diversity, governance knowledge and strategic oversight practices to the development of the social enterprise (Battilana & Lee, 2014; Hendry et al., 2010).

All of the cases also provided room for beneficiaries to input into the organisation (Defourny & Nyssens, 2016). However, in the early days, this was not necessarily through board participation as, in South Africa in the late 1990s and early 2000s, the majority of people living with HIV were typically poor and uneducated, and so their participation was sought in other ways in order to not create additional stress on those individuals, as well as on the organisation.

### **10.13.3 Theme 9 conclusion**

The practice model represented in Figures 7.1 - 7.4 (p. 199 - 202), depict all the findings from this study. The daily management practices necessary to achieve social mission scale and



success was described in detail above. Most notably, HR practices and the establishment of an organisational culture, strategic competitive and collaborative practices, and strategic governance practices assist these organisations to take entrepreneurial action within their contexts in order to ultimately achieve the social mission (McNulty et al., 2013).

The most recent literature by key academics such as Battilana (2018), Bacq et al. (2018) and Pache et al. (2018), point to the necessity of HR practices, such as socialisation, in being able to successfully navigate competitive logics in a hybrid social enterprise. In addition, although organisational culture has been described in the social entrepreneurship literature as important (Dacin et al., 2010; Kerlin, 2013), it has not yet been interrogated and split into specific practices, such as those described by case 4, which codified the organisational culture into five measurable behaviours.

Furthermore, competition and collaboration, beyond being seen as an element of competitive logics within institutional theory studies (André & Pache, 2016; Battilana et al., 2015; Pache & Santos, 2010, 2013; Pache et al., 2018), have largely been ignored within social entrepreneurship. This study demonstrates how managing, controlling and mediating the practices within the two competing logics of social mission and financial sustainability, assists the social enterprise in converting potential tensions contained therein, into entrepreneurial opportunities to be exploited for both commercial gain and social benefit.

The importance of the board or an equivalent body in introducing governance practices has been studied in some depth (Cornforth, 2014; Hai & Daft, 2016; Jarzabkowski & Bednarek, 2018; McNulty et al., 2013; Santos et al., 2015). However, it has not been studied as a component of multiple sets of broader daily management practices, in which the wider organisation participates.

#### **10.14 Theme 10: Innovation practices result in scale**

Innovation was regarded as a critical component of growth and 'success' for all cases. In addition, all had also integrated innovation concepts as key elements in their respective organisational strategies, as well as business models. For cases 1 and 2, this manifested in the creation of innovation labs and joint technology projects. In addition, both cases 1 and 2 developed customised, pioneering performance indicators within innovative performance management systems.

Within case 3, innovation labs resulted in competitive product and service development, as well as an innovative growth strategy that tied the social enterprise cooperatively to many of the other big stakeholders in the industry. Case 4 focused on developing and implementing an innovative organisational culture, which then fed into the development of innovative strategy, and conscious, daily practices. Furthermore, all of the

cases went further and actually created technology-strengthened services, that enhanced how these organisations met their social missions.

Organisational innovation was driven by the entrepreneurial organisational leadership, who primarily seemed to enjoy risk-taking, charismatic personalities, while largely managing to be both agile and adept, and calm and collected. Collectively, these leadership teams also maintained a big picture, systems-level, strategic focus, simultaneously being able to “keep an eye on the future” (C3, CEO, L314), while managing internal tensions well. This future focus resulted in composure, as well as preparedness for future shocks. In addition, projects were typically found to be more innovative when the leadership engaged with, and offered leadership support to, projects that were meaningful to them.

Ultimately, all of the organisations studied, whether originally an NPO, a commercial entity, or a hybrid enterprise, had developed into larger, more influential, innovative and entrepreneurial entities. These social enterprises were all innovative and agile as far as the development of novel products and services went and, importantly also, within the design and implementation of internal policies and processes. The organisations demonstrated well thought through and defined practices, generated through engaging with staff and with broader stakeholder involvement. These innovation practices were inculcated internally by being “woven into the fabric of the organisation” (C1, OD, L288).

Strategic practices include being open to innovative ideas, as well as to new business development, including investing in other entrepreneurial start-ups and ultimately, also generating additional income. These organisations also established spaces intended to stimulate entrepreneurial insights from staff. Ideas were unanimously encouraged, ethical mistakes [those not due to an employee's performance] permitted, and failure accepted as a component of risk-taking behaviour by all the organisations. Case 3 went even further, with the head office converting into an entrepreneurial space, and employees encouraged to innovate, both within the organisation and within their own businesses. Table 16, overleaf, provides an excerpt of the innovation data utilised to generate the theme for this section.

**Table 16: Example of how data informed the development of Theme 10**

DATA	CODE	CATEGORY	THEME
<p>"We're always thinking ahead, but we base that thinking on research conclusions, what's going on in academia, cos that informs us"</p> <p>"We recognise opportunities that match our abilities, but also stretch us"</p> <p>"The fundamental basis is that we are formed on the basis of good academic medicine"</p> <p>"I still keep my hand in academic research, because I think the scope of what's going to be relevant in five years' is defined by research now"</p> <p>"We're taking the findings from published papers, conferences. We don't have to be the ones actually doing the research as long as we know how to use the findings to strengthen our work"</p>	<p>Evidence-based research to identify future opportunities</p> <p>Academia important</p> <p>Programmes researched</p>	<p>Structured innovation</p> <p>Evidence-base for innovation</p> <p>Forward-thinking culture</p>	<p>Innovation practices</p> <p>inculcate entrepreneurial culture</p>
<p>"Groups struggle because there's no risk-taking spirit"</p> <p>"Our brand culture is responsiveness, because we respond to grant opportunities, business opportunities, collaboration opportunities"</p> <p>"Being able to take risks, loans etc. means we can apply for the big grants, tenders and so on"</p>	<p>Responsive to opportunities = being open to change, able to take risks, experiment</p>	<p>Agility = risk = innovation</p>	<p>Agility leads to innovative business model/innovative impact</p>
<p>"We hire a certain personality type, we mostly get it right: the innovative, independent type, the 'leave me alone to get on with it' type, the 'I can't sleep til I solve it' type"</p> <p>"I think part of our ability to take risks lies in the leadership, we are entrepreneurial in spirit and the leaders who're entrepreneurial, seeking out opportunities and pursuing them, have crystallised out to be our top leaders"</p>	<p>Autonomy = independence = innovation</p>	<p>Hiring policy results in innovation</p>	<p>HR practices maintain mission and focus</p>
<p>"We're not allowed to experiment with donor funds, so without our own income, we wouldn't have been able to really innovate around complex systems-change"</p> <p>"We were allowed to put the interest into the contract, we were even allowed to put a profit margin into the contract"</p> <p>"We generate profits, sometimes even on grants, we're allowed to put in a small profit margin, and with that we generated a piggy bank of funds for the organisation that can now be invested in innovative and other approaches"</p> <p>"By then, we had a commercially minded board that could see the value in innovation, that put controls and restrictions on how we utilise the funds that require monthly reporting"</p> <p>"Essentially we were in a position to take up a R20 million bank loan to pay our service providers before the donor paid us".</p>	<p>Profit used to experiment, innovate.</p> <p>Opportunity identification</p>	<p>Risk leads to profit leads to innovation</p> <p>Scale requires governance</p>	<p>Risk vs control</p> <p>Governance results in profit, used to innovate</p> <p>Require governance, capital &amp; agility to scale</p>
<p>"We have a formal system now for identifying opportunities. In the past, we'd just wing it"</p> <p>"Even if you fail, as long as you take responsibility, you understand why the risk did not pan out, then no harm"</p> <p>"There's room for mistakes here"</p> <p>"We have an innovation lab, so we can actually spend time thinking, creating, and then take ideas to conclusion, to the market"</p> <p>"Innovation was our 4th phase of growth, and internationalisation is our 5th. That's where we are now"</p> <p>"You know, we failed four times before we were able to internationalise successfully"</p> <p>"Our board helps manage our risk, which has grown massively as we've scaled"</p>	<p>Opportunity identification</p> <p>balances failure - take risks and some work.</p> <p>Governance and accountability balances risk-taking and experimentation.</p>	<p>Failure allowed as part of innovation process</p>	<p>Agility, change (even failure) ok</p>

### 10.14.1 Innovation practices for scale

Innovative business models were found to both meet social need, as well as to bring in profit that could then be utilised as excess operating income. Because the goal was not specifically to make a profit, but to be able to support ongoing operations in order to meet identified needs through a combination of donor funding, small grants, sold services and cost cutting, the organisations were able to sustain operations, even though they may not have actually made a profit until recently.

Earned income, however, was perceived internally to have become somewhat conceded, although no one complained about this. Within the broader context, particularly within other countries, however, these organisations were frequently viewed as not only having shifted from their own social missions, but also having "caused awful mission-drift" (C1, ES6, L25) within other smaller organisations whose grants they managed. These organisations

further maintained that they had “changed the way HIV treatment is done, by completely changing the game” (C1, F1, L322-324).

In addition, business-like and cultural tools were characteristically either developed, or existing means were strengthened, in order to provide the resources staff required to address the overarching social needs and, in so doing, accomplish the social mission. The organisations studied were thus constantly innovating, coming up with novel ways “to do more, to do it better, and save costs” (C2, FD, L87).

Much of the innovation was towards the social mission. Invention, experimentation and innovation practices underpinned all of these organisations' programmes and practices. The organisations applied focused concentration to linking new technologies into their programme work in order to markedly extend their reach, thereby using technology to accomplish more, more efficiently and more cost-effectively. In addition, the organisations utilised technology and innovation in order to earn or raise more capital. Much of the profit generated within these phases was utilised to introduce additional innovations. These innovation practices focused on “better making” (C1, F2, L44), particularly with regard to aspects of organisational growth and to the deepening of the social mission.

It was typically during phases of introducing new technology, that the organisations in the study began to perceive themselves as innovative and successful. This was partly due to increased autonomy as the organisations were fully cognisant that they were not permitted to innovate or experiment utilising donor money. Nonetheless, they were aware that donor-funded projects benefitted immensely from innovation practices.

Finally, there was a strong belief in the necessity of unattached profit in order to be innovative. Nevertheless, innovation phases did not mean that organisational cycles of growth, implementation and consolidation had come to an end. Rather, these phases typically meant that there would be a leap forward in social impact and, consequently, growth as a result of organisational innovation in products, services, technologies, operating processes, organisational systems, and so on.

#### **10.14.2 Comparison with the literature**

Social innovation has become a hot, new concept within the social entrepreneurship literature (Beckman et al., 2014; Cajaiba-Santana, 2014; Maclean et al., 2013), although innovation itself has been considered a central part of social entrepreneuring for many years (Bacq & Janssen, 2011; Dees, 1998; Mair, 2010; Mair & Marti, 2006; Zahra et al., 2009). The social enterprises studied, despite the fears within the literature (Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Kodzi, 2015; Sanders et al., 2015) demonstrated that it was possible to manage a dual focus on both mission and income (Smith & Besharov, 2019)

without compromising the mission, effectively making it “ok to do both, social and business” (C3, FD, L19). These innovative management practices answer Chreneer et al.'s (2015) call to study these further.

Social enterprises with a social change mission goal may already be considered innovative (Zahra et al., 2014). The social change capabilities these organisations develop, for innovative management practices add to this. Social change capabilities require specific knowledge, skills, and practices in order to change the social system through the lens of a particular social problem. Social change capabilities, consequently, necessitate expertise, abilities, practices and procedures associated with modifying a social system that shapes both the institutional and the organisational context around the social problem. Additionally, these capabilities lead to the recognition of the entrepreneurial opportunities.

These capabilities, moreover, assist in persuading, inducing, and directing the system stakeholders through processes of change. The more transformative and innovative the planned social impact, the more the enterprises need to build complementary social change capabilities (Zahra et al., 2014). Furthermore, because social hybrid organisations develop such complex business models, to manage the needs and demands of beneficiaries, donors, customers and investors, these business models “are harder to manage and to scale” (Santos et al., 2015, p. 44).

### **10.14.3 Theme 10 conclusion**

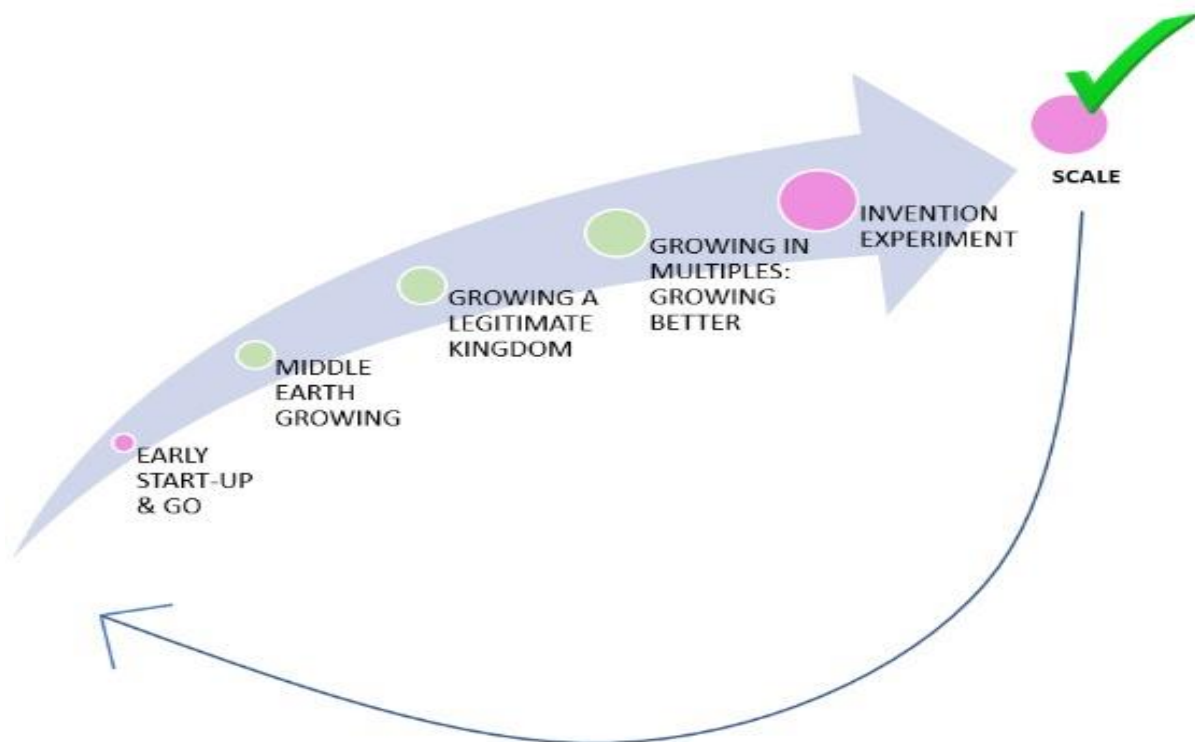
In conclusion, therefore, the literature, although still in its infancy, contends that scaling within social enterprise must go beyond the growth of the organisation to scaling social impact (Davies & Simon, 2013; Dees et al., 2004; Santos et al., 2015; Zahra et al., 2014), as well as the social innovation necessary to achieve it. According to the Centre for the Advancement of Social Entrepreneurship at Fuqua Business School, scale can also be described as “the process of increasing the impact a social purpose organisation produces to better match the magnitude of the social need or problem it seeks to address” (Davies & Simon, 2013, p. 3).

