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POSITIONING THE BENEFICIARY: THE ROLE OF ENTWINEMENT IN SOCIAL
ENTERPRISE IMPACT AND PERFORMANCE MANAGEMENT

A Dissertation Presented

by

ELENA DOWIN KENNEDY

Submitted to the Office of Graduate Studies,
University of Massachusetts Boston,
in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

May 2016

Business Administration-Organizations and Social Change

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ABSTRACT

POSITIONING THE BENEFICIARY: THE ROLE OF ENTWINEMENT IN SOCIAL ENTERPRISE IMPACT AND PERFORMANCE MANAGEMENT

May 2016

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This dissertation extends and contributes to the extant literature on social enterprise by examining the enterprise-beneficiary relationship in social enterprises with particular focus on performance measurement and social value creation. Ironically, while social missions and commitment to beneficiaries is what distinguishes social entrepreneurship from traditional entrepreneurship, little research has been conducted to examine this relationship. Utilizing a portfolio of 101 social enterprises based in New England, this study consisted of two phases: the development of a typology of social enterprise based on the enterprise–beneficiary relationships present in the portfolio, and a

comparative case study closely examining six cases of social enterprise across the typology.

By examining beneficiary positioning, level of interaction, and relationship characteristics four archetypes of social enterprise were identified: general benefit enterprises, philanthropic enterprises, social business enterprises, and relational social enterprises. Examining these models, the concept of entwinement emerged. I define entwinement as the mutual reliance and commitment between two parties, in these cases the enterprises and the individual beneficiaries they seek to serve. These models fall along a continuum of entwinement, ranging from no entwinement in the general benefit enterprises to high entwinement in the relational social enterprises. By examining two cases each of philanthropic enterprises, social business enterprises and relational enterprises I found that entwinement has positive implications for stakeholder salience and depth of impact for individual beneficiaries. I also found that while funding requirements are a key driver of the development of formalized social performance measurement programs, the level of entwinement moderates that relationship.

This dissertation contributes directly to stakeholder theory and to the social entrepreneurship literature. It offers an explanation for how managers recognize the salience of their stakeholder groups by raising entwinement as a key mechanism through which managers recognize the legitimacy and power of the beneficiary group. By utilizing the capabilities approach from the development literature, this study also presents a framework through which depth of impact can be examined across issue area and business model design. Finally, this paper identified funder requirements as a key

driver of social performance measurement systems, suggesting that even as social enterprises diversify their revenue streams and business models they still bear significant semblance to non-profit organizations.

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CHAPTER 1:

INTRODUCTION

Research Question and Goals of the Study

This study seeks to explore the question of what role the enterprise-beneficiary relationship plays in social value creation and performance measurement practices within social enterprises. This question is explored in two phases. The first utilizes a portfolio of 101 enterprises to develop a typology of social enterprise based on this relationship. The second utilizes a comparative case study methodology to examine six social enterprises working in the area of economic development, poverty alleviation and job preparedness, two for each of the enterprise-beneficiary relationships identified.

Social entrepreneurship and social enterprise have become key topics of interest to management scholars and practitioners over the past two decades. The appeal of social entrepreneurship lies in its promise to create “transformational benefit to society” (Martin & Osberg, 2007: 30) by creating organizations that blend social missions with business practices (Dacin, Dacin, & Matear, 2010). This opportunity is especially appealing in an era where there is distinct desire to bridge social and economic interests because of

reduced funding of traditional non-profits and increased desire of social sector organizations to be less dependent on external support (Colby, Stone, & Carttar, 2004; Dees, 1998; Teasdale, 2010); expanded pro-business and pro-market values (Dart, 2004); and growth of social movements seeking more democratic organizational forms (Dees, 1998; Phillips, 2006).

Social enterprises are organizations that seek to fulfill social missions through the use of business practices (Peredo & McLean, 2006) and are often the result of the efforts of individual social entrepreneurs or outgrowths of nonprofits that are seeking to create more predictable sources of funding (Dees, 1998). Currently, the field lacks the ability to consistently define and measure social performance within social enterprises and as a result has been limited in its ability to make comparisons among social enterprises (Short, Moss, & Lumpkin, 2009). While many different metrics have been proposed and different systems are in use to measure social value (Kickul & Lyons, 2012), there is no consensus of how to do this well. This likely resides in the fact that value, particularly social value, is subjective, often realized on a longer time horizon than economic value and is reliant on an individual's personal value system. In addition, it is challenging to develop a set of metrics that is pluralistic in nature to accommodate a wide variety of social missions and flexible enough to integrate new innovations.

Without the ability to effectively measure social performance our ability to “understand elements that might reliably foster social entrepreneurship” (Short et al., 2009: 162) is greatly limited. This is especially concerning as social enterprises begin to replace traditional non-profit organizations and government services. Extant social

enterprise research has failed to critically examine the impacts social enterprises have had without examining unexpected impacts and the potential harm they can create (Zietsma & Tuck, 2012). Without understanding how social value is created within social enterprises and how social performance can effectively be measured, we are unable to ensure that social enterprises are having the impacts they claim to have. This study intends to unpack the concept of social value creation within social enterprises and will attempt to offer a clearer understanding of the types of impacts social enterprises are having on their intended beneficiaries and issue areas by examining social value creation and measurement within six cases of social enterprises.

The way that we currently research social entrepreneurship and social enterprise is predominately focused on the entrepreneur or enterprise and not on the intended beneficiaries or outcomes. By seeking only to characterize the person or organization we are creating a significant gap in our understanding of social value creation and social performance. If the thing that makes social enterprise unique is its mission, as many scholars assert (e.g. Dacin et al., 2010; Mair, Battilana, & Cardenas, 2012), then the mission and the organization's ability to carry it out should be the focus of our analysis. Instead, empirical studies tend to focus more attention on the factors leading up to the creation of the enterprise (e.g. Chew, 2010; Miller, Grimes, McMullen, & Vogus, 2012), or the tensions inherent within organization (e.g. Dart, 2004; Teasdale, 2012) with a few notable exceptions (Di Domenico, Haugh, & Tracey, 2010; Ormiston & Seymour, 2011). One area that appears to be completely overlooked within the literature is the enterprise-beneficiary relationship. This stakeholder group is unique to socially oriented

organizations and is critical to understanding how social enterprises operate. This relationship likely has implications for social value creation and performance measurement within social enterprises.

It is the goal of this research project to offer insights into social value creation and performance measurement within social enterprises and how organizational structure—specifically the organization’s relationship with its beneficiaries affects the creation of social value and measurement systems. This will be done by addressing two specific questions:

**What enterprise-beneficiary relationships exist in social enterprise?
How does the enterprise-beneficiary relationship affect how social value is created
and performance is measured?**

Outline of the Dissertation

The second chapter of this dissertation will discuss the current state of the literature. It begins with a discussion of the relationship enterprises have with their beneficiaries offers an explanation of stakeholder salience. It then transitions into the literature on social value creation and defines the key elements considered when comparing social value across organizations. This is followed by a discussion of the literature on performance measurement. The chapter concludes with a presentation of the conceptual model that was utilized to design the study and presents three propositions to be examined. The first proposition relates to role the enterprise-beneficiary relationship plays in performance measurement and posited that greater levels of entwinement would increase stakeholder salience (1a) and this salience would lead to a greater focus on social performance measurement (1b). The second proposition related to the role of enterprise-

beneficiary relationships in the creation of social value and posited that entwinement increased the depth of impact for individual beneficiaries (2a), and that beneficiaries with greater level of interaction would have greater depth of impact (2b). The third proposition related to performance measurement and entrepreneurial adjustment and posited that enterprises with more formal social performance measurement practices would have greater levels of entrepreneurial adjustment (3a).

The third chapter is focused on the methods utilized in this study. It begins with the rationale for a qualitative approach and a description of the empirical context in which this study is situated. It then explains the methodology and key variables identified in the creation of the typology as well as the clusters that emerged. Following the explanation of the typology is an explanation of the comparative case methodology employed to answer the second research question: “How does the enterprise-beneficiary relationship affect how social value is created and performance is measured? This section provides information on case criteria, and an introduction to the six cases. It also explains how the data was analyzed and presents the emergent themes relating to performance measurement and impact, offering an operationalization of two very complex topics within the social enterprise literature. Further description of the cases and emergent themes is included in the Appendices.

The fifth and sixth chapters are dedicated to the findings from the empirical examination of the research questions. The fifth chapter is focused on the findings from the publically available data on the 101 cases within the social enterprise portfolio as they relate to the enterprise-beneficiary relationship typology. It offers an in-depth

explanation of beneficiary positioning, and enterprise-beneficiary mindsets before presenting four models of enterprise-beneficiary relationships and introducing the concept of entwinement. The sixth chapter is focused on the findings from the comparative case study and specifically on addressing the propositions raised in the second chapter. The data indicated support for propositions 1a (entwinement increases stakeholder salience), 2a (entwinement leads to deeper levels of impact), and 2b (individual beneficiaries with more interaction with the enterprise have deeper impacts). However, propositions 2a (entwinement leads to greater focus on social performance measurement) and 3a (entwinement leads to greater entrepreneurial adjustment) were not supported by the data, although there were indications that entwinement played a moderating role in performance measurement, and led to different types of innovation in social enterprises.

The seventh chapter discusses four areas that this dissertation contributes to theory and practice. The concept of entwinement and development of the typology is the first contribution and extends our understanding of social enterprise by offering a new framework through which to evaluate and compare social enterprises. The second contribution is an extension of our understanding of stakeholder salience by providing entwinement as an explanatory mechanism for increasing stakeholder salience of beneficiaries and offering a distinction between meeting beneficiary needs and granting beneficiary claims. The third contribution presented is the introduction of Sen's (1991) capabilities framework from development studies to the discussion of impact within the social enterprise literature. This framework was utilized in this dissertation as a structure

on which to measure depth of impact—something that has been lacking from the existing literature on impact. Further, the capabilities perspective emphasizes beneficiary agency and choice—something rarely discussed within the extant social enterprise literature. Utilizing this framework it became clear that higher entwined enterprises were more able to support deeper impacts for their intended beneficiaries. Finally, the study contributes to the ongoing conversation of performance measurement in social enterprises. Through these cases it was found that funder requirements dominate the process of creating social performance measurement systems, even in social enterprises that have significant earned revenue streams. While this has been found to be true in the non-profit literature, this violates some assumptions of autonomy existing in the social enterprise literature. The chapter ends with the presentation of a redesigned conceptual model for future research. The concluding chapter offers a summary of the study, results and contributions as well as offers directions for future research.

CHAPTER 2:

LITERATURE REVIEW

While social value creation and measurement has been addressed conceptually in the literature there has been little empirical examination of these concepts within social enterprise. Conceptual conversations within the literature have focused on defining social entrepreneurship and enterprise and delineating boundaries of the field, ontological questions relating to the entrepreneur's independent activity, as well as questions relating to measurement of social value and performance within these organizations. There is little mention of the relationship between social enterprise and beneficiary in the social enterprise and social entrepreneurship literatures. This literature review will begin by defining social enterprise, and existing methods to measure social value creation and performance measurement. It then will highlight how focusing on the relationship between the organization and beneficiary may allow for explanation for variation in how social value is created and measured within social enterprises and propose a model to explain how the enterprise-beneficiary relationship affects social value creation and performance measurement.