In alignment with the literature, the organisations in this study employed a range of innovation drivers in order to scale social impact. The organisations hired entrepreneurial staff into an innovative culture; communicated well both internally and externally; strategically built partnerships and alliances; utilised increased size and power to lobby both government and donors; generated their own income to maintain programmes, and even made a profit in certain instances; and both replicated and stimulated the HIV-healthcare market (Davies & Simon, 2013; Lyon & Fernandez, 2012).

## 10.15 Theme 11: Growth and consolidation practices result in scale and power

Growth in all cases was monumental. Despite this massive growth, however, the core social missions had not changed at all. Growth was managed through extensive risk-planning for growth and accountability measures, typically managed through the governance practices (McNulty et al., 2013) described above. In part, growth was the reason for implementing governance practices in the first place.

In addition, all of the social enterprises adapted existing organisational structures as and when the growth occurred. Figure 8, below, simply depicts the growth path that these organisations underwent, repeatedly, as they grew towards scale. The phases will be described in more detail below.



**Figure 8: Simple growth and scale**

All of the organisations expressed optimism about growth prospects, predicting between 100% growth in the next year, with revenue doubling year on year – for case 1 – and a more moderate 30-40% growth prediction for case 2. As a result of increased revenue and increased growth, case 1 also predicted that personnel would double. This was in spite of

threatened funding cuts. However, both cases 1 and 2 had doubled in size and tripled their respective income during the preceding five years.

Typically, any “major changes” (C2, CM, L111) were described as being the result of considerable funding losses and the resultant project closures. Nonetheless, the social enterprises largely felt equipped to address any upcoming changes, with plans in place to become even more enterprising.

As smaller, younger organisations, cases 3 and 4 had developed specialised growth strategies to make their organisations indispensable. Both organisations offered a smaller, but necessary, service to all of the large, multinational social enterprises. This had resulted in substantial growth. This was despite both organisations deciding not to accept funding as a prime recipient.

Within case 4, the growth strategy resulted in the organisation becoming indispensable to the state health system. However, the case 4 growth strategy resulted in a complete organisational restructuring. The restructuring, in turn, led to a further five-year growth strategy. As a result of this strategy, case 4 had started seeing profit for the first time in the existence of the organisation. In addition, the move from being a commercial profit-generating entity to operating almost entirely within a nonprofit philosophy was described by case 3 as being a somewhat “calmer” (C3, CEO, L412) and less noticeable changeover than anticipated. This was because many external stakeholders believed that case 3 had always been a registered NPO. Nevertheless, it was “still a significant transition” (C3, GM, L212).

A sample of the data depicting how theme 11 was derived from the codes and categories, follows overleaf in Table 17, overleaf, with a particular emphasis on growth practices, and practices to obtain scale.

**Table 17: Example of how data informed the development of Theme 11**

DATA	CODE	CATEGORY	THEME
<p>"We introduced diversity into our strategy, and that led to scale ultimately, at least with regards geography"</p> <p>"Because we diversified our income models, we diversified our skill sets, we diversified even our growth aspirations...we put it as part of our ethos, that we're multi-faceted"</p> <p>"We've diversified by growing our investments, and even those are aligned to our mission"</p> <p>"The purpose remains constant. We just apply more resource towards achieving it, when we can afford to"</p>	<p>Scale: ability to take risks, with existing excess capital</p> <p>Scale: ability to create greater change in the system</p> <p>Scale: growth to better meet social mission (but mission does not grow)</p>	<p>Scale outcome of success</p> <p>Success outcome of scale</p>	<p>Strategic growth practices result in mission achievement</p>
<p>"For us, we're all about doing good while making money. There's no conflict or contradiction in that. And, if we can have a little fun too, even better. Work should be fun. Fun doesn't mean not important".</p> <p>"If there was nothing more to do to reach our mission, then I'd say we had been successful. We could close down, retire, go do something else. That would be success"</p> <p>"Success is leaving a lasting legacy, creating change, demonstrating impact, that would be success milestones, for now. But achieving the mission, that's ultimate success"</p>	<p>Success defined as doing good, having fun and making money</p> <p>Success defined as resolving social mission.</p>	<p>Success outcome of scale or balance</p> <p>Comfort in duality</p>	<p>Success: end-point</p> <p>No conflict in duality</p>
<p>"We can now impact on the whole system. We even have power over government. In some instances, even the donor"</p>	<p>Size and scale lead to influence and then power.</p>	<p>Power outcome of scale</p>	<p>Context creates organisation, grows to meet systems</p>
<p>"Donors have to seduce us to take up their grant. We're no longer so interested, 'cos we've done it alone, we're independent, we decide how and when"</p> <p>"We are able to add indirect costs, board reimbursements, and even a profit margin into our grant contracts: that's evidence of how powerful we've become as we've grown"</p>	<p>Size and scale lead to influence and then power.</p>	<p>Power outcome of scale</p> <p>Mission: change in system</p>	<p>Context creates organisation, grows to meet systems-change or social change social mission, causes more growth and power</p>

### **10.15.1 Growth and scale practices to achieve power and success**

The practices, identified as themes, and described during this study, required certain decisions alongside their daily implementation, at differing timepoints and phases. In addition, new practices were required to be developed and applied when "the old way of doing things suddenly no longer made any sense" (C4, CEO, L331). These practices were found to be responsible for growth and scale and, ultimately, resulted in external definitions of success.

From that point, the organisations were able to exert influence over their contexts, and the stakeholders within, as they gained additional power. A growth pattern in a series of intersecting cycles was identified, as depicted in Figure 8, and with the following stages:

### **10.15.2 Start-up and go, go, go**

Although intensive consideration was paid to setting up the internal systems, processes and practices, the organisations studied found their focus was primarily external during the start-up phases, particularly when they were still too small to focus internally. These first early organisational development phases consequently included consciously making growth and income decisions, linked to the organisation's social mission, the entrepreneurial ability of the leadership, as well as any push factors within the environment. Nevertheless, the social enterprises also acknowledged that much was read-back and sense-making after the fact,



including what the founders wished they had done. This was in order to not have this phase feel so “go, go, go” (C3, CIO, L44).

However, these first start-up stages typically occurred and re-occurred at multiple stages during each organisation's development and, as such, it was not perceived as being too late if an organisation was already registered and wanted to transition to a different legal form. However, the organisations all agreed that it was likely unnecessary to formally transition to a different form. Additionally, all the organisations participating in the study concurred that it was required that there be a clearly defined phase that focused on making conscious decisions in order for organisational development, growth and transition to be successful.

Because independence was encouraged within these social enterprises, as well as within the context, change and adaption were typically accommodated as the organisations usually had the means with which to manage growth and change. However, all the organisations within the study were adamant that changes only occurred within programme implementation, and not within the social mission. There was, furthermore, consensus amongst the organisations that effective social enterprise required agility, and able to adapt to changing needs within their broader social missions.

### **10.15.3 Middle-earth growing**

Looking back, the organisations all felt they had become more entrepreneurial and more independent over the years, although change was described as involving “a lot of back and forth” (C1, ID, L309). This typically meant that change had actually felt slow and natural. In addition, the organisations studied maintained that there was “nothing transformative” (C3, CEO, L18) in their growth and change processes. This was felt to be because they had always had a strong social mission, and any change and growth was perceived as being merely a way of acquiring more reach and greater impact. Some of the organisations acknowledged, however, that the development of their organisations, was likely experienced as involving transformative transition for staff who came from other, less entrepreneurial organisations.

The social enterprises, furthermore, unanimously felt that they had not changed radically and, that the organisational growth and development had been evolutionary. The growth was primarily experienced as an evolutionary process, because the big, transformative transitions were ordinarily very well-planned, with sufficient time for the organisation to do their thinking. Notwithstanding some activity drift, the social mission cores of who these organisations were, remained untouched. It was, however, considered necessary that both the organisation and its leadership have the desire “to be more and do more” (C2, CM, L88) for extensive growth to take place. Nevertheless, each growth stage was required to be well

planned and executed, so that when looking back, it would feel more evolutionary and natural in nature, as if the structure had merely emerged as the organisation had grown.

Although growth was ongoing and continual, the organisations described being required to equally focus their attention on consolidation, where the organisation's expanded activities, models, products and services had to be consistently maintained and of high quality to all stakeholders. There was, consequently, unanimous agreement that it was essential that consolidation formally take place, and that organisations not solely concentrate on growth and implementation, or they would risk becoming too large and unfocused.

Typically, entrepreneurial personalities preferred the dynamism of growth versus the treading water required by consolidation. These growth and consolidation stages, therefore, alternately felt exhilarating and containing, like being held in the middle earth of J.R.R. Tolkien's imagination during consolidation. Nonetheless, consolidation was universally acknowledged to be a crucial factor in progressing towards accomplishing the social mission, reaching organisational sustainability and attaining scale.

#### **10.15.4 Growing legitimacy**

Despite becoming so big so quickly, instead of becoming fragile or functioning in a chaotic manner, these organisations found that the organisational structures they required emerged. This resulted in their ability to utilise their size and legitimacy to dominate policy and funding environments and exert their influence, within both donor and government spheres. This was because these enterprises had always desired large-scale social change, and so had built in the possibility of changing structures from early on.

This preparation process began by identifying both the organisations' and individuals' strengths and, thereafter, designing the organisational structure so as to best exploit these. Subsequently, the organisation as-a-whole required assistance in the form of daily reinforcing practices to remain strengths focused. All of the organisations thus initially focused on small, core activities, in order to prevent spreading themselves too thin by going too broad. Nonetheless, all of the organisations studied grew rapidly due, in large part, to the lack of contextual support.

The strengths focus was viewed as a necessary element to sustain organisational culture during periods of rapid growth. Moreover, the growth was perceived as a direct result of "becoming better" (C1, F2, L72) at what they did. The organisations also described natural growth towards the central social mission and any decline strictly within the commercial units. Because these enterprises had worked actively to become less dependent on donors, there had been periods of focusing inwards, and focusing on creating a specific niche, within the wider social mission. At other times, the enterprises broadened the activities surrounding their

respective social missions, finding ways to more quickly, impactfully and expansively meet the needs of their beneficiaries.

It was also considered critical for decisions regarding sustainability and social enterprise to be designed into the organisational strategy, and strictly adhered to from early on in the organisation's development. The social enterprises insisted they needed to always be thinking about sustainability, and building it in. This was especially true for sustaining staff and critical mission-oriented activities and, particularly, as opposed to merely sustaining the organisation, for the organisation's sake.

There was, moreover, a fervent desire for HIV to be eliminated and, the healthcare needs these organisations addressed to be resolved, with the result that there was largely consensus that if there was no longer a need for their core offering, and their social change social missions had been accomplished, these organisations should close down. The organisations hypothesised that this would create the space for new organisations to bring fresh energy and ideas to address other social problems.

Therefore, as part of creating legitimacy, the organisations were required to continually assess their relevance, that they were by and large so certain of in earlier organisational development phases. This regular assessment was thought to be necessary so as to enhance and maintain legitimacy.

Consolidation phases, consequently, resulted in the credibility-building necessary for an organisation to grow its legitimacy, as well as to generate the means to sustain key projects and staff. This, in turn, led to these organisations being able to withstand difficult times. Additionally, the development of legitimacy allowed the organisations to maintain efficacy, and in so doing, ensure that they were able to leave a lasting legacy.

The social enterprises also maintained they were required to work at gaining legitimacy by demonstrating staying power. As such, this phase was not perceived as the time for changes in key staff, offices, brand, and so on, as the organisational 'kingdom' needed its 'king' ('queen', or even 'royal family') in order to justifiably grow its credibility and, in the end, leave a lasting legacy. The organisations consequently found themselves needing to find ways to address the needs of both beneficiaries and clients, while simultaneously paying attention to sustainability and growth.

#### **10.15.5 *Growing in multiples, growing better***

An aspect of the impact these organisations had, was their ability to manipulate and exploit institutional voids. Not paying tax on donor funds, bringing in donor funds through non-profit agreements – even if the funds were to be utilised for full, profit-generating operations – and negotiating special financing agreements with separate accounts for profit and nonprofit

activities permitted these organisations to both extend their reach, and to generate additional income with which to do so.

As such, by offering an understanding of how an organisational mission can remain absolutely constant, while growing towards 'scale', these organisations have had an enormous impact on the HIV healthcare context within South Africa. In addition, and emerging directly from within the data collected, the most noteworthy impact these organisations may yet have is through their depiction of how any organisation with "huge dreams, you know, big ideas, for a better society" (C1, F1, L487) can grow entrepreneurially by applying certain daily practices.

The organisations studied reflected a fearless approach to change and to growth. These social enterprises were able to variably accept failure and universally embrace risk, alongside a considered and thoroughly planned-for strategic development process. Despite this process being methodically arranged, practices that permitted agility and rapid adaptation were also introduced. In addition, slower evolving of some organisational structures was continually emphasised.

Consequently, it was impossible to tell if these organisations had been successful due to their enormous growth, or vice versa. Nonetheless, all of the organisations agreed that if they had not introduced new practices, they would likely have suffered from the consequences of their own rapid, massive growth and success.

Unexpectedly, this growth in multiples transpired in addition to, as opposed to instead of, the original social mission, objectives and activities. As such, the organisations were required to balance the accessing of new skills, while continuing to pay attention to the retention of existing skills. The institutionalised organisational culture and performance management systems already developed and in place were found to greatly assist with these multiple growth phases.

Additionally, in order to accommodate rapid growth, temporary or emergent structures arose. On occasion, however, the organisations also restructured entirely in order to adjust to their rapid growth. In all scenarios, however, external capital to fund the growth had to be sought. Furthermore, all of the organisations studied applied their self-generated income to organisational growth of this type.

The jostling for power, complaining about one another's "egos" (C2, CM, L200) and desires for "world domination" (C1, ES6, L43) within the field, were a way of configuring the relationships within the overall system. Furthermore, there was a clear, mutual recognition of one another's multiple roles within the system, and a mutual respect amongst the leadership tiers.