The literature on social enterprise comes from two core domains—non-profit management and social entrepreneurship—and has grown exponentially over the past two decades, but is fragmented (Dacin, Dacin, & Tracey, 2011; Sullivan Mort, Weerawardena, & Carnegie, 2002) and predominately conceptual (Short et al., 2009). Its appeal lies within its potential for “discovering new forms of collaborative value creation in support of sustainable development” (Seelos & Mair, 2005: 245) and “lasting, transformational benefit to society” (Martin & Osberg, 2007: 30). Without a clear conceptualization of social entrepreneurship it is challenging for researchers to make significant contributions (Short et al., 2009; Sullivan Mort et al., 2002), provide the support necessary to enable organizations to scale (Seelos & Mair, 2005), and to develop “intelligible” advocacy for policy changes (Peredo & McLean, 2006: 56).

Defining social entrepreneurship has been a core focus of the extant literature (Dacin et al., 2011). Within the non-profit literature, social enterprise refers to the addition of revenue streams to non-profits to offer a more stable form of funding than reliance on donors and grants in a time of increased competition and scarcity of funding (Colby et al., 2004). Within the social entrepreneurship literature, social enterprise refers to the organizations that result as a product of social entrepreneurship (Peredo & McLean, 2006) and can be legally registered as for-profit, non-profit or hybrid organizations (Haigh, Dowin Kennedy, & Walker, 2015).

There has been significant debate over the boundaries of social entrepreneurship and whether it is a distinct form of entrepreneurship or a context in which some entrepreneurs work. Some authors argue for a widely inclusive definition of social

entrepreneurship (e.g. Mair & Marti, 2006; Seelos & Mair, 2005; Zahra, Gedajlovic, Neubaum, & Shulman, 2009), while others feel that a more limited boundary on the field is appropriate (Martin & Osberg, 2007; Santos, 2012). The core question within this debate centers around two continua within social entrepreneurship: the social value component of the concept and the entrepreneurship component of the concept (Peredo & McLean, 2006). For some authors (e.g. Dees, 1998) social enterprises must be solely focused on social value creation and view revenue generation as a means to an end, while for others social entrepreneurship must be entrepreneurial in nature and show evidence that the practices being used are innovative as opposed to replicating the ideas of another venture (Martin & Osberg, 2015), transformational as opposed to operating within the existing societal equilibrium (Schaefer, Corner, & Kearins, 2015), and focus on problem solving as opposed to giving aid (Dees, 2012).

The social entrepreneurship literature also embraces a narrative of the entrepreneur as a hero (Smith, Besharov, Wessels, & Chertok, 2012) who is able to challenge the existing societal equilibrium through their unique ability to recognize entrepreneurial opportunities overlooked by others because of their compassion for beneficiaries (Miller et al., 2012), intense passion for the mission and ability to attract resources (Zahra et al., 2009). This narrative is reflective of the funders within this space who are powerful actors in the institutionalization of the field (Nicholls, 2010) and show a distinct preference for enterprises who promote this narrative as part of their rhetorical strategies (Ruebottom, 2013). However, this emphasis on the lone entrepreneur makes it challenging to understand the impact and social value created within the enterprises they

choose to fund and makes it challenging for community driven organizations to find funding and support because they do not align with the dominant narrative (Sud, VanSandt, & Baugous, 2009).

Social enterprise is conceptually different from social entrepreneurship, although the terms are often used interchangeably (Luke & Chu, 2013). While both refer to the practice of designing and operating organizations that blend social and economic logics (Mair & Marti, 2006), social enterprise represents a type of organizational form and activity that utilizes commercial activity to reach social goals (Peredo & McLean, 2006). There is considerably less research within the sphere of social enterprise than social entrepreneurship. The result of such focus on concept and start up is that there is a gap in understanding the impact and performance of social enterprises.

Social enterprises have a foot in both the private sector through their revenue generation practices and the nonprofit sector through their mission and social goals (Di Domenico et al., 2010; Hockerts, 2006). Dees (1998) identifies a social enterprise spectrum that ranges from purely philanthropic to purely commercial enterprises. He identifies four groups of stakeholders—beneficiaries, capital, workforces and suppliers—and how each of these groups is handled differently depending on where the enterprise falls on the spectrum. Social enterprises can be classified along this spectrum dependent on their mission and motivations as well as how they treat each category of stakeholders. For example beneficiaries in a social enterprise that is closer to the purely philanthropic side of the spectrum likely receive goods and services for free, while they would likely pay market value for goods and services on the more commercial side of the spectrum

(Dees, 1998). Organizations in the middle likely balance the expense to the beneficiary, not providing it for free, but not charging market rate.

A focus on social enterprise instead of social entrepreneurship reduces the bias to focus on innovation and start-ups that is fundamental to the definition of entrepreneurship and instead focuses on the structures and activities within the enterprise that allow for the creation and measurement of social value for beneficiaries.

Di Domenico et al. (2010) identify four characteristics of social enterprises: (1) generates revenue through trading; (2) aims to achieve social and environmental goals; (3) aims to generate social benefits beyond delivering services and products to individuals, such as increased social capital and enhanced community cohesion; and (4) works closely with communities that have limited access to resources. These four characteristics are useful in identifying potential social enterprises from traditional non-profit and for-profit organizations because there is not simply one legal structure under which all social enterprises fall. Instead, social entrepreneurs have the choice of legally registering their social enterprise under a for-profit, non-profit or hybrid legal structure (Battilana, Lee, Walker, & Dorsey, 2012). There are a number of hybrid legal structures within the US including the Benefit Corporation, L3C and BLLC—but the availability of such structures is dependent on individual state law and these structures are relatively new. Because of the challenge of structurally identifying social enterprises from traditional organizations it is especially important that social enterprises are held accountable for their missions to avoid the use of the term being used for marketing

purposes without actually creating social value—similar to concerns about green washing within the sustainability movement (Herlin, 2015).

As the literature shows, there is significant variation between social enterprises as to how the relationship with beneficiaries is designed and this has led me to the following questions:

**What enterprise-beneficiary relationships exist in social enterprise?
How does the enterprise-beneficiary relationship affect social value creation and
performance measurement?**

The concepts of enterprise-beneficiary relationship, social value creation, and performance measurement are elaborated in greater detail below. Briefly, the enterprise-beneficiary relationship refers to the design of the association the beneficiaries and a social enterprise. This relationship is defined by how entwined the beneficiary is within the social enterprise and is determined by (1) the role the beneficiary plays within the organization, (2) the frequency of interaction between the enterprise and beneficiary, and (3) the relationship characterization. In this study, social value creation is defined by the scale of the organization, depth of impact on beneficiaries, diffusion practices and unexpected impacts (Alvord, Brown, & Letts, 2004), where beneficiaries are members of the target population the social enterprise seeks to aid that engage in interactions with the enterprise (Dees, 1998). Performance measurement will be examined in this study through how organizations determine metrics, collect data and utilize the data collected.

Defining Social Enterprise by its Relationship with Beneficiaries

Beneficiaries are a key component of social enterprises. They are critical to the mission and the reason social enterprises exist (Baruch & Ramaiho, 2006). However,

extant literature fails to address their perspective when examining social enterprises and social entrepreneurship, instead focusing on the perspective of social entrepreneurs, investors, and donors.

Even in the few empirical studies that focus on the impact of social enterprises, data are rarely collected directly from beneficiaries. For example Alvord et al. (2004) utilized publically available data when building case studies to determine factors of social enterprises that were able to successfully support societal transformation. When seeking to better understand value creation in social enterprises, Ormiston and Seymour (2011) interviewed 30 individuals connected to three different social enterprise cases. Only one of the individuals they interviewed was a beneficiary. Not including the beneficiary perspective within empirical research significantly limits our understanding of impact. This lack of attention to beneficiaries goes beyond their inclusion within the empirical data collected.

Currently, the literature pays little attention to the positioning of beneficiaries within these organizations. Depending on the structure of the organization beneficiaries can hold a number of different positions within and outside of the enterprise. While the position of the beneficiary is often mentioned in the description of a case, there is little distinction made by current researchers between the positions beneficiaries can hold and many comparative case studies include cases where beneficiaries are in different positions within the enterprise firm.

Beneficiaries can be the recipients of free services and products, and can also be suppliers, customers, employees or board members of social enterprises. The enterprise-

beneficiary relationship is a component of organizational structure determined by the social entrepreneur when designing the enterprise. This positioning has implications for both enterprise and beneficiaries and merits more careful treatment within the literature as well as empirical investigation.

Beneficiaries as Stakeholders

Regardless of the location of the beneficiary in relationship to the organization, beneficiaries can be considered one of the primary stakeholder groups of social enterprises. The classic definition of stakeholder comes from Freeman's (1984) seminal work and is defined as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (46). Similar to the concept of social entrepreneurship there has been significant discussion of the boundaries of who is considered to be able to affect or be affected by the organization (Crane & Ruebottom, 2011).

Stakeholder groups are often defined by the economic function they play within organizations—customers, employees, suppliers etc. (Crane & Ruebottom, 2011) and within social enterprises it would follow that beneficiaries would be considered their own class of stakeholders. Under even the most stringent of interpretations of stakeholders, beneficiaries would be considered individuals who are affected by the social enterprise's objectives.

Stakeholder theory seeks to determine the needs and impacts an organization will have on those who are affected by it (Fassin, 2012). Value creation is at the core of stakeholder theory (Freeman, Harrison, Wicks, Parmar, & Colle, 2010), but only a few

studies have examined value creation from within the stakeholder perspective (Garriga, 2014). Firms that focus on value creation have a higher sensitivity to the needs of stakeholders and are more likely engage in a wider diversity of social performance practices (Brower & Mahajan, 2013).

Social entrepreneurs design their enterprises around alleviating a particular issue (Miller et al., 2012) which gives beneficiaries some prominence as stakeholders. However, as organizations evolve and develop there is potential for competing claims to develop—particularly between socially and economically interested parties (Smith, Gonin, & Besharov, 2013). Firms faced with claims from a multitude of stakeholders need to determine ways of identifying which claims are most credible and pressing and then respond to those. Firms determine how much value and resources to allocate to a claim based on the salience of the stakeholder (Mitchell, Agle, & Wood, 1997) and issue (Bundy, Shropshire, & Buckholtz, 2013).

The extant social enterprise lacks the perspective of beneficiaries and does not examine how the enterprises respond to them as stakeholders, and instead focusing on organizational responses to funders, investors and customers. Below, I explore how the claims of beneficiaries and their perceived salience will vary among organizations, and social enterprises will respond in different ways to such claims.

Enterprise-Beneficiary Relationship Models

Extant literature does not evaluate how social enterprises interact with their intended beneficiaries and whether (or how) this affects the measurement of economic and/or social value. The social entrepreneur often determines the interaction between

social enterprises and their beneficiaries when they decide they want to start a new venture. There are numerous ways to tackle the same issue and it is the choice of the social entrepreneur as to how they will structure an intervention. Once the intervention is determined, there is some potential for the interaction to evolve, but the core enterprise-beneficiary relationship is likely set during the ideation phase of the organization.

For example, a social entrepreneur seeking to improve nutrition for low-income children within a community could tackle the issue in a number of ways. The social entrepreneur could design a social enterprise that a) is committed to donating a percentage of its profits to an existing non-profit tackling the issue, b) creates a way to sell healthy food to parents at a discount from wholesalers, c) hires parents and teens in the community to make inexpensive healthy meals that can be distributed or sold to the community, or d) any number of other solutions to the problem of poor childhood nutrition. Each method carries different outputs to measure and different outcome indicators. In this hypothetical example, the enterprise-beneficiary relationship varies. The relationship model is defined from the organization's creation, and while it can change over time, it is a fundamental part of how the organization operates.

The nature of social enterprise is such that beneficiaries are recognized as primary stakeholders by definition, and as such have the legitimacy necessary to make claims on the organization. However, the organization's interpretation of the other components of stakeholder salience will likely vary dependent on the enterprise-beneficiary relationship. In each of the examples above, the beneficiary group is in a different class of salience, as laid out in the Mitchell et al. (1997). Mitchell et al. (1997) assert that the salience of a

stakeholder group is determined by the level of power, legitimacy, and urgency of claim a group is perceived to have. This model is laid out in Figure 1.

Figure 1: Mitchell et al. (1997) Model of Stakeholder Salience



They define stakeholder power as “the extent it has or can gain access to coercive, utilitarian, or normative means, to impose its will in the relationship” (865). They borrow their definition of legitimacy from Suchman (1995), who defines legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (574). Urgency, they argue “exists only when two conditions are met: (1) when a relationship or claim is of a time-sensitive nature and (2) when that relationship

or claim is important or critical to the stakeholder” (Mitchell et al., 1997: 867).

Stakeholder groups can be sorted into one of eight classes based on the organization’s perception of a stakeholder group’s current power, legitimacy, and urgency, allowing the organization to prioritize competing claims. Their model is shown below. In their model, stakeholders with only one of the components of salience—classes 1, 2, and 3—are considered to have low salience and are termed “latent stakeholders”. Those with two components of salience—classes 4, 5, and 6—are considered to have moderate salience and are termed “expectant stakeholders”. Finally those with all three components of salience—class 7—are considered to have high salience and are termed “definitive stakeholders.”

Issue salience is defined by Bundy et al. (2013) as “the degree to which a stakeholder issue resonates with and is prioritized by management” (353) and they assert that that it is the central driver of organizational responsiveness to claims. They highlight that a claim can resonate with the expressive logic—the “expression of an organization’s core values or beliefs” (355)—or instrumental logic—the strategic goals—of the firm. Further they argue that if claims resonate with both logics they will be highly salient, if they resonate with one logic they are moderately salient and if they resonate with neither goal are often dismissed as irrelevant to the organization. This theory extends beyond stakeholder salience to argue that while some stakeholder groups are considered core to the organization’s identity and their concerns are recognized as salient, other claims may also be salient, regardless of the salience of the stakeholder group representing them, if they relate to the organization’s identity or strategic goals. The organizational response

to the claim is determined by whether the organization views the claim to be consistent or conflicting with either or both the expressive and instrumental logic of the firm.

Understanding the how the enterprise-beneficiary relationship affects the salience of stakeholder claims may offer insight into the creation and measurement of social value and impact our understanding of how organizational design in social enterprises affects their ability to carry out their social missions.

Social Value Creation as Impact on Individuals and Issue Area

Social value creation is what distinguishes social enterprises from traditional commercial ventures (Acs, Boardman, & McNeely, 2013; Seelos & Mair, 2005). Defined as specific improvements to societal dimensions including health, nutrition, community development, education or improvements to the natural environment (Florin & Schmidt, 2011), there currently are no standard ways to calculate social value creation, which is in part due to the challenge of valuing the goods and services social enterprises offer to their beneficiaries when there are no comparable products on the market (Nicholls, 2009). This value is considered to be a “positive externality” (Mendoza-Abarca, Anokhin, & Zamudio, 2015: 795) that extends beyond the enterprise and its customers. Measuring impact is challenging for many social enterprises because it often occurs long after the exchange between the social enterprise and the beneficiary occurred, and can be reliant on a constellation of other factors in addition to the work of the enterprise (Garonna & Triacca, 1999; Kickul & Lyons, 2012; Ormiston & Seymour, 2011).

Epstein & Yuthus (2014) define social impacts as

“the societal and environmental changes created by activities and investments. Societal impacts include such issues as equality, livelihoods, health, nutrition, poverty, security, and justice. Environmental impacts include such issues as conservation, energy use, waste, environmental health, resources depletion and climate change” (15).

They point out that social impacts can be positive or negative, as well as intended or unintended. The challenge for organizations is not only creating positive impact, but also measuring and communicating those impacts.

It is important to distinguish between intended impact and actual impact (Acs et al., 2013; Colby et al., 2004)—it is possible for social value to be created without a stated intention and it is not guaranteed that having a stated intention to create social value will actually lead to the creation of positive impacts. Intended impact is defined as a statement relating to what the organization intends to achieve (and will hold itself accountable) within a period of time; this statement identifies the intended beneficiaries as well as the benefits they will receive (Colby et al., 2004).

Social impact can be seen on the macro scale—creating positive effects for entire communities—and on the micro scale—through benefit to an individual such as the receipt of a beneficial product (Acs et al., 2013). Scale of social impact is defined by its width—the number of individuals it affects—and its depth—the extent to which it alters outcomes (Bloom & Chatterji, 2009; Desa & Koch, 2014). Different organizations have intended impacts targeted to differing scales, which makes comparing social impact between organizations challenging.

There are three strategies for increasing the impacts of social entrepreneurship initiatives: (1) expand coverage by providing services and benefits to more people

(expand the width of impact), (2) expand functions and services to provide broader impacts to primary stakeholders (expand the depth of impact) and (3) encouraging activities that change the behavior of other actors which causes an indirect scaling up of impact (promoting impacts) (Alvord et al., 2004). Using the concept of increasing impacts to build a definition of social value creation allows for a more nuanced understanding of social value that can be compared across organizations. Within this study social value creation will be examined through the lens of scale, depth and diffusion, which are discussed in greater detail below.

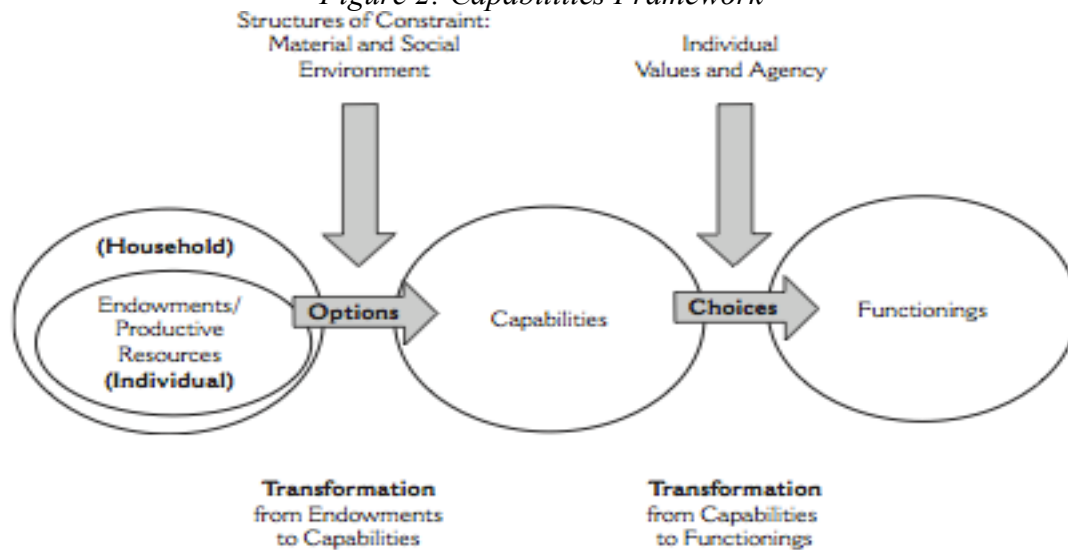
Width: Scale

The width or reach of an initiative's impact has been defined as high when it reaches more than 1,000,000 beneficiaries, medium when it reaches between 10,000 and 1,000,000 beneficiaries and low when it reaches less than 10,000 beneficiaries (Alvord et al., 2004). Within this study, the width of scale will simply be referred to as scale. All of the cases examined within this study will be considered as having low scale according to Alvord et al.'s (2004) classification of scale.

Depth: Capabilities

The depth of impact on an individual is challenging because it often is subjectively viewed according to one's values. In an attempt to formalize the way that depth of impact on an individual is measured this study will utilize the capabilities approach developed by Amartya Sen (1991). DeJaeghere and Baxter (2014) present a clear visual model of Sen's framework in their paper suggesting that the capabilities approach be used to evaluate the efficacy of youth entrepreneurship education programs in Sub-Saharan Africa. Their model is shown in Figure 2.

Figure 2: Capabilities Framework



Source: (DeJaeghere & Baxter, 2014: 70)

Sen's framework argues that individual endowments lead to options, which allow individuals opportunities that through choices they can turn into positive functionings. The impacts that social enterprises have on their beneficiaries can be classified by where on this model they fall. The further to the right on this model the impact falls the deeper the impact can be considered to be.

Individual endowments are defined as assets and resources that contribute to the creation of options for individuals (DeJaeghere & Baxter, 2014). Sen (1991) defines these endowments to include human, social, financial, and physical assets. Examples of human assets social enterprises may provide their beneficiaries with would be things like computer training, cooking skills, or sewing lessons. Examples of social assets would be introductions to new people or connections with new social networks. Examples of financial assets would be providing access to loans, giving grants or paying an individual. Finally, examples of physical assets would be providing beneficiaries with tangible

goods, like shoes, computer software or healthcare. Social enterprises can create impact by giving or selling these endowments to their beneficiaries.

Capabilities refer to valuable options or freedoms belonging to an individual (DeJaeghere & Baxter, 2014). Capabilities are only “improved when both the possibilities for what one can do are expanded and, more importantly, the ability to realize those possibilities is developed” (Ansari, Munir, & Gregg, 2012: 820). The opportunity to use endowments in a way that is valued is key to the creation of capabilities. If a social enterprise provides skill training that is outdated then there is not a way for that endowment to be transferred into a capability.

Functionings refer to the actual choices that the individual makes as a result of having an increased set of capabilities (Oughton & Wheelock, 2003). Ultimately, social enterprises create capabilities for beneficiaries and hope that the beneficiary chooses to turn that capability into an actual functioning. The social enterprise’s goal is to have an effect on the individual’s mindset as well as create capabilities and opportunities for a beneficiary to flourish, but ultimately it is up to the beneficiary to make that choice (DeJaeghere & Baxter, 2014). A social enterprise can provide transportation, skill training and a job to an individual, but they cannot make that individual actually show up to work on the first day and every day after. That act of showing up is the functioning and represents the deepest level of impact.

A social entrepreneur makes the choice, when founding an organization, where along this spectrum to target their intervention and has some control over the depth of impact they are having. When seeking to offer a solution to unemployment for veterans

an organizations can choose to offer veterans technical skill trainings (endowments) so they have tangible skills when entering the job market; or seek to convince local businesses to hire veterans and host career fairs for veterans to interview for jobs within the community (capabilities); or the social enterprise can be designed to specifically hire veterans within their organization to produce a product. However, ultimately it is the individual beneficiary's choices that determine functionings. A veteran makes the choice to apply or accept a job when it's offered. The impact also isn't limited to the position on the model the intervention takes place. For example, TOMs shoes gives shoes to children in developing countries. This intervention is at the endowment level. However, for some children this endowment gives them the opportunity to attend school, which as a providing an opportunity would be a deeper impact than simply providing an endowment. Only a portion of the students who are offered the opportunity will take it, or will move to the functionings portion of the model. When determining the depth of impact for TOMs shoes, it becomes clear that it is necessary to understand impact at the individual beneficiary level. Considering the depth of impact of a social enterprise will require trying to determine how beneficiaries are affected over time by the organization and what portion of beneficiaries received endowments, had new opportunities, or chose functionings as a result of the social enterprise.