### **10.15.6 Innovation and experimentation**

The organisations described going through periods that resulted in extraordinary growth, with subsequent expansion into a combination of other geographic areas, regions, and/or countries, as well as other activities and business model areas. Additionally, where further social objectives were adopted, these were related to strengthening the original social mission. It was characteristically during growth stages that the deepening of the social mission ensued. This enlargement and extension of the project activities related to the central social mission also, in turn, resulted in growth into other, even multiple other social missions, aligned to multiple other objectives, and carried out through multiple other activities.

These enterprises, therefore, constantly adjusted their programmes as they grew, and as the needs demanded. Nonetheless, each organisation defined success somewhat differently, such as becoming multinational and extending into new markets, and/or the meeting of existing needs – in other words, attaining the organisation's social mission within South Africa. However, the achievement of the social mission by expanding the organisation's reach and, thereby, causing change in the overall system, was both present in all the cases' definitions of success, as well as within all of their social missions.

Maintaining a focus on organisational strengths in order to meet the central social mission was typically perceived of as constituting success. This was also when excess funding, self-generated income, and/or profit typically started to become available and, as such, could be reinvested into the organisation, resulting in the buttressing of organisational reserves.

Furthermore, passion was viewed as insufficient for the organisation and its leadership to feel that they were on the road to success. They also needed to perceive the work as fun and enjoyable, typically through experimentation, invention and innovation. There was thus a dominant belief that as long as the leadership were having fun, they would be able to make money and naturally do good.

Success was consequently not viewed as an end-stage, but as consisting of practices that underpinned all the stages of entrepreneurial growth. This common perception made generating sufficient operating income, and even profit with which to meet the social objectives, possible. Furthermore, this resulted in personal definitions of success, thought to facilitate the process of financial success.

### **10.15.7 Scale**

As soon as the organisation was generating sufficient income to meet its social objectives, it would be perceived of as successful by external stakeholders. During these stages, as opposed to basking in their success, the organisations found they needed to continually

reassess their relevance, adjust their primary business model and the resultant business plans, and consolidate organisational activities. Critically, to prevent mission-drift, the business model, as opposed to the social mission, was to be altered, in order to reach mission success.

Although these organisations had all developed their own definitions of success, a common understanding was the necessity of identifying what they were good at, doing it well and sticking to it so that the social missions did not drift at all. Additionally, it was considered essential to apply entrepreneurial thinking to the social missions, in order to do more, better. Finally, the cases all accepted that success meant the social mission would feel larger, although it would not change or grow at all. This was because it was considered crucial for the social purpose not to alter, regardless of how big their organisations grew, or successful they became. Additionally, changes occurred “only within programme implementation, we don’t screw with our social mission” (C1, MG, L188).

It was, therefore, never the intention to scale, but rather that suddenly, in working single-mindedly towards the social mission, these organisations had become huge and influential within both the South African, and the international HIV-health policy and clinical treatment arenas. Thus, the growth and development studied was the series of transitions from small and local to massive and overarching on a systems level.

#### **10.15.8 Comparison with the literature**

All of the organisations, in their own way, and according to each of their own social missions had achieved both vertical and horizontal scale (Weber et al., 2012) in at least one, but, typically, several areas. Formal registration was found to typically occur prior to start-up or during the start-up phases. Contrary to the literature (Cornforth, 2014; Ebrahim et al., 2014; Kodzi, 2015; Santos et al., 2015; Young et al., 2012), the registration was thought to only impact slightly, and only if it was formalised once the business model had already been designed, and there was a clear idea of how the organisation would operate. Nonetheless, the specific registration choices did not influence the hybrid social enterprises as they grew and changed, as initially perceived within the literature (Claeyé, 2017; Steinman & Van Rooij, 2012).

This is believed to be due to the fact that the growth which occurred was necessary to move these organisations closer to achieving their respective systems-wide social change social missions. The growth was not an end in and of itself. All of the organisations studied attributed their incredible growth to consistent hard work, primarily along a single path, as well as a portion of luck and timing (Bull et al., 2014). Furthermore, also in concordance with the existing literature, having governance practices implemented as the organisation grew,

reduced risk (André & Pache, 2016; Pache et al., 2018). The organisations also spent large chunks of time focusing on consolidation. This typically occurred as part of their attempt to gain legitimacy (Weber et al., 2012).

While endeavouring to obtain legitimacy, the social purpose tended to become externally visible, as opposed to only internally. This was considered a crucial component of “growing legitimacy” (C1, F1, 289). According to Weber et al. (2012), gaining legitimacy is a further necessity for social enterprises to be able to scale. By this time, the organisational culture would have become inculcated internally, resulting in a balance between the predominance of a somewhat more internal, versus external, focus (Bacq et al., 2018).

This was typically when the social enterprises could afford to start instituting an expensive staff learning policy, and to incentivise and retain key staff through material means – as opposed to only symbolic and social means (per Bourdieu, 1972 - 2005). This grew into an important component of internal legitimacy development and became part of the then established performance management and retention processes.

Not described within the literature, scale was depicted as resulting in power and contextual impact. These organisations all demonstrated extensive impact and reach within their organising contexts. This power included having influenced donor perceptions and grant agreement structures, as well as having achieved measurable outcomes in their HIV-healthcare work.

Contrary to the literature, which suggests that as social enterprises scale, so they lose control over how their social impact innovations are implemented (Lyon & Fernandez, 2012), the organisations in this study were able to plan their and structure their growth, and influence how their innovations were implemented. These social enterprises were also able to exert additional authority and influence as they scaled and became more powerful.

By their longevity, size and multinationalism, these organisations provide an ongoing challenge to existing theories regarding the survival of new enterprises (Myres et al., 2018), the preservation of social purpose through business model drift and adaptation (Battilana et al., 2012; Sontag-Padilla et al., 2012), as well as the varieties of form and structure available to assist social enterprises in achieving various kinds of scale (Sepulveda, 2014).

Social impact capabilities, represented by the scale of the social impact achieved, and strictly aligned to the social mission, also result in scale. These capabilities are made visible through the daily practices necessary to achieve the social mission and create social change. “Social impact capabilities are contingent on the organization’s social system change capabilities” (Zahra et al., 2014, p. 144). If an organisation was unable to create change within the ecosystem, the achievement of the social impact would be obstructed, and the organisation would struggle to create social wealth, and to grow and scale (Zahra et al., 2014).

### **10.15.9 Theme 11 Conclusion**

Notwithstanding that there may not have always been formal strategic change processes, there were always strategic change discussions surrounding any business model changes (Jarzabkowski, 2005; Jarzabkowski et al., 2007). These discussions were, therefore, a strategy-as-perspective process (Mintzberg, 1985).

Furthermore, the organisations would start to demonstrate the change to come internally through their 'sayings' – which was the data which underpinned the codes developed – and 'doings' – which was what was observed and reported upon, as described within practice theory (Schatzki, 1996, 1997, 2001, 2002, 2005). In all instances, although the business models grew in scope and size, and the social missions, at times, appeared to grow, growth was only evident in the structures, arrangements, policies and processes that were developed to support this growth. Growth and development of this nature, therefore, ultimately results in scale which is defined as the visual representation of growth and also classified as organisational success for many organisations of this type (André & Pache, 2016; Dees et al., 2004; Van & Vredenburg, 2015).

### **10.16 Summary**

This study applied strategy-as-practice concepts (Jarzabkowski et al., 2007) through an entrepreneurship-as-practice theoretical lens (Gartner, 1985; Gartner et al., 2016; Johannisson, 2018; Steyaert, 2007) to understand how the South African social enterprise grew and developed. With the result that the socially entrepreneurial leadership team – which included the board, governance structure, and management – and openly innovative staff group – with occasionally a few other key stakeholders (Bacq & Janssen, 2011), designed their strategic growth and development processes.

The study found a range of regularly conducted strategic change practices, such as the introduction of governance structures and procedures, and formal strategic planning events, plus informal strategic conversations. In addition, common daily management practices, such as reinforcing the values, developing, codifying and communicating the culture and attaching cultural reminders to behaviour, entrepreneurial thinking, and so on, were employed in order to adjust the organisational business model (Baden-fuller & Mangematin 2013; Baden-fuller & Morgan, 2010). These everyday practices were further contained within broad management processes, such as business model design and redesign (Baden-fuller & Morgan, 2010; Schaltegger et al., 2015) and strategic organisational change decisions (Jarzabkowski et al., 2007; Pettigrew, 2012; Schatzki, 2006, 2013; Van de Ven & Poole, 2005).



Moreover, these practices included HR skills retention and performance management, participation, innovation, and related organisation building micro-practices.

These everyday practices were used both in order to achieve and maintain the social mission, as well as to keep the social mission constant and prevent mission-drift. Doing so grew the organisation from the local to the societal level, and then the social mission could result in broad social change. These daily practices were captured within the organisation's 'doings' and 'sayings' (Schatzki, 1996, 1997, 2001, 2002, 2005), through interviews, observation (Mulhall, 2003) and perusal of strategic documentation. Ultimately, these practices also resulted in overall organisational survival, including tangible growth in these enterprises' impact, reach and influence – defined by Bull et al. (2014) as scale.

In addition, all of these practices were both highly dependent on, and had considerably influenced a range of specific contexts, beginning with the organisation itself, and then the HIV-healthcare system, and NPO and social enterprise environments within South Africa. The micro-actions contained within these daily practices are, therefore, linked to the macro outcome that these organisations aim to achieve. Consequently, the growth processes the social enterprises have undergone has begun to reflect a change in the way South African NPOs and social enterprises 'do business', has on the wider sector (Jarzabkowski et al., 2007; Pettigrew, 2012).

## **10.17 Conclusion**

The organisations studied believed they were impacting on their respective contexts, and in particular, on the South African health and HIV agenda. Furthermore, the organisations maintained that their efforts were leading towards a strengthened health system as-a-whole. In addition, all of the organisations in the study were involved in tracking and measuring their social impact, within their respective, unique theories of change. As such, each social enterprise could confidently state that their beneficiaries were benefitting from their products and services, and to what extent.

The board, founder-CEO, leadership, management teams, employees and volunteers all consciously and regularly engaged in a variety of entrepreneurial practices to deliberately create and maintain social impact. These practices had become "what we do every day" (C1, F2, L100), "not really noticeable" (C2, OD, L321) and, therefore, "mundane" (Dey & Steyaert, 2016, p. 628). The practices ranged from governance to learning to HR to innovative to growth to contextual impact to mission constancy practices.

# CHAPTER 11: Contributions

## 11.01 Introduction

From its inception, this research study intended to contribute in multiple ways and on multiple levels. This multiplicity was consequently integrated into the research study from the literature review to the case study design and methodology, to the resultant practice model and conceptual development.

Underpinning these study themes and contributions, the research question aimed to understand how the entrepreneurial business models of large, hybrid social enterprises had grown their operations to scale. The primary finding was that the social enterprises grew to scale, without any social mission-drift at all.

## 11.02 The theoretical model

In order to build theory, one must offer an explanation of how and why a phenomenon occurs and provide clarity regarding a problem that has not been well-defined (Corley & Gioia, 2011; Whetten, 1989). One can contribute to theory incrementally, by expanding and improving upon existing theory: or in a revelatory manner, by producing an entirely new theory (Corley & Gioia, 2011). The main question this study aimed to address was how social enterprises were growing and developing within the South African resource-poor context, and in light of the dominant social entrepreneurship theories regarding mission-drift and managing competing interests within hybrid social enterprise.

In particular, this study contributed theoretically by adding to and extending existing theories, frameworks and concepts (Corley & Gioia, 2011; Feldman, 2004). In addition, the theoretical and empirical contributions have been within emerging bodies of knowledge. Firstly, social enterprise concepts were strengthened through this study's answering the questions of how South African hybrid social enterprises develop and change; manage competing tensions while growing to scale; during which time focus is maintained on the social change social mission. In addition, how these social enterprises realise hybridity, scale and success – as prescribed by their common contexts – strengthens the extant theory.

This study, consequently, contributes towards Battilana (2018) and Mair et al.'s (2016) arguments that "future research should study in more depth the different approaches to hybrid organizing that organizations can use to overcome (these) obstacles across different institutional contexts" (Battilana, 2018, p. 1294). This is, furthermore, while the social mission

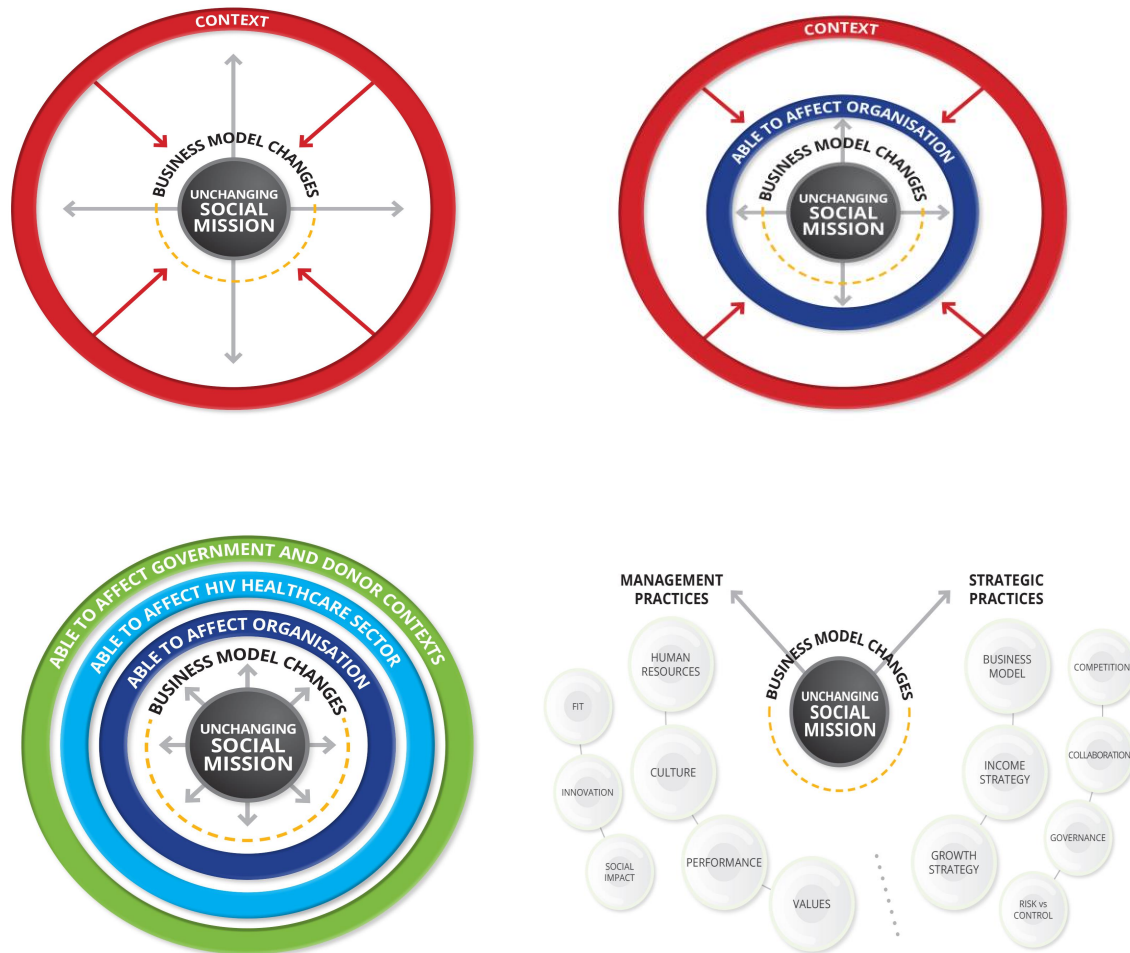
remains absolutely constant. The practice model presented below in Figure 9 (containing Figures 7.1 - 7.4) depicts the themes and highlights the study findings.