While using the capabilities approach to formalize the perceptions of impact, it is important to note that there is variation in the depth of impact a single intervention can have—even within the same category. Within the endowment category for example, giving a beneficiary access to healthcare has a deeper impact than giving them access to a

toothbrush. Within the opportunity category giving an individual the opportunity to go to college may be perceived as having more or less depth of impact than giving an individual the opportunity to work depending on the specific circumstances of the individual.

Diffusion: Promoting Impact Activities

The third way social value is created and expanded by social enterprises is through promoting impact activities in other contexts. There are three avenues in which social enterprises can diffuse their social value: 1) advocating for public policy change, 2) prompting the generation of other similar social enterprises, and 3) spinning off portions of their organization to do more work within the issue area (Desa & Koch, 2014).

This study will define social value creation as the impact that organizations have on individuals and their issue area through their activities. Within the proposed model social value creation is examined through the scale, depth of impact, and diffusion practices of social enterprises.

Measuring Performance in Social Enterprises

Performance measurement of socially focused organizations is becoming increasingly important as they compete for scarce resources (Barman & MacIndoe, 2012; Clark & Brennan, 2012; Lynch-Cerullo & Cooney, 2011). Social enterprises seek to create value for themselves and the communities in which they are embedded (Haigh & Hoffman, 2012; Santos, 2012). The social value objectives of social entrepreneurs focus increasingly on their impact on issues such as poverty alleviation, providing access to education or health care and providing employment to the disabled or disadvantaged

(Nicholls, 2006). The subjectivity, embeddedness, contingency and tensions within value measurement make it challenging to determine ways to compare social enterprises' abilities to create value (Ormiston & Seymour, 2011).

Further complicating the issue of value creation is the question of when value should be measured—at the time of the exchange (output), or when the product or service is in use (outcome) (Vargo, Maglio, & Akaka, 2008). Classical theories of economics and entrepreneurship often choose to measure value at the time of exchange; however, this practice may not be as useful for social entrepreneurs who are not seeking to maximize profits, but rather maximize outcomes which are measured at time of use (Garonna & Triacca, 1999).

There is a considerable amount of work on how to measure social performance within the non-profit literature (e.g. Alexander, Brundey, & Yang, 2010; Carman, 2010; Herman & Renz, 1999), but fewer examinations of current practices among social enterprises. Currently, the field lacks the ability to consistently define and measure social performance within social enterprises and as a result has been limited in its ability to make comparisons between social enterprises (Short et al., 2009). Many metrics and measurement systems have been proposed and are in use throughout the world to measure social value (e.g. Bagnoli & Megali, 2011; Bloom & Chatterji, 2009; Colby et al., 2004; Millar & Hall, 2013). There are significant challenges in determining what measures to use (e.g. Kickul & Lyons, 2012; Ormiston & Seymour, 2011) to measure the impact of a particular social enterprise. This likely resides in the fact that value,

particularly social value, is subjective, often realized on a longer time horizon than economic value and is reliant on an individual's personal value system.

It is challenging to measure the success of social enterprises from an economic standpoint because often the “customers” of social enterprise are unable to pay market rates for the services and products they receive (Mair & Marti, 2006; Sharir & Lerner, 2006) and the employees and volunteers of the organization are willing to accept below-market wages (Emerson, 1998; Sharir & Lerner, 2006). Because of this challenge Sharir and Lerner (2006) argue that success of social enterprises should be judged on three criteria: 1) the degree to which the venture achieves its stated goals; 2) the venture’s ability to acquire resources to maintain operations; and 3) the resources available for the growth and development of the venture. Even once a definition for success is determined there is a lack of understanding as to what makes some social enterprises more successful than others (Bloom & Chatterji, 2009).

When discussing social performance and impact measurement three concepts are frequently addressed: purpose of metrics, determining metrics, and data collection.

Purpose of Measurement

Performance measurement is challenging in any organization, but can be seen as particularly challenging for social enterprises because of the lack of standardization within the field and the challenges of monetizing social value (Kickul & Lyons, 2012). However, beyond satisfying funders there are a number of valuable reasons for a social enterprise to measure its performance. Metrics are often used to help organizations make daily and strategic decisions (Schreyer, 2012). They are also often used to help attract

capital, both in terms of investment and philanthropic capital (Epstein & Yuthas, 2014) and to build organizational legitimacy (Nicholls, 2009).

Before selecting what sort of metrics to collect a social entrepreneur needs to determine the purpose of the data they are collecting. Data can be used for legitimization purposes, internal informative purposes, external educational purposes, or a combination of the three (Carman, 2010). Often organizations begin collecting data to share with external stakeholders to gain access to investment and grants (Lyons & Kickul, 2013). Determining the purpose of metrics is inherently a question of power and determining where to focus attention (Nicholls, 2009). As the next section highlights, social enterprises within this study will have different purposes for collecting performance data, which I believe will affect the type of measures they monitor and how many resources are expended in the process.

Determining Metrics

Understanding the organization's purpose of measuring performance helps determine which particular metrics are used. This is one of the most challenging parts of performance measurement, because often individuals managing organizations lack the expertise in what data to collect or how to do so (Epstein & Yuthas, 2014). Bagnoli and Megali (2011) argue that performance measurement in social enterprises should include metrics on the enterprises inputs—the materials brought into the enterprise, outputs—the activities of the enterprise to achieve mission and create goods and services, outcomes—the benefits for individual beneficiaries, and impacts—the consequences for wider community.

There is increasing institutional pressure for socially-oriented organizations to measure outcomes over outputs (Barman & MacIndoe, 2012). We will use Schreyer's (2012) distinction between the two concepts: "Outcome would then correspond to the purpose for which goods and services are to be used, and outputs to the goods and services themselves" (259). Outputs are measured as the change in state immediately before and after the exchange, and are measured at the end of the exchange. Outcomes refer to longer term impacts of the exchange and are measured at a later point in time after the product or service is utilized (Garonna & Triacca, 1999). Outputs include measures that are within the control of the social enterprise, while outcomes are exogenous to the enterprise.

An example of the distinction between outputs and outcomes in social enterprise would be an organization that seeks to improve educational outcomes for at risk youth through an afterschool arts program. Examples of measurable outputs would be the number of youth who attend their programming and the number of courses offered in a week. Measurable outcomes would include the change in school attendance, grades, misbehavior and retention in school for participants. Outputs in this case can be measured at the time the programming occurs by counting the number of students in the room. Measuring outcomes in this case requires following the behavior of students over a period of time and getting information from another organization or organizations—the schools the students attend. From this example it is easy to see that outcome measurement is often more resource and time intensive than output measurement.

It is important to determine whether social enterprises are measuring outputs and/or outcomes because the metrics an organization uses and subsequent data collected are known to affect managerial and entrepreneurial action (Clark & Brennan, 2012). Organizational performance and measuring outputs is often easier to define than social impact and measuring outcomes; therefore is more likely to be measured (Smith et al., 2013). Outcomes provide a clearer image of progress made toward social goals because they illustrate the impact of the product or service instead of simply its production, while outputs often provide a clearer understanding of progress towards economic goals. Because social enterprises combine economic and social goals they are faced with the challenge of designing metrics that measure both to ensure they are progressing on both fronts.

Many studies have found that human service non-profits and social enterprises tend to measure their outputs and activities more than their outcomes and impacts (Barman & MacIndoe, 2012; Schreyer, 2012; Vargo et al., 2008), although newer organizations and organizations with increased organizational capacity are more likely to measure outcomes than outputs (Barman & MacIndoe, 2012).

The most common processes and methods are detailed below. The social enterprises within this study have used different processes for determining metrics and will be measuring different things.

Data Collection

Data collection is another critical part of performance measurement and can be an unclear process for organizations measuring impact (Epstein & Yuthas, 2014). Collecting

performance data is resource intensive and requires significant expertise, particularly when collecting outcome data (Barman & MacIndoe, 2012). Barman and MacIndoe (2012) found organizational capacity to be a significant predictor of whether non-profit organizations measured outputs or outcomes. An organization needs to determine how many resources to allocate when collecting data that may affect the type of measures used and how well they represent the impact of the organization.

Overall, examining how social enterprises determine the purpose of metrics, the actual metrics used and their data collection processes will allow for understanding how performance is measured within the organization.

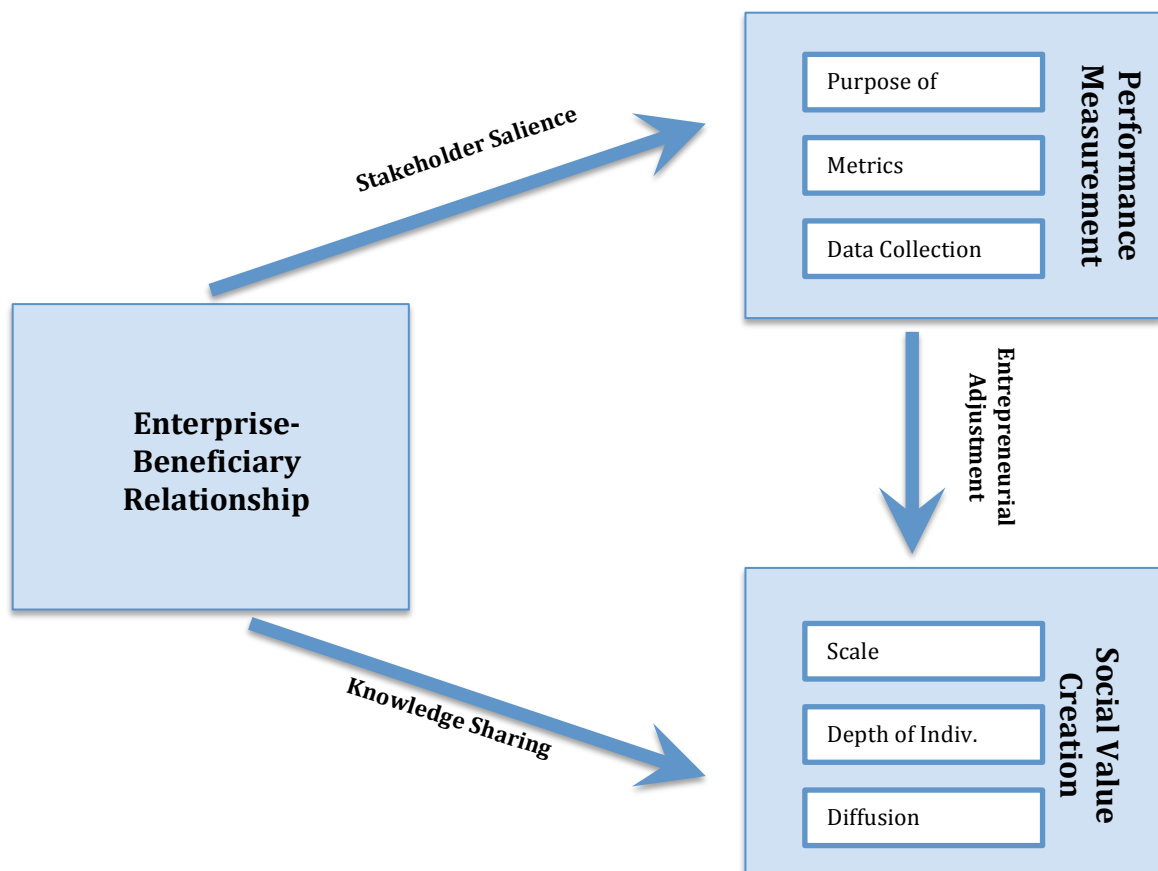
Waddock and Graves (1997) offer particularly useful insight into how to assess social performance. Waddock and Graves (1997) argue that corporate social performance is “fundamentally about the relationships between a firm and its primary stakeholders and possibly its secondary stakeholders as well” (254). Following this logic, we must investigate the relationship between social enterprises and their beneficiaries in order to effectively measure the social performance of such firms.