The theoretical model, shows how the social enterprise grows, while the social mission remains unchanging, at the centre of the business model, able to first shape the organisational culture, then affect the broader HIV-healthcare sector in South Africa, and thereafter, both local and international donors, as well as various government departments in South Africa.

The study of the growth and corresponding influence of these enterprises advances EaP concepts, strengthening the argument for the use of social practice theory to build new understandings in the study of entrepreneurship. The organisational growth that occurred in this study was facilitated by a range of strategic practices, such as developing an organisational strategy (linked to the social mission), permitting business model activity drift in order to meet the social mission, engaging in collaborative partnerships to produce faster growth, adopting a competitive outlook to produce enhanced products, developing diversified income and growth strategies, executing a balance between risk and control practices, implementing governance and accountability practices through the board, developing sophisticated HR management systems, and so on.

Furthermore, a range of daily practices are also implemented to facilitate growth and scale, such as HR practices, incorporating hiring, retention and performance management practices; innovation practices including constant improvement, experimentation, quality improvement, openness to questioning, and technology practices; culture development practices featuring codifying the organisational culture into measurable behaviours, reinforcing the culture through messages and reminders, creating an internal brand, and so on. Clearly, the split between strategic practices and management practices is a false one, and all are rooted in the overall organisational strategy, thereby influencing the business model and its activities, which visibly translate the micro-practices.

The growth observed was messier, more cyclical and iterative in nature. Figure 9 – the practice model that represents all the study findings, presented overleaf – thus, demonstrates how the organisation grows, while implementing the daily practices. These practices, described above, incorporating both growth and consolidation practices, are generated directly from the social mission, and result in spin-off organisations and units all working to accomplish the original social mission. Consequently, this study has made a theoretical contribution by expanding and further developing important SaP concepts, such as practitioner, practices and praxis; and EaP concepts such as the organising context, contextualisation, *entrepreneur-ing* and situated practices. In addition, this study intends creating considerable practical impact within the social entrepreneurship sector.



**Figure 9: An entrepreneurship-as-practice perspective on the growth and development of social enterprise in South Africa**

### 11.03 Propositions arising from themes

In order for social enterprises within the South African, middle-income emerging-market context to accomplish their respective social missions, while considerably impacting this context, a set of eleven themes emerged from this study. Propositions resulted from this research study, and were developed from, and grounded in the data (Gioia et al., 2013). The propositions frame the study (Baxter & Jack, 2008; Bendassolli, 2013; Rowley, 2002) and, as a result, a series of propositions are advanced in discussing the themes.

### **11.03.1 Theme 1a: The context creates growth opportunities**

The context appears to create the very organisations necessary to resolve big, societal problems. The HIV-healthcare multi-national social enterprises which participated in this study, were formed within the very context these organisations intended to change. The organisations developed comprehensive social change social missions as they were founded, and these drove the organisational growth. This theme is in alignment with the literature which maintains that the organising context impacts on the organisation (Davidsson & Wiklund, 2001; Dey & Steyaert, 2016; Gartner et al., 2016; Johannisson, 2014, 2018; McKeever et al., 2014; Schatzki, 2006, 2013, 2016; Steyaert, 2007; Welter et al., 2019), and that the effects of the context must be considered in entrepreneurship research (Baker & Welter, 2018; Welter et al., 2019; Welter & Gartner, 2016). Consequently, the proposition arising from Theme 1a is that:

*The more need in the organising context, the more organisational development opportunities will arise.*

### **11.03.2 Theme 1b: Turbulent contexts result in additional entrepreneurial opportunities**

The context, therefore, appears to both construct and, thereafter, maintain these social change social mission-oriented enterprises. The turbulent context, consequently, seems to facilitate the growing organisations' abilities to convert contextual obstacles into entrepreneurial opportunities. The EaP field acknowledges that organisations can have an impact on their organising context/s (Dey & Steyaert, 2016; Gartner et al., 2016; Johannisson, 2018; Steyaert, 2007).

Furthermore, contextualisation has been studied, particularly as part of a third wave, whereby the context is viewed as representing multiple levels (Baker & Welter, 2018; Patriotta & Siegal, 2019; Welter et al., 2019; Welter & Gartner, 2016). However, none of these studies address organisational abilities in transforming contextual obstacles into entrepreneurial prospects, in order to support extensive growth and scale.

Consequently, while this view is largely supported by the existing literature – in that turbulent contexts are perceived as creating opportunities for social enterprises (Cornforth, 2014; Karanda & Toledano, 2012; Kerlin, 2013; Milson, 2017) – the reciprocal impact of these organisations on their contexts has not yet been sufficiently addressed in the literature. The propositions arising from within Theme 1b are thus the following:

*The more ongoing change within the organising context, the more opportunities for entrepreneurial growth and change are created.*

*The more chaotic, unstable and uncertain the context, the more the process of becoming a more entrepreneurial organisation is ongoing.*

### **11.03.3 Theme 2: The business model, not the social mission, drifted**

In these organisations, the social mission was central to the business model. The income strategies and the activities conducted were, therefore, merely a means to an end. Furthermore, multiple practices were employed for the social mission to remain unchanging at the centre of the business model.

Primarily, these practices aimed to keep the social mission from drifting and the business model adaptable and open to change. The result was a business model that was agile and able to drift and change focus, in order to better meet the social mission. This was as opposed to the social mission being subject to drift.

Recently, the literature has started to consider the possibility of social enterprises beginning to accommodate competing logics as “potentially synergistic” (Santos et al., 2015, p. 38), by utilising both resource-dependency theory and institutional theory. Nevertheless, studies to date have not fully investigated how social enterprises are able to prevent mission-drift, while generating an operating income in order to reach scale.

Furthermore, within emerging economy countries, no studies have been undertaken to investigate this. Consequently, using practice theory, EaP, SaP, contextualisation, and a variety of general social entrepreneurship theories, this study identified and labelled a new concept: that of activity drift. Activity drift occurs when the activities contained within the business model are agile and able to drift, causing a change in the operational direction. This change, moreover, results in a reorienting towards, and even a strengthening of the social mission. The proposition resulting from this theme is consequently:

*The more the social mission is central to the business model, the more unchanging the social mission and, simultaneously, adaptable the business model.*

### **11.03.4 Theme 3: Specific practices ensure no mission-drift, permit business model drift**

The literature maintains that there are a range of practices that can be utilised within the business model, in order to enable better efficiency and efficacy (Chroner et al., 2015). This is, however, dependent on the organisation’s agility (Chroner et al., 2015). In addition, the

business model is perceived of as affording a beneficial paradigm of how an organisation can function, so as to deliver value to all stakeholders (Zott & Amit, 2010).

The stories told within the organisation reflect Magretta's (2002) view of the business model, as well as the discursive practices highlighted in EaP (Jarzabkowski & Spee, 2009; Schatzki, 2017; Steyaert & Hjorth, 2006). The new concept of 'activity drift' was elucidated during this study from the stories circulating within the organisations studied. Activity drift was viewed as the business model components that shifts and adapts in order to maintain, and better meet the social mission. The propositions arising from Theme 3 are:

*The more intended impact on the system as-a-whole, the more the everyday strategic and management practices will maintain the social mission as the vanguard of the organisation.*

*The greater the number of business practices, business expertise, business-experienced people and business models available to and accessible within the organisation, the more responsive the organisation is to contextual triggers. This is regardless of whether these triggers are drivers, facilitators or obstacles.*

#### **11.03.5 Theme 4: Social change occurs as lack of mission-drift is cemented**

The business model in social enterprise literature, still in its infancy, has only just started to investigate selective coupling, where aspects of different logics are chosen for use within the organisation (Cornforth, 2014; Pache & Santos, 2013), as well as how resource-dependency can be proactively managed through funding diversification strategies (Carroll & Stater, 2009; Cornforth, 2014). The literature, however, has not yet begun to explore how the business model, can not only be adjusted but can be manipulated, for the achievement of the social change social mission through scale. Consequently, the proposition arising out of Theme 4 is as follows:

*The more the social mission is oriented towards social change, the more change will be created in the system.*

However, the social mission must have been developed with an overarching social change orientation built into it. Consequently, the proposition supports Lumpkin et al.'s (2013) social change hypothesis. Thereafter, merely attempting to meet the social mission results in growth, scale and ultimately the power needed to create social change, resulting even in change in the overall system. The mission, therefore, remains constant. In addition, the

objective behind the social mission causes growth, specifically so that social change might occur. It is a circular process that reinforces itself.

### **11.03.6 Theme 5: Values-driven daily management practices underpin entrepreneurial culture**

When values are taken directly from the social mission and applied to the business model, the values and culture adopted within the organisation support mission attainment. This, in turn, results in an entrepreneurial culture where employees are able to recognise opportunities within the environment, develop creative plans to exploit these opportunities, take the necessary risks and experiment, but do so within the secure boundaries established by the organisation.

The literature maintains that the culture of the organisation is determined by the values within it, whether or not the leadership inculcate these, and whether or not these values practices are consistently carried out (Colquitt et al., 2009; Denison, 2000; Halim et al., 2014). However, there is a gap in the literature with regards to the role values-driven, daily management practices play in how an entrepreneurial culture is developed. Consequently, the proposition resulting from Theme 5, is:

*The more the daily management practices are infused with values, the more entrepreneurial the culture that develops.*

### **11.03.7 Theme 6: Entrepreneurial organisational culture results in flexible business model**

The hybrid social enterprises within this study demonstrated cultures that were performance-oriented, passionate, entrepreneurial and agile. These cultures drove flexible business models, able to adjust course in order to maintain the social mission, within these organisations.

While the literature supports dynamic and agile business models (Chroneer et al., 2015; Gunther McGrath, 2010), there is limited knowledge regarding how business model flexibility may be created, and there is currently only a flimsy link between the organisational culture and the business model. The proposition from Theme 6 is thus:

*The more entrepreneurial the organisational culture, the more flexible the business model.*



### **11.03.8 Theme 7: Consolidating mission focus with HR practices**

In order for big social change, the leadership must work at creating and sustaining a high-performance organisational culture that is entrepreneurial and innovative. Human Resources management practices, consequently, play a contributing role in the development of social enterprise of this type, as well as in the ability to achieve the social mission at scale.

While there have been studies linking HR management practices to concerns about mission-drift due to a profit and a performance orientation (Cornforth, 2014; Hai & Daft, 2016), and the necessity of complicated performance management systems (Santos et al., 2015), studies connecting particular HR management practices to maintenance of the social mission as constant have not yet been studied. In addition, no studies linking HR practices to the successful expansion of hybrid social enterprises were located. Consequently, the propositions arising from Theme 7 are, as follows:

*The more HR practices consistently introduced and implemented, the more consolidated the social mission.*

*Performance-oriented HR management results in performance oriented towards mission achievement.*

### **11.03.9 Theme 8: Organisational growth through managing competitive and collaborative practices**

There is extensive literature on the nature of competition within social entrepreneurship (Kickul & Lyons, 2015; McDonald et al., 2015; McGee & Donoghue, 2009), as well as when considering organisational strategy, and within innovative organisational cultures (Beckman et al., 2014; Cajaiba-Santana, 2014; Maclean et al., 2013; Mintzberg, 1987). Only recently, however, have collaborative practices and relationships that have been built and exploited for strategic growth been considered (Jarzabkowski & Bednarek, 2018; Santos et al., 2015).

There is, however, no existing literature on the establishment of collaborative relationships in order to meet the social mission, as was the instance when these organisations recognised that in order to create social change, they often needed to work collaboratively with one another. Furthermore, the organisations found they could exert more influence within the context as there was more power in louder voices, as well as in working collaboratively. The proposition arising from Theme 8 is:

*The more collaboration practiced, the more influence these organisations can exert to achieve their overarching social change social missions.*

**11.03.10 Theme 9: Management of competing logics through balancing risk versus control**

The daily practices employed by these organisations included strategic governance practices to balance the risk inclinations and growth desires of the entrepreneurial leaders, with organisational accountability to external stakeholders, staff security, and responsible growth. These daily practices assist in the management and mediation of the competing social mission and income tensions, and are, consequently, important to keep the social mission constant.

While the extant literature has considered how governance mechanisms can safeguard both the social mission and the operating income (Cornforth, 2014), there has been limited input regarding how to build an entrepreneurial culture that is neither too flexible, nor too controlled. The answer appears to be in ensuring a foundation composed of relevant values, in order to nurture the kind of entrepreneurial culture able to embrace a balance between risk and control. In this study, the organisations accomplished a balance by applying governance practices. The proposition resulting from Theme 9 is, consequently, as follows:

*The more risk practices are balanced with control practices, the more the social mission remains constant.* This is despite generating an operating income, or even making a profit.

**11.03.11 Theme 10: Innovation practices result in scale**

Studies have begun to focus on systems innovation and innovative product development within social entrepreneurship, as well as social innovation (Beckman et al., 2014; Cajaiba-Santana, 2014; Maclean et al., 2013). However, limited literature exists regarding how innovative practices may be utilised to scale a social enterprise, without mission-drift being an automatic outcome.

This study found that the social enterprise, regardless of legal form, and if led by an entrepreneurial leadership team, will be able to strategically think through and then consciously implement the daily business management practices necessary for mission achievement and scale. This is while planning for innovative growth, and implementing the structure necessary to contain innovation, while simultaneously permitting experimentation, novelty and failure. The propositions arising from Theme 10 are therefore:

*The more innovative practices available within the social enterprise, the more feasible scale becomes, while maintaining the social mission as constant.*

*The more the social mission is oriented towards social change, the more innovation will take place, and the more innovative practices will be employed for scale.*

### **11.03.12 Theme 11: Growth and consolidation cycles result in scale and power**

It is the social change aspiration which inevitably leads to expansion, with scale as the ultimate result. This is as opposed to the pursuit of growth for growth's sake. Scale, in turn, leads to influence which results in increased organisational power within the organising context. Furthermore, power breeds additional growth in a reinforcing cycle.

Consequently, a social mission oriented towards social change requires scale, in order to be achieved. Scale results in the desired impact within the overall system. The business model is, therefore, oriented towards scale with multiple growth, consolidation and change practices incorporated into day-to-day organisational life.

While it is widely acknowledged that "the ultimate goal of social entrepreneurs is social change" (Lumpkin et al., 2013, p. 769), what is less understood is how organisations can obtain the scale required to create change at a systems level. In other words, the issue to consider is how to maintain the constancy of the social mission, while generating the capital that scale requires.

Furthermore, while research studies have been conducted on various scaling strategies, such as dissemination and open-source change-making; branching and replication; affiliation and smart networks; and lobbying and advocacy (Dees et al., 2004); little is known about the scaling strategies available within resource-poor settings. It was, therefore, the achievement of aspects of the social mission that was defined as success within this study, and not the achievement of either financial sustainability or of scale. Consequently, the themes contained in Theme 11 result in the following propositions:

*The greater the desire for social change, the more likely the business model will lead to organisational growth.*

*The more strategic practices aimed at mission constancy and daily management practices employed to prevent mission-drift, the more successful the social enterprise is at scale.*

## **11.04 Theoretical contribution**

The extant theory maintains that the competing logic of profit-generation, added to social mission within a hybrid business model, is too complex for the social enterprise to negotiate,

and will ultimately result in mission-drift (Alter, 2010; Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Grimes et al., 2018; Maier et al., 2016; McGee & Donoghue, 2009; Moss et al., 2010; Smith et al., 2013; Wilson & Post, 2013; Young et al., 2010; Young & Lecy, 2013). This is despite the business model literature arguing that the business model must be flexible and dynamic in order to respond to changing contextual needs (Chroner et al., 2015; Hacklin & Wallnöffer, 2012; Schaltegger et al., 2015; Zott & Amit, 2010; Zott et al., 2010).

This study contributes to social entrepreneurship theories by extending and advancing the thinking on hybrid business models within mission-driven social enterprises. This study contributes theoretically by advancing concepts within the social entrepreneurship field as follows:

**11.04.1      *When the social mission requires scale to bring about social change, there is less mission-drift because growth is built into the original mission***

Consequently, when social change is at the heart of the social mission, the intention is to scale, and the social mission is framed around scaling, mission-drift is less likely, even due to donor interference. The literature specifically links growth and scale to mission-drift, maintaining that as soon as organisations grow, they need capital and so follow it, and this leads to mission-drift (André & Pache, 2016; Battilana et al., 2012; Cornforth, 2014; Dees et al., 2004; Ebrahim et al., 2014). However, an organisation cannot grow by accident, nor need capital by accident.

Right from initiation, these organisations frame their social missions in terms of social change, with scaling for social change built into the organisation's very DNA. As articulated by Lumpkin et al. (2013), in that social change is inherently part of any social enterprise, these organisations, in particular, intend large-scale growth in order to create social change. In addition, because social innovation is inherent to social change (Lumpkin et al., 2013; Weber et al., 2012), social innovation is built into the enterprise from the start, with the social mission typically being framed around innovation.

Consequently, a social change oriented social mission is the driving force for the social enterprise to grow and scale without mission-drift. That the social mission was preoccupied with a desire to create overarching social change emerged as key. This was closely linked to how these competing tensions are managed in the hybrid social enterprise, described below.

This study contributes to the concepts of scaling and scaling impact, without mission-drift, by suggesting a scaling model that does not pit the competing mission and profit logics against one another. On the contrary, this scaling model utilises the income generation and

profit logics, in order to better meet the social mission. The social mission is, therefore, placed at the centre of the business model. This study, therefore, extends knowledge on growth and development towards scale, without mission-drift.

**11.04.2 Per social practice theory, there are distinct practices, practitioner actions, and micro-praxis associated with business model evolution**

Social enterprises innovate and evolve their business models in order to facilitate business model management and growth. The innovative, adaptable business model gives the impression of permitting the strategic practitioners to better manage competing logics in the hybrid enterprise. Consequently, the latest perspectives on managing the competing logics of social mission and profit (Bacq et al., 2018; Battilana, 2018; Battilana et al., 2017; Battilana et al., 2015; Smith & Besharov, 2019) are strengthened by introducing entrepreneurship-as-practice concepts and theories.

By finding that the hybrid business model appears to assist in sustaining the social mission, through a range of management practices, concepts put forward by, in particular: Dey & Steyaert (2016); Gartner (2016); Johannisson (2014, 2018); Steyaert (2007); Steyaert & Hjorth (2006); and Jarzabkowski et al. (2016) have been reinforced in this study, The 'doings and sayings' (Schatzki, 1996, 1997, 2001, 2002, 2005; Gartner, 2016) translated into 'mundane' (Dey & Steyaert, 2016) 'everyday practices' (Gartner, 2016; Jarzabkowski & Bednarek, 2018; Jarzabkowski et al., 2013; Johannisson, 2014, 2018; Steyaert, 2007; Steyaert & Hjorth, 2006) appeared to facilitate both day-to-day management of the social enterprise, and the acceleration of growth towards scale so as to achieve the social mission. All, while keeping the social mission constant, and rather allowing the business model activities to drift and change.

The discovery of the lack of mission-drift within the organisations studied is a contested issue within the field (Alter, 2010; Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Grimes et al., 2018; Kodzi, 2015; Maier et al., 2016; McGee & Donoghue, 2009; Moss et al., 2010; Smith et al., 2013; Wilson & Post, 2013; Young et al., 2010; Young et al., 2012; Young & Lecy, 2013). New evidence has, nevertheless, been offered to support recent thinking about how competing institutional logics may be resolved within hybrid organisations (Bacq et al., 2018; Battilana, 2018; Battilana et al., 2017; Battilana et al., 2015; Smith & Besharov, 2019). This is accomplished through clear decisions, particular strategic practices and specific daily management practices that, when instituted, ensure the social mission is central to the business model.

The business model drifted, changed and adapted as necessary, but without any drift of the overarching social purpose. Each of the daily practices identified contains a multitude of micro-practices, that together make up the full practice. Consequently, this study advances the strategy-as-practice concepts of the strategic daily practices utilised to create social change (Hendry & Seidl, 2003; Jarzabkowski, 2005) within these particular contexts (Steyaert, 2007; Welter et al., 2019).

This study, therefore, also contributes to SaP and EaP thinking on practices and on the import of the context, within social enterprise organisations, and within resource-constrained environments, in particular. These concepts have all typically been studied in isolation, with it being uncommon for studies to assess these concepts as they intersect (Jarzabkowski, 2005; Jarzabkowski et al., 2013).

Not only are practice theories rarely employed in management and, specifically, doctoral studies (Dey & Steyaert, 2016; Johannisson, 2014; Steyaert, 2007), but practice theories are seldom studied within both the nonprofit and the social enterprise contexts (Dey & Steyaert, 2016; Jarzabkowski et al., 2007). In addition, emerging-market contexts (Littlewood & Holt, 2015, 2018b; Rindova et al., 2009; Van Gelderen & Masurel, 2012) have been largely overlooked in this, as in most fields of study (Rivera-Santos et al., 2015).

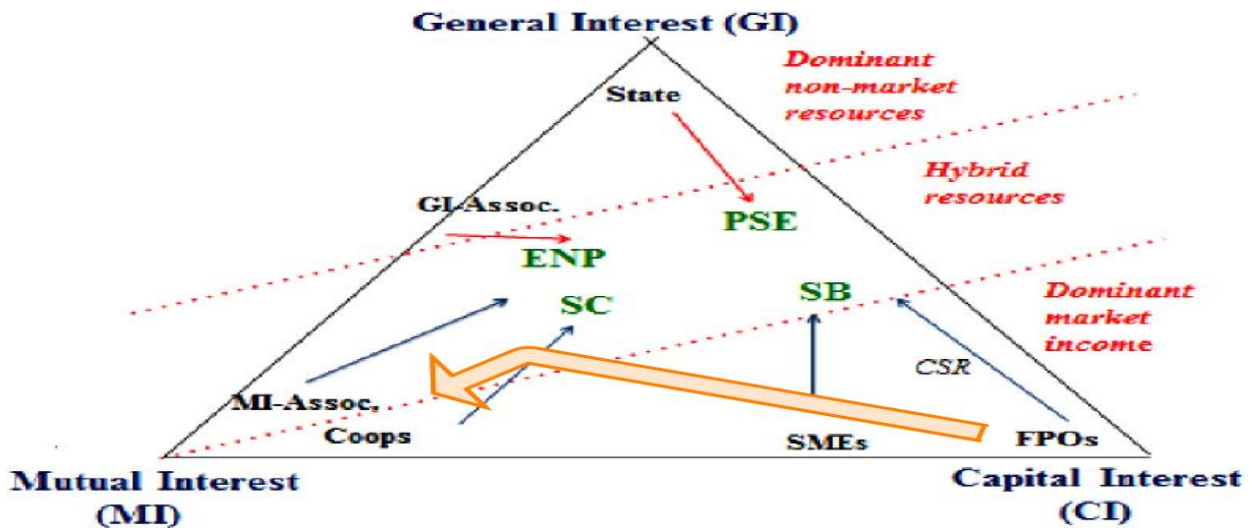
#### **11.04.3 Contribution to social enterprise business model ideal-typology**

Some mission-drift towards the social mission – during times of extreme contextual pressure to become more focused on the social mission – was identified in the commercially registered organisations. However, as opposed to resulting in liquidation and bankruptcy, as hypothesised by Cornforth (2014), this shift towards mutual interests (MI) enhanced these social enterprises' abilities to access donor funding. Additionally, this drift influenced the organisational philosophy, contributing to the organisational culture.

Furthermore, the contextual pressure was converted into enhanced opportunities to access additional funding. This funding then facilitated the accumulation of skills and expertise that, because they could be applied elsewhere after the completion of the grant, resulted in the organisation's capabilities being strengthened.

The business model became the means with which to reach the social mission, as the end goal, as described above. As such, the business model adapted, which in turn, permitted the social mission to remain constant. Defourny and Nyssens (2016) ideal-types triangle has, therefore, been augmented by adding in an additional interest: that for social businesses, the social mission may not only drift towards capital interests (CI) but also towards mutual interests (MI). In Figure 10, overleaf, the orange arrow depicts possible movement for social businesses

from capital interests (CI) to mutual interests (MI). This orange arrow has been superimposed onto Defourny and Nyssens' (2016) social enterprises ideal-types triangle, to demonstrate this contribution.



**Figure 10: Contribution to Ideal-types triangle** (adapted from Defourny and Nyssens, 2016, p. 12)

## 11.05 Empirical contribution

A number of empirical contributions resulted from this study. These contributions can be utilised to further the emergent theories within which they fit. This study makes an empirical contribution by not simply concluding the analysis with only the opinions of the managers. Rather, this study focused on analysing both the organisation as-a-whole, and the strategic organisational change and growth practices, as the specific constituents of analysis.

In addition, because multiple cases were studied on multiple levels, utilising multiple data sources, over multiple months, a multi-level understanding of the intersect between practices and context in social enterprise development, transition and growth was built. Consequently, new data were collected and analysed.

### 11.05.1 No mission-drift

The social mission remained constant and was not side-lined by the profit motive. This was because it contained a broad social change objective. Consequently, a way to keep the social mission constant until it could be achieved, is if the organisation utilises every resource at its disposal to grow to scale so that it is sufficiently powerful to start creating change in the overall

system. The social change social mission, therefore, drives the organisational growth and scale.

Moreover, the finding that the constancy of the social mission is linked to social change is important because this is a new understanding of the social mission, as well as of how to maintain mission constancy. Although, Lumpkin et al. (2013) maintain that this should be the case, to date, there have no studies focusing on the link between social change and scale, nor of the link between the social change social mission and reduced mission-drift.

The mission also did not drift because it was placed at the centre of the business model. This means the social mission remained the ultimate organisational objective. Consequently, despite these organisations' hybridity, and their ability to seamlessly manage dual social and financial objectives (Smith & Besharov, 2019), part of their 'secret' was that they had not actually embraced running dual business models. Instead, these social enterprises maintained a strict focus on the social mission, with the financial goals merely the 'how' of the social objective being operationalised. These enterprises therefore did not split their focus between the social and the financial, or even implement a duplicative process of separation of these logics.

### **11.05.2 Scale**

There is, furthermore, much interest in scale, and how to enlarge social impact. This study demonstrates that scale may be reached by the maintenance of a social change social mission, at the heart of the business model. At the same time, the social mission is maintained as central to the business model when it contains a social change orientation.

Additionally, the finding that scale is a result of a social change oriented social mission contributes to the thinking regarding how to create scale, as well as how to structure the social enterprise to cope with scale (Weber et al., 2012). What was unusual in this study was the finding that the scale that resulted was both horizontal and vertical, in that the social enterprises grew, with lesser and greater success, into multiple geographic markets with a range of consumer and beneficiary types, while simultaneously creating localised depth within one market, that of the SA HIV-healthcare context (Weber et al., 2012).

The business model drift that occurred consisted primarily of activity drift. The activity drift and, consequently the mission constancy, as well as the growth, development and scale were a result of a range of regular strategic practices and daily management practices. An example in relation to activity drift is revenue diversification (Carroll & Stater, 2009; Cornforth, 2014). These regular strategic practices were identified as facilitators in maintaining the social mission and obtaining scale. Furthermore, these practices permitted the organisations to convert potential obstacles and barriers into entrepreneurial opportunities. This process also



facilitated organisational growth, while maintaining the focus on the social change social mission.

The finding that it was not the social mission, but the business model which drifted, and changed, provides an empirical challenge to the extant literature (Alter, 2010; Battilana et al., 2012; Cornforth, 2014; Doherty et al., 2013; Ebrahim et al., 2014; Kodzi, 2015; Moss et al., 2010). This is important because it means that social enterprises can become even more entrepreneurial, generating their own operating income, and even earning a profit, provided the social mission remains central to the business model. This is, consequently, also a practical contribution from the study.

Some mission-drift towards the social mission was found for one of the social enterprises in the study that was solely commercially registered. This occurred when there was extreme contextual pressure – in particular, from large international donors – to become more focused on the social mission. Cornforth (2014) hypothesised that even mission-drift towards the social mission could be disastrous for social enterprise, causing liquidation and bankruptcy.

This shift towards mutual interests (MI), however, augmented this organisation's abilities to access donor funding (see Figure 10 above). This contextual pressure was converted into an entrepreneurial opportunity that resulted in increased access to substantial funding income. The outcome of this additional funding was the accumulation of skills and expertise, that the social enterprises were applying elsewhere. The business model which was the means with which to reach the end goal, or social mission, consequently, adapted and this in turn, permitted the social mission to remain constant.