Relationships Determine Social Value Creation and Performance Measurement

The conceptual model is laid out in Figure 3. There are likely three mechanisms at play here: stakeholder salience, knowledge sharing, and entrepreneurial adjustment. The following sections seek to define and explain why I suspect these mechanisms. Stakeholder salience is defined as “the degree to which managers give priority to competing stakeholder claims” (Agle, Mitchell, & Sonnenfeld, 1999: 507) and is typically comprised of the perceived legitimacy, power and urgency of a group of

stakeholders (Mitchell et al., 1997). Knowledge sharing is ‘individuals sharing organizationally relevant information, ideas, suggestions, and expertise with one another’ (Bartol & Srivastava, 2002: 65). The following sections seek to define and explain why I suspect these mechanisms and present propositions intended to help focus the empirical analysis of qualitative data.

Figure 3: Conceptual Model



Stakeholder Saliency

Saliency has traditionally been defined using three elements identified by Mitchell et al. (1997)—power, legitimacy and urgency. According to this model, stakeholders can have one, two or three of the elements of saliency and are considered by managers to

have more salience when they have a greater combination of perceived power, legitimacy and urgency. Social enterprises often have a number of competing stakeholders—including the social entrepreneur, employees, funders, investors, beneficiaries, policy makers and the community. When making decisions about how to measure performance, social entrepreneurs need to determine to what extent to attend to claims from each of these stakeholders. Organizations are often unable to fulfill claims of all primary stakeholders at one time and instead prioritize economic and non-economic resources to those that they consider to be most salient at that point in time (Jawahar & McLaughlin, 2001). The relationship between the organization and beneficiary has the potential to affect the performance measurement activities within a social enterprise because the relationship alters what is considered successful behavior within the firm.

Jawahar and McLaughlin (2001) assert that stakeholders who are in a position to “satisfy critical organizational needs” will be viewed as more important than other primary stakeholders and more resources will be devoted to managing that relationship. These stakeholders hold more power within the organization, which in turn affects their saliency. The extent to which a stakeholder has power, legitimacy and urgency determines how salient their claims will be to a manager (Mitchell et al., 1997). I believe that stakeholder salience differs in social enterprises dependent on the enterprise-beneficiary relationship. Beneficiaries as stakeholders often are perceived to have legitimate claims within social enterprises because they are the focus of the mission and that mission is what provides the social enterprise with legitimacy when dealing with other stakeholders (Bagnoli & Megali, 2011; Dart, 2004). Their claims are often

perceived as being urgent and ameliorating those claims is why the social enterprise was founded. However, even though they are perceived to have legitimate or urgent claims, often non-profits and social enterprises are not legally accountable to their beneficiaries (Benjamin, 2013). Because of the nature of social enterprise and the fact that it closely works with communities that have few resources and little access to traditional forms of power, it is unlikely that beneficiary groups carry much power to sway public policy or the actions of many organizations. This constellation of factors makes beneficiaries “dependent stakeholders” (Mitchell et al., 1997: 877) in many social enterprises. This means that the beneficiaries will have to rely on the discretion of others to have their issues attended to. However, depending on the organizational structure some beneficiaries have more power than others and some managers are more aware of the urgency of their beneficiaries’ claims than others. In social enterprises where beneficiaries have more perceived power they are no longer “dependent stakeholders” (Mitchell et al., 1997: 877) but are instead “definitive stakeholders” (Mitchell et al., 1997: 877).

P1 The enterprise-beneficiary relationship will affect how performance is measured within social enterprises.

Beneficiary positioning within a firm will affect the beneficiary’s ability to advocate for their interests. If beneficiaries are passively receiving goods from a social enterprise they have no recourse if they do not like the actions of the social enterprise, or feel it isn’t helping them. They can walk away from the free goods and services, but often don’t have other options and can’t change the product being offered. However if beneficiaries are trade partners with a social enterprise, beneficiaries have a little more power because

they can choose to stop trading with the social enterprise and it will have to invest resources in finding new suppliers and customers. If beneficiaries are employees within a firm, it would follow that they are essential to the core functions of the organization. These beneficiaries have more power than those in the other two models because they can simply cease working and fundamentally disrupt the functioning of the enterprise. This additional power makes social enterprises the most responsive to their claims and will lead to the social enterprise investing the most in its ability to measure its impact on its beneficiaries and the value it is creating. The increase in power due to the nature of the enterprise-beneficiary relationship will lead to the recognition of beneficiaries as more salient stakeholders by social entrepreneurs and social enterprise managers.

Myllykangas, Kujala, and Lehtimäki (2010) argue that the concept of salience should be expanded beyond these qualities to include how value is created through the stakeholder relationship. Their empirical research found that six elements added to the perceived salience of stakeholders. Those six characteristics are: “(1) history of the relationship, (2) objectives of the stakeholders, (3) interaction in the relationship, (4) information sharing in the relationship, (5) trust between stakeholders, and (6) the potential of a stakeholder to learn”. All six of these elements would vary depending on the enterprise-beneficiary relationship in each social enterprise. The more entwined the relationship, the more each of the six elements would increase, which in turn would increase the perceived salience of their claims.

P1a: Social enterprises with a higher level of enterprise-beneficiary entwinement will recognize their beneficiaries as more salient stakeholders

I propose that the more entwined the enterprise-beneficiary relationship, the more prominently social performance will play into the overall performance measurement systems in the social enterprise. The recognition of beneficiaries as salient stakeholders will also mean that social enterprises will choose to be more attentive to their needs and the impact the organization is having on its beneficiaries. Adopting a stakeholder based perspective often means that organizations measure performance beyond financial measures (Harrison & Wicks, 2013). To do this I believe they will invest more resources in social performance measurement. I suspect that the enterprise-beneficiary relationship will also affect the use of outcome measurement over output measurement. I propose that the organization-beneficiary relationship will affect how salient the social enterprise perceives the claims of their beneficiaries and the extent to which it will monitor its social performance and seek to increase social value creation:

P1b: Social enterprises that recognize their beneficiaries as more salient stakeholders will allocate more resources to measuring social impact

Knowledge Sharing

The enterprise-beneficiary relationship will impact how social value is created in social enterprises because of the types of impacts each model can create. Each of the enterprise-beneficiary relationship models varies in the depth of impact sought by its intervention. Using the capabilities framework there are three levels of depth social enterprise impacts can have: endowments, capabilities, and functionings. Because of the nature of the enterprise-beneficiary relationship in philanthropic models the intervention will nearly always occur at the endowment level—the organization gives physical or monetary endowments to beneficiaries or to organizations that aid beneficiaries. For

some, receiving the endowment will translate into capabilities and functionings, but this is not guaranteed, nor easily tracked in this model. The enterprise-beneficiary relationship in the social business model allows for interventions at the endowment and capability level depending on the nature of the product and service. It is also likely that each model affects the organization's ability to scale depending on how resource intensive an intervention is—it is likely less costly to provide endowments than capabilities (Oughton & Wheelock, 2003). Overall, I propose:

P2: Social value creation within social enterprises will differ dependent on the enterprise-beneficiary relationship

A key element of knowledge sharing is that the knowledge flows back and forth between the organization and the individual, in this case between the organization and beneficiaries (Minbaeva, Makela, & Rabbiosi, 2012). Knowledge sharing has been identified as a factor facilitating continuous improvement within firms (Meevily, Das, & McCabe, 2000). Given this previous literature, it appears that knowledge sharing within social enterprises would be beneficial to both the organization and the individual beneficiary. With increased knowledge sharing the organization would receive a more nuanced understanding of the needs of the beneficiary and be able to respond to those needs, leading to more positive impacts over time. Knowledge sharing between beneficiaries and managers would also help managers of social enterprises identify unintended impacts and determine whether these impacts are creating positive or negative social value and address them. It seems likely that through knowledge sharing the beneficiary benefits by gaining skills and the development of social networks. Overall,

knowledge sharing between social enterprises and beneficiaries should increase the creation of social value.

The employee-organization relationship has been found to affect the likelihood of knowledge sharing (Bartol, Liu, Zeng, & Kelu, 2009). While knowledge transfer relates to knowledge being passed formally from the organization to the individual (Minbaeva et al., 2012), knowledge sharing involves a higher level of interaction that allows for tacit knowledge as well as explicit knowledge to be gained by both parties (McFadyen & Cannella, 2004). It follows that the more interaction there is between the enterprise and beneficiary, the more likely knowledge sharing will occur. In order for beneficiaries to gain functioning, the highest depth of impact, the beneficiary needs to make the choice to engage in the behavior the social enterprise is seeking to promote. Knowledge sharing in the organization may change or influence the mindsets of beneficiaries and make them more likely to make the desired choice. Beneficiaries who have more interaction with a social enterprise will have the opportunity to gain and share knowledge than beneficiaries who have less opportunity interaction with a social enterprise, and will be more deeply impacted than those interacting with social enterprises that have a less entwined enterprise-beneficiary relationship.

It is important to note that even though a social entrepreneur may have designed an organization to have a specific level of interaction with its beneficiaries, there is variation in the interaction of individual beneficiaries. One example could be that a beneficiary may choose to leave a program earlier than intended. In this case the beneficiary would have had less interaction with the organization than other beneficiaries.

Another would be an organization that has a beneficiary on its board. In this case one beneficiary would have significantly more interaction with the organization than all the other beneficiaries, likely leading to them gaining considerably more knowledge. These hypothetical examples lead to the proposition that social enterprises create different impacts for different beneficiaries. Specifically:

P2b: Individual beneficiaries who interact more with the social enterprise will have deeper impacts than individual beneficiaries who interact less with the same social enterprise.

Entrepreneurial Adjustment

Epstein and Yuthas (2014) highlight three reasons why organizations should measure their impact: learning, action, and accountability. Measuring impact facilitates learning through increasing an understanding of performance and allows organizations to test assumptions. This learning leads to new opportunities for action through guiding future behavior and communicating values. Finally measuring impact leads to greater accountability because it allows organizations to report their performance and build relationships with community stakeholders including potential funders and customers.

Following this, I propose that:

P3: Increased impact measurement will lead to an increase in impact the organization will have on individuals

Entrepreneurial adjustment is the act of shifting practices and behaviors within a new firm in response to new information (Ormiston & Seymour, 2011). Ormiston and Seymour (2011) found in their research on value creation in social enterprises that entrepreneurial adjustments were not aligned with the social mission of the organization and instead aligned with the growth of the enterprise. They attributed this to the fact that

the cases they examined measure growth-based indicators, not indicators of social impact. Measurement matters—entrepreneurs are more likely to attend to things they measure and seek to improve those elements (Smith et al., 2012). In organizations where there is greater measurement of social performance, the entrepreneurial adjustment will be based on improving social impact.