### **11.05.3 Practices**

Strategic planning and the design and implementation of the business model practices, as well as practices to support activity drift, were identified as distinctive strategic management practices. In addition, practices to support innovation, impact and scale were found to be necessary strategic practices for the creation of growth. Thereafter, these practices also created sustainability for organisations within this sector and context. Finally, the practices created real social change, thereby accomplishing at least parts of the social mission.

As such, these practices were mission-sustaining while contributing towards organisational growth and consolidation. Moreover, these practices provided a containing, secure environment for risk-taking, experimentation and innovation, as well as ensuring the organisation's entrepreneurial culture could be utilised for growth, while maintaining accountability towards all stakeholders. These practices also worked towards creating

financial, programmatic and mission sustainability. Additionally, they served to develop and codify a particular organisational culture.

The daily management practices studied centred around:

- i) leadership and staff development, as well as maintaining the correct skills match through hiring practices, retention practices and performance management practices;
- ii) governance, including containment practices for risk-taking, innovative experimentation and growth, as well as consolidation practices for strengthening the growth;
- iii) culture-building, derived through training, values inculcation and codifying behaviour; and
- iv) the nurturing of strategic partnerships and collaboration practices, as well as competition practices in order to reach the social mission.

#### **11.05.4 Contextualisation**

How the above practices impacted upon the concept of the organising context/s was expanded in this study (Johannisson, 2018; Welter et al., 2019). Welter et al. (2019) recently called for a greater contribution to entrepreneurship theory development by moving studies outside of mainstream dogma. Consequently, by studying social enterprise within emerging-markets through a practice theory lens, this study contributes to strengthening these bodies of knowledge, and in particular, the relevance and import of the context on the growth and development of the social enterprise (Baker & Welter, 2018; Patriotta & Siegal, 2019; Welter et al., 2019; Welter & Gartner, 2016).

The conversion of potential obstacles and barriers emerging from within the context into entrepreneurial opportunities to be exploited for organisational growth and development towards scale, adds an important motivator for the inclusion of the context when studying social entrepreneurship, for several reasons: firstly, it strengthens contextualisation theory, as it provides evidence to support both the organisation's impact upon its organising context/s, as well as the contexts' reciprocal impacts upon the organisation, and on the broader sector (Baker & Welter, 2018; Patriotta & Siegal, 2019; Welter et al., 2019).

Secondly, it provides alternative theoretical pathways, and therefore, explanations that may assist those grappling with the problem of how to resolve competing profit and mission logics. This study, consequently, furthers the recent suggestions by key theorists regarding the necessity of managing these competing logics in order to make the hybrid ideal a reality (Bacq et al., 2018; Battilana, 2018; Pache et al., 2018). Finally, it emphasises the practices utilised to mediate the effects of the context, as well as how these are broken down into smaller components in order to actively exploit the context so as to facilitate organisational growth and scale.

## **11.06 Practical contribution**

Practically, it was always the intention that the model yielded by the study serve as both a strategic planning instrument and an investigative device to be utilised by South African social enterprises to adapt more effectively to the changing funding environment. This path was selected as key contributors to the social entrepreneurship and social enterprise fields argue that “we have too few models to confidently talk about ‘best practice’” (Mair, 2010, p. 9), and the necessity of evidence and best practice was prized by both the practitioner-researcher, as well as all of the interviewees.

The practical contributions from this study are thus in the lessons learned regarding how hybrid social enterprises emerge, and how these social enterprises change and grow, within turbulent, contradictory institutional contexts. Furthermore, the specific practices documented as the organisation develops, and within change and growth and consolidation stages, provide the detail necessary for organisations to apply these learnings practically, as well as to utilise the models that have arisen, as both planning tools for strategic change, and diagnostic tools to evaluate organisational options with regard to social enterprise development and growth.

EaP is a relatively new field emerging out of multiple disciplines with long histories and based on practice theory generically. This study primarily investigated the conception of entrepreneurial, management and strategic practices, as reflected within the organisational ‘doings and sayings’ (Schatzki, 1996, 1997, 2001, 2002, 2005). In particular, the ‘sayings’ were studied within how these practices were spoken about in interviews and written about in strategic documents. The ‘doings’ were studied within practical demonstrations via observation periods (Mulhall, 2003).

Moreover, a practical contribution may lie in other similar organisations, within similar contexts, being able to implement the specific daily practices described, in order to achieve similar scale and success. Finally, the findings from this study can contribute to the development of policy, legislation and institutional support for social change social enterprises in South Africa.

## **11.07 Conclusion**

In conclusion, despite the limitations inherent in qualitative case study design, this research study, due to its multiplicity and depth, has been able to provide a new way of seeing HIV-healthcare social enterprises within the South African context. Furthermore, this study has provided insight into why social enterprises within this context scale, and how they do so, thereby answering the questions regarding how and why multinational social enterprises

emerge. Critically, this study answered the important question of how these organisations are able to maintain their social mission focus at scale.

As per Battilana's (2018) conclusion that "social enterprises that succeed maintain a hybrid organizational culture that holds and balances tensions between creating social and economic value" (Battilana, 2018, p. 1298), this study provides insight into how large South African social enterprises manage the dual foci of social mission and profit-generation without any mission-drift. These social enterprises may, therefore, be seen as hybrid organisations that are "able to leverage material elements of logics, the common-note practices, that remain materially the same but whose meanings differ according to the logic they are seen through" (Mongelli, Rullani, & Versari, 2017, p. 500).

Consequently, and hopefully, this study has, in the words of Oswick, Fleming and Hanlon (2011), introduced new, and innovative insights that will challenge extant knowledge and prevailing ways of thinking (p. 323). Additionally, that the researcher demonstrated mastery of this non-trivial phenomenon (Feldman, 2004, p. 525) will assist the study findings to have both practical relevance – for policy-makers and social enterprises in South Africa – as well as practice application – philosophically to American pragmatism – but more importantly, to practice theory (Corley & Gioia, 2011, p. 21-23).

# CHAPTER 12: Recommendations and conclusion

## 12.01 Introduction

This chapter concludes the study by summarising the key findings. Thereafter, the study limitations are presented in order to frame suggestions for future research.

## 12.02 Background to the study

The research problem that provided the background to this study was that non-profit organisations and mission-driven social enterprises appeared to be being pushed to change their operating model. This seemed to be due to a context of ongoing lack of state support, continued failure of the market to provide adequate solutions, plus a changing donor landscape that was resulting in less available funding.

This research study intended to develop a deeper understanding of the growth, development and evolution processes of local (South African) hybrid social enterprises. This was in order to understand how competing logics were managed without mission-drift, while organisations grew and changed. During the study, the purpose evolved to include developing a multifaceted and meaningful understanding of the processes involved in hybrid social enterprise business model design. This research study set out to discover how South African hybrid social enterprises were balancing rival interests and, thereby, managing to grow and develop without any mission-drift.

### 12.02.1 *The literature*

The social entrepreneurship literature largely maintains that generating a profit while maintaining a focus on the social mission is only an 'ideal' that is impossible to realise, without disastrous consequences in practice (Alter, 2010; Battilana et al., 2012; Doherty et al., 2013; Ebrahim et al., 2014; Eikenberry & Kluver, 2004; Kodzi, 2015; Maier et al., 2016; McGee & Donoghue, 2009; Moss et al., 2010; Smith et al., 2013). However, recently there has been reasoning that argues that these competing interests may be managed (Bacq et al., 2018; Battilana, 2018; Battilana et al., 2017; Grimes et al., 2018; Pache et al., 2018; Santos et al., 2015).

Notwithstanding the fact that research into these competing logics within social enterprise has been solely within institutional and resource-dependency theories as the theoretical framework, the vast majority of research in the social entrepreneurship field does

not take place in emerging-market contexts. This is despite the call by Barnard (2019) and Littlewood and Holt (2018a) to conduct more research within the South African context in order to better understand the specific dynamics at play. In addition, Barnard (2019) recommends utilising the South African context as a laboratory to study management theories that have already been finalised in developed economy contexts.

This research study attempted to address these concerns by conducting empirical research that focused specifically on the processes of growth and development of social enterprises that appeared to be managing to balance these competing logics. The theoretical framework was practice theory, utilising SaP concepts (Jarzabkowski et al., 2007; Jarzabkowski et al., 2013; Vaara & Whittington, 2012) as it was assumed that growth and development would involve strategic decision-making, as well as concepts from EaP, including the 'doings and sayings' within the practices and contextualisation theory (Baker & Welter, 2018; Dey & Steyaert, 2016; Gartner et al., 2016; Johannisson, 2014, 2018; Schatzki, 1996, 1997, 2001, 2002, 2005; Steyaert, 2007; Welter et al., 2019; Welter & Gartner, 2016). These concepts were all applied within the social entrepreneurship literature.

### **12.02.2 Research questions**

The primary research question was: *How do non-profit social enterprises grow, develop and transition into hybrid organisations?*

There were three major sub-questions asked within this study, as follows:

*Q1 What contextual obstacles and/or facilitators resulted in the formation and subsequent growth of these hybrid social enterprises?*

*Q2 What were the regular strategic practices employed within the business model to facilitate this growth and development, while maintaining the social mission?*

*Q3 What were the daily management practices employed within the operational model to facilitate this growth and development, while maintaining the social mission?*

### **12.02.3 Research method**

This study was exploratory, and so a theory-building approach was adopted owing to the absence of a practice model of organisational growth and change for hybrid social enterprises in an emerging-market context within the social entrepreneurship field. The principle epistemology utilised within this study was interpretive, with the belief that people apply meaning to their experiences and so reality is socially constructed (Creswell, 2013).

That the social construction of reality is relevant has been maintained by Process

Research (Chia, 1999), and practice theory, and advocated for within EaP theories (Dey & Steyaert, 2016), and SaP theories (Davidsson & Wiklund, 2001). An inductive theory-building and theory-elaboration (Ketokivi & Choi, 2014) approach was therefore adopted.

The research design adopted for this study was that of a multiple case study (Yin, 2014). Data were gathered at multiple points and levels. The organisation and the practices were the level of analysis. Consequently, multiple cases were sampled and analysed on multiple levels in order to develop a practice model able to depict progression, at the same time as considering practices and context. Utilising multiple – as opposed to single – case study design may consequently allow for these underlying patterns, models and relationships uncovered in this study, to be contrasted among diverse scenarios and contexts in future studies (Eisenhardt & Graebner, 2007).

In addition, multiple case study design enables both width and depth (Crowe et al., 2011; Langley et al., 2013; Pettigrew, 2013). The data were then analysed through qualitative methods, utilising Atlas Ti software. The first-level coding process generated over 530 codes, with the second level producing 238 codes. Finally, 208 codes, 21 categories with 8 sub-categories and 11 themes were generated in order to answer the research question.

### **12.03 Propositions**

Because “the mission of an explanatory science is a quest for truth by developing knowledge aimed at the classical triplet of description, explanation and prediction” (Denyer, Tranfield, & Van Aken, 2008, p. 394), the outcome is a set of design propositions. A ‘design proposition’ provides a universal “template for the creation of solutions for a particular class of field problems” (Denyer et al., 2008, p. 395).

Thereafter, in order to be validated, design propositions must be trialled in the field. According to Denyer et al. (2008), the premise behind a design proposition is that “if you want to achieve outcome O in context C, then use intervention type I” (p. 395). Three broad field categories of propositions that require further testing, were found, namely:

#### **12.03.1 Contextualisation propositions**

These should be tested within future contextual social entrepreneurship research studies, in order to strengthen contextualisation in social entrepreneurship research (Patriotta & Siegal, 2019; Welter et al., 2019).

### **12.03.2      *Social mission, scale and business model propositions***

These propositions must be field-tested within studies attempting to determine mission-drift within hybrid social enterprises and verified in studies focusing on scale in social enterprise.

### **12.03.3      *Strategic and daily practices for scale and mission constancy propositions***

These propositions should be assessed in future practice-oriented research studies and, in particular, in studies seeking to develop methods of managing the competing logics within the hybrid social enterprise.

## **12.04      Methodological limitations of the study**

In the literature, the limitation most frequently discussed, is the inability to generalise case study results (Baxter & Jack, 2008; Yin, 2014). Unfortunately, the sampling frame selected for use within this study engendered its primary limitation.

Nevertheless, a purposive sampling frame was selected in order to obtain a rich, deep and thick understanding of a specific phenomenon within a particular context (Pettigrew, 2013), bounded by place and time. The objective was not to generalise these findings to all social enterprises across all global contexts.

In addition, because it is used to expose relationships and connections between concepts (Eisenhardt & Graebner, 2007), a purposive sampling frame was selected. Purposive sampling cautiously excludes the sector context, and by so doing, permits the study of practices, processes and discrepancies particular to each individual organisation (Onwuegbuzie & Leech, 2007; Tongco, 2007).

The principal advantage of purposive sampling is that it allows for rigour and detailed, in-depth analysis of the phenomenon under study, in addition to being an endorsed theory development and/or theory extension technique (Eisenhardt & Graebner, 2007; Yin, 2014). A purposive sampling frame, moreover, facilitates the contradiction of alternate rationalisations – often contained within the existing literature (Eisenhardt & Graebner, 2007; Yin, 2012, 2014).

The primary limitation of purposive sampling, however, is that the findings cannot be generalised (Creswell, 2013; Yin, 2014). Consequently, the central limitation in this study is that the models developed to express the primary study findings, still need to be verified according to the study propositions generated.

A further study limitation, also linked to the sampling frame, was that the sample was only selected from within one sector, that of HIV-healthcare organisations in South Africa.



Nevertheless, sufficient data were collected for data triangulation to take place within each of the four cases (Baxter & Jack, 2008; Rowley, 2002; Yin, 2014). Nevertheless, the study would have benefited from including multiple sectors.

In addition, testing the research study findings within other, less turbulent contexts outside of South Africa, would serve to advance the findings. Furthermore, in order to properly understand social enterprise growth and scale, a case study of a failed or failing social enterprise within the same context would provide additional necessary insight.

Finally, an additional limitation due to the qualitative nature of this study was legitimation, or being able to verify that data has validity, trustworthiness and reliability (Denzin & Lincoln, 2005). Nonetheless, by making sure that respondents were engaged in reviewing the accuracy of their personal interview transcripts, legitimation was augmented (Denzin & Lincoln, 2005).

## **12.05 Recommendations for stakeholder groups**

The following recommendations are advanced for social entrepreneur practitioners and for policy makers in order to provide a deeper understanding of social enterprise scale while sustaining a social change social mission. Firstly, policy makers should heed the lack of relevance of formal registration status found within this study. The timing is apt, as policy is currently being developed in order to regulate South African social enterprise.