P3a: Social enterprises with a higher level of entwinement in the enterprise-beneficiary relationship will have a higher level of entrepreneurial adjustment to improve the social value creation of the enterprise.

These mechanisms and propositions are preliminary and are offered to help focus data collection and exploration within cases, but it is likely that this model is oversimplified and more complex relationships will be identified in the field.

CHAPTER 3:

METHODS

Rationale for Qualitative Research

The area of impact and the role of beneficiaries is highly unexplored within the extant literature on social enterprises (Short et al., 2009). Qualitative research methods are appropriate for examining the question of social value creation in social enterprises because the field is relatively undeveloped and exploratory (Maxwell, 2013). Addressing these questions required a multi-phased approach—first developing a typology of social enterprise based on the enterprise-beneficiary relationship and then conducting a comparative case analysis of representative cases within the typology.

Utilizing a grounded theory approach (Strauss & Corbin, 1990) to develop the typology allows for the development of new approaches to understanding social enterprise that are focused on the experiences of the beneficiary. This is in contrast to existing attempts to fit social enterprise within extant theory. Because of the dual focus on social and commercial logics, which have fundamentally different assumptions relating to the purposes of the firm, these theories may be incongruent with reality (Newbert & Hill, 2014) and merits close examination of data without utilizing theoretical assumptions to structure and code the data.

The comparative case method allows for deep analysis of relatively un-theorized phenomena—in this case, social enterprises and social value creation—to develop theory that can be explored more effectively (Miles, Huberman, & Sandana, 2014). The comparative case study method is appropriate to address these phenomena because allows for the investigation of a “contemporary phenomena within its real-life context” (Yin, 1994: 13).

Empirical Context

One of the challenges in conducting rigorous empirical research on social enterprises is that there is not a clear way for a researcher to identify which organizations are and are not social enterprises (Short et al., 2009). This is in part because researchers and practitioners lack consensus regarding a definition of social entrepreneurship (Choi & Majumdar, 2014). There is not a single legal registration that distinguishes social enterprises, nor a formal list of organizations (Haigh et al., 2015). Instead researchers often have to rely on lists of social entrepreneurship award winners such as Echoing Green, Ashoka, or Skoll Fellows (Meyskens, Robb-Post, Stamp, Carsrud, & Reynolds, 2010; Moss, Short, Payne, & Lumpkin, 2010); famous examples of social enterprises (Alvord et al., 2004; Seelos & Mair, 2005), or snowball samples of self-identifying social entrepreneurs (Haigh et al., 2015). Each of these methods is problematic because they only get one cross-section of social entrepreneurs and make it challenging to identify a breadth of theoretically relevant cases. However, until a clearer definition of social enterprise and social entrepreneurship is developed, researchers need to work around these limitations.

In order to overcome some of these sampling limitations, I utilized a list of social enterprises that has been developed by a social enterprise intermediary based in Providence, Rhode Island. Their mission is to develop a regional social enterprise ecosystem within New England by offering a range of services to social enterprises that are targeted to a variety of stages in the enterprise's life cycle from ideation to mature organization. These services include incubation, acceleration, co-working space, workshops, strategic coaching, financial management, loans, public policy development and advocacy, networking, and conferences. As of January 2014 its network included over 150 social enterprises ranging in age from not yet legally founded to organizations that have existed for over 120 years. By utilizing the network shared by the social enterprise intermediary as the population for this study I was able to gain a more accurate and richly diverse population of social enterprises from which to develop a typology of social enterprise and select cases for comparative analysis.

I utilized this portfolio as a population from which to select a sample of social enterprises for the comparative case study. The purpose of this sampling frame is to constrain extraneous variation and focus attention on theoretically useful cases (Yin, 1994). The social enterprise intermediary has a significant presence in Providence, Rhode Island and is gaining a regional reputation for the work that they do supporting social enterprises. This presence has allowed them to develop an extensive network that includes many members of the social enterprise community who may not be seeking awards from competitions or necessarily join an association of social entrepreneurs but would seek one of the many services the intermediary offers. While many of the

members of this network self-identify as social entrepreneurs, some were actively recruited by the organization because they were known to blend social and financial goals within their organization. The portfolio captures organizations with a wide range of ages, sizes, missions and entwinement levels. There has been a recent proliferation in legal structures to support social enterprise throughout the US and other countries. Within the US these laws are enacted at the state level, developing a patchwork of legislation that varies in the types of legal registrations, responsibilities and privileges offered to social enterprises. Because the social enterprise intermediary is regionally focused with a significant presence in Rhode Island there is enough depth in the portfolio to select organizations that were founded with the same legal structure options and under the same constraints.

Makeup of the Population

The portfolio began with a list of 154 organizations and their leaders that the social enterprise intermediary managers had identified as social enterprises within their network. I then gathered publically available documents to determine whether the cases were currently functioning as social enterprises—including legal registration forms from the Secretary of State databases in each state, website information, social media presence and news articles relating to each organization. There were a number of cases for which I was unable to locate sufficient data that supported the current existence of the organization and that it was operating as a social enterprise and these were removed from the population. Once the cases that lacked enough information to determine that they were actually created (presence of current legal registration or website), functioning

(information from websites or newspaper articles), and earning revenue were removed from the population of organizations, there were 101 cases remaining.

All of the 101 organizations in the portfolio are legally registered in the US. The portfolio consists of 65 non-profit (63.7%), 23 for-profit (22.5%) and 13 hybrid (12.7%) organizations. The missions of the social enterprises fall into eight categories: workforce development, economic development, environment, health, international development, youth empowerment, arts and culture, and education. The distribution of these issue areas and legal structures can be seen in Table 1.

Table 1: Mission areas of Social Enterprise Population

Issue Area	Non-profit Cases	For-profit Cases	Hybrid Cases	Total
Workforce Development	24	1	-	25
Economic Development	12	4	3	19
Environment	4	8	2	14
Health	5	7	-	12
International Development	5	-	7	12
Youth Empowerment	6	2	-	8
Arts and Culture	6	-	-	6
Education	3	1	1	5
Total	65	23	13	101

This distribution of issue area reflects the context in which the social enterprise intermediary operates. The local economy has faced significant struggles and had one of the highest unemployment rates in the country between the years 2008 and 2014. The state and local foundations have funded many initiatives to reduce unemployment and spur economic development.

While most of the organizations' headquarters are geographically near their beneficiaries, not all are. 80.5% of the organizations work with beneficiary groups that are local to the organization and 19.5% of the organizations work with internationally or globally based beneficiary groups. For-profit organizations were more likely to work with international or global beneficiary groups than non-profit organizations. Table 2 shows this breakdown.

Table 2: Legal Structure and Beneficiary Location Breakdown

	Non-Profit	For-Profit	Hybrid	Total
Local Beneficiaries	55	14	10	79
International Beneficiaries	10	9	3	22
Total	65	24	10	101

Developing the Typology

This section addresses the development of a coding scheme related to the enterprise-beneficiary relationship and the resultant categories of social enterprise that emerged from this scheme. While this section briefly defines these codes and categories, chapter 4 offers significantly greater detail as well as the findings from the development of this typology.

For each enterprise, website materials were downloaded and converted into a single PDF for coding, along with the formal legal registration form on file with the Secretary of State's office in the state of registration. Additionally, when available, annual reports and news articles were also included in the analysis. In addition to the publically available data, interviews were conducted with the founders or managers of 20 ventures within the portfolio. These interviews focused on the relationship between the enterprise and beneficiary, the intended impact of the enterprise and how performance was measured within the enterprise.

In most cases beneficiaries were a clearly defined group of people that was readily identifiable through the mission statement of the organization. There were 17 cases where the intended beneficiary was the environment or the global community instead of a targeted group (i.e. homeless individuals, youth, resettled refugees etc.) In eleven cases the intended beneficiary of their efforts was a specific non-profit or program within a non-profit. In these cases the relationship between the enterprise and the organization was examined. Once the beneficiary group in each case was developed, the enterprise-beneficiary relationship was developed.

Coding Scheme

Utilizing a grounded theory approach (Strauss & Corbin, 1990) the publically available documents were imported into MaxQDA data analysis software and underwent multiple stages of coding to develop a categorization system relating to the beneficiary role, relationship type, beneficiary location, claims of impact and sources of revenue.

Each case was then holistically assessed to determine which category of beneficiary role, relationship type, and characterization of the relationship was most dominant.

Beneficiary Role. Utilizing pattern matching and theme analysis, four beneficiary roles emerged from the analysis of each case. These roles include: recipient, customer, supplier, employee, and cooperative member. Recipient referred to beneficiaries who received free benefits and services. Customer referred to beneficiaries who purchased a product from the enterprise, often at a discounted price. Suppliers were beneficiaries who supplied a product to the enterprise, which led to a product sold to customers, often at a premium. Employee referred to beneficiaries who had paid employment within a social enterprise. Cooperative member referred to beneficiaries that were members of a cooperative and shared ownership and decision-making responsibility, in addition to working within the enterprise. There were cases in which beneficiaries had multiple roles within the enterprises. In these cases a dominant role was coded, as well as a secondary role. Definitions of these codes and examples from the data are provided in more detail in Table 3.

Table 3: Beneficiary Role Coding Definitions and Examples

Code and Definition	Examples from Data
Beneficiary Role	
Recipient Beneficiaries who receive free benefits and services from the enterprise	<p>“Each day over 40 men, women and children walk in to social services looking for assistance with basic needs. We fill much needed prescriptions for those without insurance, make payments on utility bills to help families keep the heat on, assist with birth certificates and state identification that will allow a child to start school or an unemployed adult apply for a job.”</p> <p>“By providing high-quality tax preparation services—for free—to low-income families, not only are we able to save them the cost of going to a paid preparer, but we also ensure that they receive all the credits and refunds to which they are eligible—not a dollar less, not a dollar more.”</p>
Supplier Beneficiaries who supply a product to	<p>“Ruth has a half-hectare farm where she has 300 guayusa trees and 300 cocoa trees, along with a variety of fruit and timber trees. The cocoa trees are getting older and production has declined; thankfully the guayusa yield has risen each year, so she</p>

the enterprise	has been able to increase her income. She sold over \$350 worth of fresh guayusa leaves to [the enterprise] in 2014 and expects to harvest even more in 2015.”
Customer Beneficiaries who purchase a product from the enterprise, often at a discounted price	“[The organization] provides 25 year, zero percent interest mortgages to its homeowners. Under the terms of the mortgage, homeowners make 300 monthly payments to the holder of the mortgage ”. “ \$2 FREE for fruits & veggies for every \$5 in SNAP you spend . Bring your EBT card to the [organizer’s] table at participating markets and receive extra money for fresh food. We will give you \$2 extra for every \$5 in EBT you spend (that’s an unlimited 40% bonus)”
Employee Beneficiaries who hold paid employment within a social enterprise	“Our stewardship program maintains the physical assets of the neighborhoods by employing young people from Olneyville and Elmwood to clean neglected street corners and sidewalks, oversee commercial districts, and mitigate the impacts of illegal dumping on our streets.” “We nourish the health of our community by providing first jobs and on-the-job training for highly vulnerable populations while producing delicious locally-made food products.” “We offer five such studio programs that act as micro-enterprises, employing our youth participants and delivering products and services to a range of clients.”
Cooperative Member Beneficiaries who are voting members within the enterprise	“[The organization] began from a desire to improve our own health & spiritual life through local gardening, and grew into a community movement. Our own improved health inspired us to grow from our original Communal Garden into founding a Worker-Cooperative to provide a way of Right Livelihood for devoted members ” “ A member owned, member controlled business that operates for the mutual benefit of all members and according to common principles established for cooperatives: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; concern for community; and environmental responsibility”.