However, concerns emerging from this study, and reflected in the regulatory and policy literature, cast doubt on the abilities of these types of hybrid social enterprises to scale and simultaneously implement self-sustaining practices, were the sector to be regulated (Brakman Reiser & Dean, 2017; ECNL, 2015; Galitopoulou & Noya, 2016; Cooney, 2012; Phan & Phan, 2018). Diminishing innovation and entrepreneurial activity, and curtailing growth are prophesized, if the institutional voids these organisations have come to rely on exploiting are to be removed.

Social enterprise practitioners would benefit from studies describing the practices of similar organisations which fail at transitioning, fail to grow and develop while maintaining the constancy of the social mission, fail to achieve and maintain scale, experience mission-drift, and/or fail to reach success, or feel successful. These studies would provide an understanding of failure and its causes within these types of social enterprises and within these particular contexts.

In addition, if at all possible, these studies should be conducted within the same contexts. This would permit an assessment into whether it is possible to reach scale and success with broader social missions that do not have the intention of creating social change, as their core.

Additional research conducted within institutionally more developed economies to assess any similarities and differences in the extent to which the organising context impacts upon the organisation, its transition, growth and development, and its scale may assist with these findings being analytically generalised. However, further research is also necessary within emerging-market economies, particularly research conducted by emerging-market practitioner-researchers, and experienced local social enterprise researchers and/or practitioners.

This is in order for the body of local knowledge to be built and strengthened, existing theories to be broadened, and new theoretical contributions to be developed within these contexts, per the Third Wave contextualisation of entrepreneurship research recommendations (Patriotta & Siegal, 2019; Welter et al., 2019). This would, moreover, result in the bolstering of local policy and would serve to enhance social enterprise development in practice.

## **12.06 Recommendations for future research**

Based on the limitations of this study described above, the recommendations for future research begin with testing the validity of the theoretical models developed within other turbulent environments, as well as within other less turbulent, and completely different contexts, outside of South Africa. The study results would benefit further by conducting the study utilising other sampling frames. More importantly, by conducting a similar study across multiple sectors, legitimisation and analytical generalisability will be enhanced (Denzin & Lincoln, 2000; Yin, 2014).

In particular, the propositions arising out of this study, generated based on the theoretical models of social enterprise growth and development, as listed below, and described within chapter eleven, need to be tested within other similar research studies within this or similar contexts. This is in order to enable these contributions to be analytically generalised more broadly, within similar organising contexts (Denzin & Lincoln, 2000; Yin, 2014). Ultimately, this is in order for the field to be advanced.

Consequently, this study joins Mongelli et al. (2019) in calling for future research to do the following: “reinterpreting the characteristics, role, and effects of mission drift . . . the opportunities triggered by hybridity and that investigate(s) how hybrid organizations can become purposeful actors fostering social innovation, more sustainable businesses, and inclusive markets, exactly because of their recombination of apparently incompatible institutional elements” (p. 304).

Arising from this study, the following needs to be studied further:

If all social enterprises in this context are hybrids, this may suggest a weakness in the hybrid literature. That the label fits the US context, which has a very developed institutional and legal environment. But perhaps the term 'hybrid' does not readily translate into an arguably messier, less institutionally developed context. Perhaps the messier the context, the messier the organisation is likely to turn out to be? This requires further investigation.

Whether social change, must by necessity involve a contested system must be investigated. As well as whether, regardless of if ultimately all agree the system needs to change, any social change involves systems-change, such as HIV-healthcare systems-change in this context.

Finally, the learning for practice, and the unpacking of the micro-actions within these practices, needs to be further investigated, in order to provide concrete next steps for practice.

## **12.07 Overall study conclusion**

In conclusion, this study, which intended to understand social enterprise growth and transition, within this particular context, developed insight into social change social mission constancy. In addition, the practices necessary for scaling impact and influence, while scaling, within this specific context, were unpacked.

On a theoretical level, this study has advanced theoretical concepts and relationships within the social entrepreneurship academic field by concluding that hybrid business models can accommodate dual or competing profit and social mission logics and practices when two provisos are met:

- i) the social mission is targeted at social change; and
- ii) the social mission is dominant within the business model, resulting in activity drift as a means of preventing mission-drift.

Empirically, this study provided evidence to support a range of regular strategic and daily management practices, that can be employed to prevent mission-drift, while growing the social enterprise to scale. On a methodological level, this study contributed to the development of the social entrepreneurship field, by making multi-level study choices (Sassmannshausen & Volkmann, 2018).

Finally, and practically, this study has developed theoretical growth and scale models (within this particular context) that may be adopted by social enterprises in South Africa and implemented in practice, both to assess current strategy against the models, and to motivate for increased business model agility. In addition, South African policy makers can utilise the study findings in order to advocate for a model that is contextualised to this particular environment.

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## Appendix A: Key concepts, definitions, abbreviations and acronyms

The table that follows provides the most common definitions of the concepts used in the study.

**Table 18: Glossary of terms**

Concept	Definition
<b>Activity drift</b>	The activities contained within the business model are adaptable and able to drift and change in order to better meet the social mission. These activities refer to both business model activities and organisational activities. This is a concept emerging from this study.
<b>Business model</b>	“Three major interpretations of the term ‘business model’: as an attribute of a real organization, a cognitive/linguistic schema, or a formal conceptual representation of an organization’s activities” (Massa et al., 2017, p. 49).
<b>Civil society organisations (CSOs)</b>	“Collective term used to describe all types of non-profit organisations” (DSD, 2015, p. 3). Used inter-changeably with Third Sector.
<b>Community-based organisations (CBOs)</b>	“Non-profit agencies created by communities to address local needs, governed by volunteer governing bodies, CBOs receive funding from a variety of sources, but government is the primary source” (DSD, 2015, p. 3).
<b>Competing logics</b>	Conflict between different business model foci, in particular, organisational focus on generating an operating income and profit conflicts with the social mission focus (Pache & Santos, 2010, 2013). There are additional competing logics such as growth versus consolidation, risk versus control, innovation versus legitimacy, as well as values-based complexity that adds an additional dimension.
<b>Context</b>	The context of entrepreneurship includes at least one, but usually several of the following environments: geographical, spatial, economic, market, social, political, cultural socio-cultural, institutional, organisational, psychological, individual, historical, ideological, entrepreneurial background, academic, and/or time contexts (Patriotta & Siegal, 2019; Zahra & Wright, 2011).
<b>Contextualisation</b>	The recognised importance of the connections, relationships and interactions between organisational development and the broader macro-economic context, whereby the context creates the enterprise, while the enterprise creates the context (Baker & Welter, 2018; Steyaert, 2007; Welter et al., 2019). Contextualisation has become more important in entrepreneurship research (Welter & Gartner, 2016).
<b>Diversification</b>	Derives from Market Portfolio Theory, it is a strategic response to reduce variability, and therefore volatility (Carroll & Stater, 2009).
<b>Entrepreneurship</b>	“Entrepreneurship is the pursuit of opportunity beyond the resources you currently control” (Stevenson, 2006).
<b>Entrepreneurship-as-practice (EaP)</b>	A framework within which to integrate multiple practice theories in the study of complex and multidimensional entrepreneurship practices, including the characteristics of the individual and the organisation, within their particular context, and the process of ‘entrepreneuring’ (Gartner, 1985).
<b>Entrepreneurial non-profit (ENP)</b>	“Any non-profit organizations developing any type of earned-income business in support of their social mission” (Defourny & Nyssens, 2016, p. 12).
<b>Funding model</b>	“A methodical and institutionalized approach to building a reliable revenue base to support an organization’s core programs and services” (Kim et al., 2011, p. 1).
<b>Hybrid organisation</b>	Employs “business-like activities characterized by some blend of profit motivation, the use of managerial and organizational design tools developed in for-profit business settings, and broadly framed business thinking to structure and organize activity” (Brinckerhoff, 2000, p. 17). Organisations that “combine institutional logics in their efforts to generate innovative solutions to complex problems” (Jay, 2013, p. 137).
<b>Hybrid ideal</b>	A hybrid organisation able to balance the competing logics of the social mission and profit motive (Battilana et al., 2012).
<b>Institutional logics</b>	Socially constructed precedents and arrangements of organisational practices, including historical beliefs, assumptions, values and rules that behave as institutional demands (Newth et al., 2018).
<b>Impact</b>	Within a theory of change, impact is a contribution to change at the end-user level (Hanson, 2013); “The value created by an organisation for society in the achievement of its mission” (Santos et al., 2015, p. 39).



Concept	Definition
<b>Mission-drift</b>	When an NPO needs to generate its own income, and focuses energy on making money, resulting in a compromise to the initial organisational objectives and mission (Mair, 2017). Any kind of diversion from the social purpose as the focus can be viewed as mission-drift (Cornforth, 2014).
<b>Non-governmental organisation (NGO)</b>	"Private sector, voluntary (usually non-profit and non-sectarian) organisation" (DSD, 2015, p. 3). Term is used interchangeably with civil society, CBO, and NPO.
<b>Non-profit company (NPC)</b>	"A company incorporated for a public benefit or for a public good and whose income and property are not distributable to its incorporators, members, directors, officers or persons related to any of them except as reasonable" (DSD, 2015, p. 4).
<b>Non-profit organisation (NPO)</b>	"A trust/company/other association of persons established for a public purpose and the income and property of which are not distributable to its members/office bearers except as reasonable compensation for services rendered" (DSD, 2015, p. 4). Includes all CSOs (Steinman & Van Rooij, 2012).
<b>Outcome</b>	According to theory of change, this is influencing a change in the behaviour, relationships, actions, activities, policies or practices of an individual, group, community or organisation (Hanson, 2013).
<b>Practice</b>	Practices are "sets of hierarchically organized doings/sayings, tasks and projects" (Schatzki, 2002, p. 73). These are contained in practical understanding, rules, teleo-affective structure and general understanding (Schatzki, 2002, p. 87).
<b>Practice theory</b>	A range of varied theories, from Bordieu to Giddens, Foucault to Marx, holding that social life is composed of a range of practices (Seidl & Wittington, 2014).
<b>Practitioner</b>	The strategic practitioner is the individual responsible for spearheading strategic change in a company as part of SaP theory (Jarzabkowski, 2005).
<b>Praxis</b>	Praxis consists of the micro-practices within what practitioners say and do and includes the minutia within daily tasks, and that understanding the everyday assists in understanding strategy (Jarzabkowski, 2005).
<b>Profit</b>	"Value captured by the organisation for its owners" (Santos et al., 2015, p. 39).
<b>Program theory</b>	An explicit theory of how an intervention contributes to the intended or observed outcomes, with two components: theory of change and theory of action (Funnell & Rogers, 2011). Program theory always begins with the end in sight.
<b>Scale</b>	Scale is the final stage in organisational growth. Scale means the organisation has reach, influence and impact (Bull, Hedley, & Nicholls, 2014).
<b>Site Ontology</b>	Schatzki's (1996 - to 2018) adaptation of practice theory, developed as a critique to Bordieu and other early practice theorists. Site Ontology is founded upon the assumption that there is no more than one distinct level of social life or reality, which is that of social practices. This means that all human action and all social phenomena are located within interconnected practices (Loscher et al., 2019; Schatzki, 2002).
<b>Social change</b>	Social change is the way human interactions and relationships transform cultural and social institutions over time. (Jackson, 1985) Although change is always happening, social change has a profound impact on society's systems.
<b>Social business</b>	A for-profit business created to solve a social problem (Yunus, 2010).
<b>Social enterprise</b>	An organisation that "uses market-based approaches to earn commercial income and accomplish its mission" (Alter, 2010, p. 10).
<b>Social entrepreneurship</b>	"The activities and processes undertaken to discover, define, and exploit opportunities to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner" (Zahra et al., 2009, p. 519). "A process of creating value by combining resources in new ways" (Mair & Marti, 2006, p. 37).
<b>Strategies</b>	Descriptions of what needs to be done to achieve the outcomes, within theory of change (Hanson, 2013).
<b>Strategy-as-practice (SaP)</b>	"The detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes" (Johnson et al., 2003, p. 14).
<b>System</b>	A social system is the patterned network of relationships constituting a coherent whole that exists between individuals, groups, and institutions in society (Jackson, 1985). It is the formal structure of role and status that can form. Change in one part of the system causes change in the other parts of the system.
<b>Systems-change</b>	An attempt to address the root causes of social problems by creating change in the overall system believed to support it. Often referred to as systems innovation (Foster-Fishman et al., 2007).
<b>Systems Theory</b>	Views complex phenomena as operating as part of a system, where the sum of the parts is greater than the sum of the whole. Explains how change in one part of the system affects the full system (Checkland, 1999; Foster-Fishman et al., 2007). The system seen as interacting, relational, therefore, reflecting an inductive ontology. Also, the system is viewed as determined to maintain and restore balance.
<b>Sustainability</b>	"The ability to maintain financial capacity over time ... the goal of financial sustainability for non-profits is to maintain or expand services within the organization while developing resilience to occasional economic shocks in the short term" (Sontag-Padilla et al., 2012, p. 2).

Concept	Definition
<b>Theory of change</b>	A hypothesis of how we think change occurs. It consists of a visual diagram and a narrative with causal assumptions – ‘if we do X, Y happens because we believe Z’. Theories of change are also referred to as intervention logics or results chains (Hanson, 2013).
<b>Third sector</b>	Private organisations, usually outside of government and business, that contribute to the economy but do not distribute profit to shareholders (Alexander, 2000; Gordon, 2015; Lewis, 2002).
<b>Transition</b>	The process or period of changing from one state or condition to another which includes movement with trajectory and not just a different end-point (Chia, 1999).
<b>Typology</b>	A categorisation map able to “simplify complex concepts by classifying objects according to a few ... criteria at a time” (Lambert, 2006, p. 7).
<b>Voluntary association</b>	“An organisation that works together to achieve a common non-profit objective. This written agreement or founding document is called the constitution” (DSD, 2015, p. 4).

Table 18 lists common abbreviations and acronyms used and the meanings thereof.

**Table 19: Abbreviations and meanings**

<b>Abbreviation</b>	<b>Meaning</b>
Aids	Acquired immunodeficiency syndrome
ARVs	Anti-Retrovirals
Assoc.	Association(s)
ART	Anti-retroviral Therapy
BBBEE	Broad-Based Black Economic Empowerment
BoD	Board of Directors
CBO	Community-based organisation
CC	Closed Corporation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief Intelligence/IT Officer
CI	Capital interest
COO	Chief Operating Officer
CSO	Civil Society Organisation
CSR	Corporate social responsibility
DoH	Department of Health
DP	Director of Programmes
DSD	Department of Social Development
EaP	Entrepreneurship-as-practice
EMES	Emergence of Social Enterprises in Europe
ENP	Entrepreneurial nonprofit
FD	Financial Director
GI	General interest
GIBS	Gordon Institute of Business Science
HIV	Human immunodeficiency virus
HR	Human Resources
HPCSA	Health Professionals Council of South Africa
ICSEM	The International Comparative Social Enterprise Models
ID	International Director
ILO	International Labour Organization
MD	Managing director
MI	Mutual interest
NDoH	National Department of Health
NGO	Nongovernmental organisation
NHI	National Health Insurance
NICRA	Negotiated Indirect Cost Rate Agreement
NPC	Non-profit company
NPO	Non-profit organisation
OD/OM	Operations Director/Operations Manager
PSE	Public-sector social enterprise
SA	South Africa(n)
SaP	Strategy-as-practice
SB	Social business
SC	Social co-operatives
SMEs	Small- and medium-sized enterprises
StatsSA	Statistics South Africa
WHO	World Health Organization

## Appendix B: Consent forms

Consent forms adapted from the literature, the GIBS Blue Book, and the Southern African HIV Clinicians Society (internal documents).