Contact Frequency. Similarly four “contact frequency” codes were developed inductively to represent how often beneficiaries were in contact with participant organizations. Contact frequency ranged from no direct contact, single contact and repeated contact to sustained contact. Definitions of these codes and examples from the data are provided in more detail in Table 4.

Table 4: Frequency of Interaction Coding Definitions and Examples

Code and Definition	Examples from Data
Frequency of interaction	
No Relationship The enterprise and beneficiary do not interact	There is no mention of how the organization interacts with its intended beneficiaries. This was the case where a specific beneficiary group was not defined and the organization focused on the environment or the global population.
Single Contact The good or service provided to	“With over 40,000 people crossing our threshold for services each year, we strike a delicate balance of addressing people’s needs and referring them to agencies better suited to addressing long term challenges”

beneficiaries is designed to be effective with a single interaction.	“Each quarter we will randomly select a customer and he/she will direct where the funds go. Our simple guidelines are the funds go to people, initiatives, organizations, etc. that need help”
Repeated Contact The good or service provided to beneficiaries is designed to be effective with multiple interactions between the enterprise and beneficiaries.	<p>“[The enterprise] organizes quarterly meetings between farmers, non-profits, companies, and governments to discuss critical issues and opportunities effecting new value chains.”</p> <p>“During four one-on-one 1.5-hour sessions, you will create an action plan for every aspect of your personal finances, including credit, debt, budgeting, banking and saving... After the first four financial coaching sessions you will have the option of participating in two additional meetings throughout the course of the year at times of your choosing, where we can work on entrepreneurship, health, and energy use.”</p>
Sustained Relationship The good or service provided to beneficiaries is designed to be effective with frequent interactions sustained over time.	<p>“The Partner Family is matched to a Family Support Partner, someone familiar with [the enterprise] who will help with questions and problems, be supportive to the family, and serve as an advocate. This partnership starts when a Partner Family is selected and lasts through the first six months of home occupancy”</p> <p>“Before youth participants are considered a full-fledged members of a studio, they must first prove their commitment to our programs. This begins with a 72-work-hour probationary period. These hours are considered “community service” for the purposes of high school graduation requirements... With perfect attendance, the probationary period lasts the better part of two months. This is long enough to show that a prospective participant has what it takes to succeed...And it’s long enough for the participant to recognize the unique opportunity the our studio programs represent.”</p> <p>“Our 90-Day Programs for individual men and women serve over 200 people a year. 85% successfully complete, gain sustainable income and move out of homelessness into housing...in one of our 12 residential buildings”.</p>

Relationship Characterization. While analyzing the cases, patterns emerged relating to how the interaction between the enterprise and beneficiaries. I have named these relationship characterization codes because they embody different types of interaction. Four relationship characterization codes were developed: none, donor/recipient, transactional, and relational. Definitions of these codes and examples from the data are provided in more detail in Table 5.

Table 5: Relationship Characterization Coding Definitions and Examples

Code and Definition	Examples from Data
Relationship Characterization	
No Relationship The enterprise and beneficiary do not interact	There is no mention of how the organization interacts with its intended beneficiaries because the benefit is created without interaction.
Donor/Recipient The enterprise determines a set amount of goods and services (or money) to give to beneficiaries and uses their discretion to determine who receives those goods and services.	<p>“We donate 100% of our annual net profits and 5% of our monthly gross revenue to Home & Hospice Care of Rhode Island (HHCRI)”</p> <p>“We choose 4 local non-profit organizations at each of our stores twice a year for a 6 month period. Each time a customer makes a purchase he or she may vote for one of the 4 non-profits we are supporting at that time. We then allocate 2% of sales based on the number of votes each organization receives during the 6 month donation period”</p> <p>“More and more people struggle to meet the demands of rising rent, utility bills, medical and prescriptions and then face the difficult choice of choosing heat over the purchase of food. If we can, we assist with supplemental food supplies, gift cards or referrals to food pantries.”</p>
Transactional The enterprise and beneficiary engage in a transaction (or series of transactions) the terms of which are set by the enterprise.	<p>“[The enterprise] reserves the right to suspend or terminate any participating farms for violation of or non-compliance with the [program] rules.”</p> <p>“[The program] is a transparent marketplace. You set the prices for your products. 18% of sales go to cover operations and administrative costs of the program. We communicate this to customers as well, so everyone knows how our system works.”</p> <p>“Financial Coaching PLUS costs \$180, to be paid through 12 monthly payments of \$15.00 that we treat as a 0% interest loan to build positive credit history.”</p>
Relational The enterprise works directly with beneficiaries offering extended training and mentorship.	<p>“The core concept behind our youth development work is that by bringing underserved, under-resourced youth into a professional, high-expectations environment that modeled a lifestyle of creative expression, disciplined practice and self-reliance, they could envision themselves leading this lifestyle and discover pathways to reach it. We helped them see that these pathways would necessarily require high school graduation and almost always college. And then we gave them the tools and, more importantly, the support, to make it happen.”</p> <p>“To ensure that the young people in our care are able to develop healthy relationships, pursue meaningful career paths, contribute to their communities and establish a life trajectory of self-sufficiency. Beginning at age 14, our students partake in internships, workshops, and counseling aimed at helping them to begin to think about life after high school. Once students turn 16, they move to different accommodations, where they begin to develop skills of independence under the guidance of our live-in mentors.”</p>

Once holistically coded, each case was plotted on a grid of beneficiary role and relationship characterization. The categories of beneficiary role and of relationship categorization were organized by frequency of interaction between the enterprise and beneficiary. Four clusters of social enterprise emerged from this graphical representation, which is shown in Chapter 4.

Emergent Clusters

The four clusters that emerged from the data were general benefit enterprises, philanthropic social enterprises, social business enterprises, and relational social enterprises. The distribution of cases, as well as their legal structure is shown in Table 6 below.

Table 6: Distribution of Cases Within the Portfolio

	Non Profit	For Profit	Hybrid	Total
General Benefit	10	5	2	17
Philanthropic	11	5	2	18
Social Business	24	13	9	41
Relational	23	2	0	25
Total	68	25	13	101

Comparative Case Study

Once the typology was developed, social entrepreneurs and managers of enterprises from within the portfolio were recruited to participate in the comparative case study. Two cases were selected to represent each of the social enterprise categories where there was a direct relationship between the enterprise and beneficiary. No cases of General Benefit enterprises were developed because there was not a clear way to identify beneficiaries with direct knowledge of the enterprise to gain their perspective—a core

focus of this study. The six developed cases specifically examined how social enterprises are currently measuring their social performance and the impacts that these organizations have on their intended beneficiaries, prioritizing the beneficiary perspective.

Case Criteria

In order to be considered for inclusion in the comparative case study the organizations within the network had to comply with the six criteria listed in Table 7. These criteria were put into place to ensure that the cases are grounded in a similar local context to allow for the potential of uncovering complexity without being confounded by different legal contexts. Additionally, I only considered cases where the organization was currently functioning full time and involved more than one individual delivering goods and services. This was to ensure that there was adequate scale and interaction with beneficiaries to ensure a wide potential for experience and protect the anonymity of those interviewed.

Table 7: Case Selection Criteria

Criteria	Number in Sample
The social enterprise is legally registered in RI	86
The social enterprise was legally registered prior to 2012	79
The social enterprise currently produces goods and services	79
Social enterprise represents one of the emergent clusters	74
The social enterprise has employees other than the founder/manager	49
The founder/manager is willing and available to contribute information	

Organizations based in Rhode Island and legally registered before or during 2012 had the same legal structure options. Benefit Corporation legislation was passed in 2013, allowing social enterprises in Rhode Island another legal registration choice. The

organization needs to be producing or delivering goods and services to beneficiaries in order to be in a position to create social value for those groups at the time of the research study. Organizations that are in early stages of start-up, prototype development and completing feasibility studies will not be at a stage that is relevant to this research question—the organization needs to be more formally developed. Having employees other than the founder helps to ensure that the organization is established and running as a full time venture as opposed to the side project of one individual. Without the availability and willingness of the leadership of the organization it will not be possible to gain the information.

Thirty-two entrepreneurs were contacted using the email addresses provided by the social enterprise intermediary. Twenty agreed to meet with me to learn more about the project and participate in a screening interview. Of the twenty whom met for screening interviews, 17 met the case criteria and after finding 6 that consented to participate in the study I stopped seeking access. Each social enterprise represented in a screening interview was assigned a number in order of interview for reference within the MaxQDA database.

From the outset, it was my intention to gain access to one for-profit and one-non profit enterprise in each case. Of the thirty-two contacted social enterprises, thirteen were for-profit, fifteen were non-profit, and three were hybrid. Only four for-profit and two hybrid organizations consented to screening interviews. Ultimately, I was unable to gain consent from any for-profit organizations and only one hybrid organization.

Cases Selected

Ultimately consent was granted from six social enterprises to conduct the study.

In some organizations, this consent was predicated on anonymity and pseudonyms were developed (in addition to the initial case number) for all six cases to protect the identity of the social enterprise and the individuals being interviewed.

Five of these cases were non-profit organizations and one was a mixed-entity hybrid organization. Four of the cases were founded by existing non-profit organizations (although created a new legal entity for the enterprise) and two were founded independent of other organizations. These cases are all small or medium scale social enterprises as defined by Alvord et al. (2004) and would also be considered a small or medium enterprise by the broader management literature. An explanation of enterprise and beneficiary group in each case is offered in Table 8 below.

Table 8: Introduction of Cases

SE Category	Pseudonym	Enterprise	Beneficiaries
Philanthropic	Thrifty Home (2007)	Store sells donated house goods Revenues are given to a parent organization	Parent Organization
	Safe Sailor (2007)	Café and Inn. Revenues supplement grant money to give access to meals, lodging, showers and safe place	“Men and Women of the Sea”
Social Business	Indigenous Tea (2009)	Created American market for guayusa beverages Buy unprocessed leaves from farmers, process in Ecuador, and market and sell in US	Indigenous Amazonian Farmers
	FarmCo. (2005)	Runs a network of farmers markets, produce distribution services, and excess produce program for farmers.	Local Farmers (and eaters)
Relational	Mail and Mums (1980)	Mailing services company and florist shop that hires clients of a mental health clinic to staff the businesses. Offers a 3-month job skills training and employment to beneficiaries.	Individuals with Mental Health Challenges
	Soup and Support (2009)	Catering company, restaurant and carpentry business that hires formerly homeless and chronically unemployed individuals. Offers a 3 month job skills training, relevant certifications and employment to beneficiaries.	Formerly homeless and long-term unemployed

Table 9 offers further information on each on the legal structure, income level and scale of each enterprise. The revenues generated by each enterprise range from approximately \$100 thousand to \$5 million. It is interesting to note that there was not a single participating organization that was fully self sustaining on income generated from trading—all cases received some form of external support in the form of grants or donations. Appendices 1-6 offer in depth summaries of each case.