The CEO/Managing Director  
[ORGANISATION NAME]  
[ORGANISATION ADDRESS]  
[DATE]

Dear Dr./Prof....

### Permission for your organisation to participate in an academic research study

I am a registered PhD student at GIBS, University of Pretoria. My supervisor is Dr. Kerrin Myres. The title of my research is: The transition from nonprofit organisation to entrepreneurial nonprofit: A strategy-as-practice view.

The objectives of the study are to gain insight into how nonprofit organisations in the SA HIV-healthcare context are changing in order to sustain themselves financially, as the donor context changes.

Your organisation is considered an exemplar in the field and will provide interesting information to understand this phenomenon. I am hereby seeking consent to conduct a case study in your organisation. I am requesting permission to interview yourself, member/s of your board and staff, donor/s and client/s.

I am also requesting permission to review your financial statements, annual reports, and strategic planning documents.

Please note the following:

- Your participation in this study is very important to me.
- I am mindful, however, that some respondents may be wary of providing frank disclosure. But please be aware that all components of this study will be treated as **strictly** confidential, and that every effort will be made to keep the identity of the organisation and any of the individuals associated with the organisation, secure.
- Your organisation may, however, choose to cease participation at any time without any negative consequences.

- The individual participants will all be given the option to participate on a voluntary basis.
- The results of the study will be used for academic purposes and may be published in an academic journal. On request, I will discuss interim results of this specific case study with you and provide you with a summary of the findings.
- A number of similar organisations have agreed in principle to participate in this study, and your organisation's participation will result in me being able to obtain a holistic view.

To assist you in reaching a decision, I have attached to this letter:

- A copy of the ethical clearance certificate issued by the University.
- A copy of the informed consent letter that each individual will be required to sign, should they decide to participate.
- A copy of the interview guides which I intend using in my research.

Should you require any further information, or have any questions or comments, please do not hesitate to contact me or my supervisor, Dr. Kerrin Myres. Our contact details are as follows:

Lauren Jankelowitz [lauren.jankelowitz@gmail.com](mailto:lauren.jankelowitz@gmail.com)

Kerrin Myres [myresk@icon.co.za](mailto:myresk@icon.co.za)

Please sign below to indicate that:

- You have read and understood the information provided above.
- You give your consent for your organisation to participate in the study on a voluntary basis.
- You are mandated by your organisation to give such consent.

\_\_\_\_\_  
Initials and Surname

\_\_\_\_\_  
Position in the organisation

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Yours sincerely,

Lauren Jankelowitz

## INFORMED CONSENT FORM

[Informed consent form for \_\_\_\_\_]

**Name of PhD student:** Lauren Jankelowitz

**Name of organisation:** Gordon Institute of Business Science

**Name of supervisor:** Dr. Kerrin Myres

**Name of sponsor:** None (studies partially funded by employer: Southern African HIV Clinicians Society)

**This informed consent form has two parts:**

Part I: Information sheet (to share information about the study with you)

Part II: Certificate of consent (for signatures, should you choose to participate)

**You will be given a copy of the full informed consent form.**

Thank you for agreeing to participate in this study, which will take place from July to November 2017. This form details the purpose of this study, a description of the involvement required and your rights as a participant.

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### Part I: Information sheet

#### Introduction and purpose of the research

My name is Lauren Jankelowitz. I am studying the different organisational models adopted by NPOs in SA and exploring the change processes involved. I am particularly interested in how NPOs change their form in order to sustain themselves financially.

The purpose of this study is:

- To gain insight into how nonprofit organisations in this context (of HIV-healthcare, a changing donor environment, within the SA, emerging-market country context) are changing in order to sustain themselves financially.

The benefits of the research will be:

- To gain a better understanding of the process of change from one organisational form to another within this sector.

- To develop a process model of practices that could serve as a recipe for other organisations that want/need to change.

The methods that will be used to meet this purpose include:

- one-on-one interviews
- mini discussion groups of two or three participants
- document review.

I am inviting you to participate in this research. You may talk about the research to anyone with whom you feel comfortable doing so. You may take time to reflect on whether you want to participate or not. If you do not understand some of the words or concepts, then I will take time to explain them as we go along. You may ask questions at any time.

Your participation in this study is entirely voluntary. If you decide to participate, then you will be interviewed by me for approximately 60 minutes. You may be asked to participate in focus groups or individual interviews more than once. You may choose not to answer any question that makes you uncomfortable and you can stop the interview at any time. Our discussion will be audio-taped to help me capture your insights accurately in your own words. All the interviews will be transcribed either via transcription software or by a third party who will sign a non-disclosure agreement. The transcripts will then be analysed and summarised by me. You may, at any time following an interview, request to see a copy of the interview transcript. The audio tapes will only be heard by me for the purpose of this study. You have the right to withdraw from the study at any time. In the event you choose to withdraw from the study, all information you provide (including recordings) will be destroyed and omitted from the final research paper.

Insights gathered by you and other participants will be used in writing a qualitative research report, which will be read by my research supervisor and presented to the examining committee at the Gordon Institute of Business Science, University of Pretoria. Though direct quotes from you may be used in the paper, to protect the security of your identity, answers will be reported without identifiers.

You are encouraged to ask questions or raise concerns at any time about the nature of the study or the methods I am using. Please contact me at any time at the email address or telephone number listed on the next page.

### **Risk mitigation**

To protect the security of your identity and data, no identifying information about you will appear in the research report, except by your request. Research records will be kept in a secure location and will be available only to me (Lauren Jankelowitz). Your answers will be reported without identifiers and will not be shared directly at any time. This study has been designed to keep identities secure, and all reasonable effort will be taken to maintain that security.

### **Compensation**

While there is no compensation for respondents to participate in the study, I am authorised to reciprocate for your time by providing you with the study results. Participation is entirely voluntary.

### **Questions**

If you have any questions about this study, you can contact Lauren Jankelowitz on email [lauren.jankelowitz@gmail.com](mailto:lauren.jankelowitz@gmail.com)

### **Part II. Certificate of consent to participate in the study**

You agree to participate in this study. You understand that your participation is entirely voluntary. You can choose not to participate in the study and can refuse to answer a particular question or withdraw your consent at any time. You understand that the security of your identity and data will be protected.

You hereby agree to participate in the qualitative interview/focus group and to the aforementioned terms.

\_\_\_\_\_  
**Signature of participant**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Full name of participant**

\_\_\_\_\_  
**Signature of researcher**

Lauren Jankelowitz  
**Full name of researcher**



## **Appendix C: Interview guides**

### **Interview Guide: Primary Respondent**

#### **Script:**

Thank you for taking the time to meet with me today. My name is Lauren Jankelowitz and I would like to talk to you about your experiences managing [NAME OF ORGANISATION].

I am specifically interested in the changes your organisation has undergone to strengthen its sustainability.

The interview should take approximately one hour. I will be audio-taping the session because I do not want to miss any of your comments. Although I will be taking some notes during the session, I cannot possibly write fast enough to transcribe everything. Because we are on tape, please be sure to speak up so that I do not miss your comments.

All responses will be kept confidential. This means that your interview responses will only be shared with my research supervisor and with the Gordon Institute of Business Science, and I will ensure that any information I include in my final dissertation report does not identify you as the respondent. Remember that you do not have to discuss anything you do not want to, and you may end the interview at any time.

Do you have any questions about what I have just explained?

Are you willing to participate in this interview?

Please read and sign the formal consent letter that I have emailed to you; here is a copy.

#### **Introduction**

1. Please state your name, title and the name of your organisation.
2. Please describe your role in the organisation. Your personal journey with this organisation?

#### **Funding and governance**

3. When and under what circumstances was the organisation founded?
4. What is the operating budget of the organisation? How has it grown or shrunk over the years?  
How do you explain this?
5. Please describe the organisation's fundraising strategy. And funding model? How has the organisation grown?
6. How is your income/funding categorised? i.e. what percentage of your revenue comes from income, e.g. charging for services/selling products?
7. How does the organisation's board operate? What is their role?
8. How many staff does the organisation have? How are the staff managed?

9. Can you describe how the organisation operates? i.e. does the organisation work from a specific business model (now or in the past)?

### Definitions

10. How would you define an NPO? the terms 'social entrepreneurship' and 'social enterprise'? Has and how has your definition/understanding changed over the past 10 years? How come?
11. How does your organisation fit within these conceptualisations? What makes you think this?
12. Would you describe yourself as a social entrepreneur? Why/why not? How did you become a social entrepreneur? What makes you one?
13. How does this definition describe your organisation, or not? Please elaborate. How has your organisation changed? i.e. did the organisation used to be an NPO/SE? How is the organisation different now? Please elaborate.

### Social entrepreneurship and social enterprise

14. Can you tell me about the history of the organisation? And how your organisation operates today?
15. What are some of your most important milestones on this journey of social entrepreneurship? And the organisation's? How come these milestones stand out?
16. How is successful social enterprise created? What does it look like?
17. What role does your organisation play in this? Your role?
18. What could government/donors/other stakeholders do to support social enterprise/social entrepreneurs? Who are these other stakeholders?
19. How does one devote time to making money and running a business efficiently while simultaneously offering effective, quality services? Profit and service appear contradictory, are they?
20. How is your organisation doing/providing something new? In what way?
21. What are the biggest challenges you/your organisation have encountered? How have you dealt with these?
22. What prevents social enterprise from succeeding in SA?
23. What are the highest priorities for the organisation?
24. What are your principal worries right now?
25. How do you persuade others to support the organisation?

### Change process

26. How are decisions made regarding when and how the organisation should change/grow?
27. How is change/growth managed in the organisation?

28. Is change a planned process? What was the end result you were hoping for? Did you reach it/when do you think you'll reach it?
29. What lead to this change/growth?
30. Which changes were difficult and why? Easy and why?
31. Describe the process of change? Whether the organisation undertook concrete steps in the process, and what these were?
32. Please describe your role in the change process. What other roles were significant? In what way?
33. What was the change like? How did people feel?
34. Are there stories that are reflective of the change?
35. If you could repeat the process, what would you do differently? Please explain. The same? Please elaborate.
36. What have you learned?
37. Who would disagree with your previous answers? In what way, and why? Agree? Please elaborate.
38. Your change/growth process occurred in a particular place and time. How do you think this has facilitated/disabled your organisation?

#### Strategy

39. How is strategy developed in your organisation? Who is involved in developing it?
40. How is strategy implemented in the organisation? What are the *practices*? Who is involved in implementing it?
41. Are there any theories/models that underpin your organisation's strategy?

#### Business models

42. How do you measure your success?
43. Where do you see the organisation in 5/10 years' time?
44. What would you recommend to other similar organisations wanting to change/grow in this way, and why? Is there a specific business model you would suggest?
45. Do you think your process will influence or impact on the field in general (contextualisation)? Is there anything more you would like to add?

I will analyse the information that you and others have given me and submit a draft report to my research supervisor within eighteen months.

Thank you for your time.

## **Interview Guide: Other Respondents**

### **Script:**

Thank you for taking the time to meet with me today. My name is Lauren Jankelowitz and I would like to talk to you about your experiences working for/receiving services from/funding/governing [NAME OF ORGANISATION].

I am specifically interested in the changes/growth [NAME OF ORGANISATION] has undergone to strengthen its sustainability.

The interview should take approximately one hour. I will be audio-taping the session because I do not want to miss any of your comments. Although I will also be taking some notes during the session, I cannot possibly write fast enough to transcribe everything. Because we are on tape, please be sure to speak up so that I do not miss your comments.

All responses will be kept confidential. This means that your interview responses will only be shared with my research supervisor and with GIBS, and I will ensure that any information I include in my final dissertation report does not identify you/[NAME OF ORGANISATION], as the respondent. Remember that you do not have to discuss anything you do not want to, and you may end the interview at any time.

Do you have any questions about what I have just explained?

Are you willing to participate in this interview?

Please read and sign the formal consent letter that I emailed to you; here is a copy.

### **Introduction**

1. Please state your name and title.
2. Please describe your role in the organisation/Please describe your relationship to the organisation/Your personal journey in relation to this organisation?

### **Definitions**

3. How would you define an NPO? Please elaborate.
4. How does this definition describe your/this organisation, or not? How come?
5. How has your/this organisation changed? i.e. did the organisation used to be an NPO? Please explain.
6. How is the organisation different now?
7. What do you think lead to the changes?

### **Social entrepreneurship and social enterprise**

8. How would you describe the concepts 'social entrepreneurship' and 'social enterprise'?
9. Does this organisation fit within these conceptualisations? Why/why not?

10. Is the organisation led by a social entrepreneur? Please elaborate what makes you say so.
11. Can you please elaborate on whether these concepts resonate with you or not?

Change and strategy

12. How are decisions made regarding when and how the organisation should change/grow?
13. How is change managed in the organisation? Who is responsible for managing change/growth (*practitioner/s*)?
14. What leads to change/growth?
15. Please describe change/growth processes. i.e. How did it occur? Was it planned?
16. Which changes/growth was difficult? Why? Easy and why?
17. Please describe any concrete steps (*practices*) in the processes of growth and change in this organisation?
18. Please describe your role in the change/growth process.
19. What was the change/growth like? How did it feel? How did others feel?
20. What stories are there that are reflective of the change/growth? What did the boss do/say?
21. What is bad about the organisation now? What is good now?
22. Do you still get your needs met by this organisation/Do you get your needs met by this organisation now/What has changed in your work for/with this organisation?
23. Please describe who would/does agree with this/these views, and in what ways? And disagrees? Please elaborate.
24. How does strategy get developed in this organisation? Implemented? Your role?
25. Where do you see this organisation in 5/10 years' time?
26. What would you recommend to other organisations wanting to undergo a similar change/growth process?
27. Do you think what this organisation has gone through, will influence or impact other organisations (contextualisation)? In what way?  
Is there anything more you would like to add?

I will analyse the information that you and others have given me and submit a draft report to my research supervisor within the next 18 months.

Thank you for your time.