Table 9: Additional Case Information

SE Category	Pseudonym	Legal Structure	New Organization	Enterprise Income	% of Total Revenue	Scale
Philanthropic	Thrifty Home (2007)	Non-profit	No	\$444,113	48%	54 families in 20 years (4 this year)
	Safe Sailor (2007)	Non-profit	No	\$102,500	19%	30,000 people a year
Social Business	Indigenous Tea (2009)	Mixed Entity Hybrid	Yes	~\$5 million	77%	3,000 farmers
	FarmCo. (2005)	Non-profit	Yes	\$945,184	60%	60 farmers, ~4,500 eaters a year
Relational	Mail and Mums (1980)	Non-profit	Yes	\$985,214	89%	17 clients a year
	Soup and Support (2009)	Non-profit	No	\$830,815	20%	150 participants a year

Empirical Data and Their Collection

The case studies are predominately based on semi-structured interviews with the organization founders, beneficiaries, employees and clients to understand how social value is conceived of, created and measured within each organization.

The comparative case study method was selected because case studies offer an opportunity to unearth rich data about how social value is created from a variety of participant perspectives in a way that other methods may not be able to effectively

capture (Eisenhardt, 1989). Examining multiple cases allows for insights from single cases to be enhanced and corroborated and comparative case studies can be generalizable to theoretical propositions (Yin, 1994). The data gathered were analyzed using qualitative data analysis software and data analysis commenced during the data collection process to allow for refinement of the interview protocols and case design.

At the outset, the minimum aims for each case consisted of a minimum of six interviews, one field observation and the analysis of organizational documentation. These requirements are listed below:

- Interviews with the founder/manager of the social enterprise
- Interview with at least 3 previous beneficiaries of the social enterprise
- Interviews with at least 2 employees of the social enterprise
- 1 field observation in each category
- Examination of social impact reports (if available)
- Financial documentation (if provided by the organization)

However, as the cases developed it became apparent that this minimum structure was not sufficient to understand the cases at the necessary depth. In each case additional interviews (of focus groups where allowed) were conducted with employees and beneficiaries to offer a wider view of the organization. In total, the input of 93 stakeholders was collected in 69 interviews and two focus groups. Table 10 provides information on the data collected in each of these cases.

Each piece of data was assigned an identifier that began with the case number, followed by a descriptor of the data type. This identifier follows the direct quotes utilized throughout the remainder of this dissertation. The case numbers relate back to the screening interview order and are listed in Table 10. For example C03.I01 refers to the

first interview at Mail and Mums and C09.2014 annual report, refers to Thrifty Home's annual report from 2014.

A minimum of two employees were interviewed in each case. Typically the founder would recommend which employees I speak with and help orchestrate the scheduling of interview times. This helped to ensure that I got a clear understanding of all the core elements of the social enterprise.

Table 10: Data Collected

		Philanthropic		Social Business		Relational	
		Safe Sailor	Thrifty Home	Indigenous Tea	FarmCo.	Mail and Mums	Soup and Support
Case Number		C16	C09	C12	C06	C03	C02
Interviews and Observations	ED/ Founder	1	1	1	1	1	1
	Employee	7	2	6	2	5	5
	Beneficiaries	5	4	5	9	6	3
	Other	2	0	1	0	1	0
	Focus Groups	0	0	1- 4 beneficiaries	0	0	1- 5 beneficiaries
	Total # of participants	15	7	16	12	14	14
	Observations	5 days on site	3 days at build site 2 visits to store 1 site tour	8 days on site (including 2 events, 5 home visits)	4 events, 1 farm visit, 1 site tour	5 days on site	5 events, 1 site tour
Secondary Data	Websites	yes	yes	yes	yes	yes	Yes
	Annual Reports	2014	2011, 2013, 2014	2012 2013 2014	2013		
	990s	2012 2011 2010	2014 2013 2012 2011	2013 2012	2013 2012 2011	2013 2012 2011 2010	2013 2012 2011
	Additional Information	‘15 income report ‘15 expense report ‘15 notes to the board	2014 survey results	‘14 B-corp ‘12 B-corp ‘10 B-corp		‘14 income statement 2010-2014 RI Mental Health employment data report	Grant pitch
	Pages of text analyzed	173	201	325	177	251	197

The input of a minimum of 4 beneficiaries was included in each case. All six organizations were hesitant to give me a complete list of beneficiaries and contact information. They felt that this was a violation of their privacy. In the cases of Safe Sailor, FarmCo., and Soup and Support I attended events where beneficiaries were likely to be present and solicited their participation directly. In the cases of Thrifty Home, Indigenous Tea, and Mail and Mums the director of a program helped arrange the participation of beneficiaries within the study. This was for one of two reasons, either the organization did not hold events attended by previous beneficiaries of the enterprise (Thrifty Home and Mail and Mums), or I was working in a foreign culture where my presence would not have been accepted without the organization's support and participation (Indigenous Tea). Both Indigenous Tea and Soup and Support helped organize focus groups with current beneficiaries. These provided additional context into the dynamics between the enterprise and beneficiaries actively engaged with the organization as well as a broader sense of the lives of beneficiaries when they began their interaction with the enterprise.

When the participant gave consent, the interview was recorded and transcribed, verbatim. If the participant did not consent to the recording of the interview extensive field notes were taken and interview summaries were written immediately following the interview. Whenever possible these interviews were conducted in private rooms with no one else present. Seven of the interviews conducted in the Indigenous Tea case were conducted with the support of a translator who worked closely with the foundation in Ecuador. These recordings were translated and transcribed verbatim by a dual lingual

transcriptionist based in Ecuador. The focus groups were also recorded and transcribed verbatim. Indigenous Tea was conducted solely in Spanish and was translated at the same time as transcription.

Five on-site observations, at minimum, were conducted for each case. These lasted for a minimum of 45 minutes, but frequently lasted for four to five hours on site. When possible, these observations took place over a series of 3 consecutive days with additional observations added to see special events on site. The exceptions to this were Thrifty Home and FarmCo. I participated in three build days on different weeks (and different houses) and visited the store twice to observe the work of Thrifty Home. For FarmCo., the observations took place at different farmers markets throughout the state and at the individual farms of beneficiaries as they prepared their products for sale through FarmCo.

There was a significant amount of publically available data for analysis for each of the cases. Website data was gathered and compiled into a single PDF at the time of the first interview. 990 Tax Forms were available for all six cases (at least for the non-profit entities) for 2-3 years through Guidestar (guidestar.org). Indigenous Tea is a registered B-Corp and I was able to pull their annual reports from the Blab website (benefitcorp.net).

Each case provided at least a small amount of internal documentation—including annual reports, internal budgeting documents, survey results and pitch information.

Data Analysis

Data analysis included individual case study analysis and cross-case comparison was carried out using MaxQDA, a qualitative analysis software package for data

management, coding, and retrieval. All interviews were transcribed verbatim and entered into MaxQDA, along with observation notes and other documentation collected on each case. Codes and themes for impact and performance metrics were developed through an iterative cycle. First round coding consisted of a mix of inductive and deductive codes relating to the research question, typology, and literature presented. Analysis was ongoing throughout data collection to inform data collection and modify the procedures as necessary (Eisenhardt, 1989; Miles et al., 2014). I began by broadly identifying passages in the data that related to the core concepts of impact and performance. These data were then categorized utilizing extant literature relating to these concepts. Second round coding consisted of identifying granular and specific codes. The third round coding consisted of developing themes from the first round of coding and re-applying them to the data with an eye to condense the coding structure while developing deeper understandings.

Coding occurred across cases simultaneously, but within-case analyses were produced (included in appendices) before developing a cross-case analysis (Eisenhardt, 1991).

Performance Claims. When interviewing participants in this study it became clear that many did not distinguish between social and economic performance indicators. In fact, many employees and leaders struggled to identify what they measured and instead pointed me in the direction of their annual reports. Because of this lack of ability to effectively define key metrics, performance claims in the data were coded and

categorized. In order to make these claims, the organization had to undergo some method of tracking information about these measures.

Performance claims were coded utilizing a pattern matching technique.

Statements in interviews and documents relating to performance claims were categorized based on where they fell within the value creation process of the firms: inputs, activities, outputs, and outcomes. This frame was taken from Ebrahim and Rangan (2014). The statements were then divided into granular codes, which were condensed into themes. A summary of these themes is provided in Table 11 and the full coding system for performance indicators can be found in Appendix 7.

Table 11: Emergent Themes Relating to Performance Metrics

Categories	Emergent Themes
Inputs	Financial Assets: These metrics related to the volume of grants and donations the organization was able to solicit.
	Human Assets: These metrics related to the number of volunteers, board members, interns, communities, partners and visitors the organization was able to engage to complete their work.
Activities	Organizational indicators: These metrics related to the overall ability of the organization to complete its activities and were measured in terms of number of employees, hours open, how employees spent their time, and milestones towards completing projects
	Research Activities: These metrics related to the research activities the organization was involved in and included counts of the number of project begun, assessments conducted, policies proposed and labs built.
	Financial Activities: These metrics relate to financial indicators of the organization including the volume of sales, number of grant applications, costs per intervention and the host of financial indicators reported in non-profit Form 990
Outputs	Workshops: These metrics relate to the number of workshops developed and offered by the enterprise.
	Beneficiary participation: These metrics relate to the interactions between the enterprise and beneficiary and include counts of beneficiaries engaging with the enterprises, receiving training, gaining certifications and the number of discounted customers served.
	Endowments given away: These metrics relate to the things an enterprise gives directly to beneficiaries and includes social premium funds allotted for beneficiary use as well as tangible endowments like coats, food and trees to plant.
	Production: These metrics relate to items actually produced or sold by the organization, including the number of houses completed, the amount of food sold and the number of business plans developed.
Outcomes	Individual: These metrics relate to individual beneficiary outcomes including income earned, employment and educational gains, recidivism rates, adoption of best practices and

	the acquisition of decent housing.
	Community: These metrics related to community level outcomes including rates of female leadership, market access and cooperatives developed.
	Environmental: These metrics relate to environmental outcomes including the number of hectares protected or sustainably managed and the volume of waste diverted from landfills.

Impact. Statements related to impact were coded in a similar manner to performance claims. Statements in interviews with beneficiaries and employees were first categorized based on where they fell along Sen's (1991) capabilities approach framework: endowments, capabilities, and functionings. The statements were then divided into granular codes, which were condensed into themes. A summary of these themes is provided in Table 12 and the full coding system for impact statements can be found in Appendix 8.

Table 12: Emergent Themes Related to Impact

Category	Emergent Themes
Endowments	Tangible Goods: These statements refer to beneficiaries receiving some tangible object like clothing, food, shelter, plants, letters of recommendations, certifications, or loans from the enterprise.
	Income: These statements refer to beneficiaries earning income from the enterprise; either from goods sold or from hourly wages.
	Knowledge: These statements refer to beneficiaries gaining knowledge relating to food systems, technical production, professionalism, financial literacy or community planning.
	Emotional Impact: These statements refer to beneficiaries having an improved emotional state through their engagement with the enterprise. Beneficiaries specifically spoke of happiness, sense of worth, and sense of purpose, feeling safe or comfortable, increased confidence and increased motivation.
	Community: These statements refer to beneficiaries gaining a community through engagement with the enterprise.
Capabilities	Community Enrichment: These statements refer to opportunities for community improvement through the development of fair trade associations, women in leadership roles, the utilization of wasted produce and offering access to fresh food.
	Health and Emotional: These statements refer to opportunities for health and emotional improvements in beneficiaries, including the ability to complete substance abuse rehabilitation, the offering of a new beginning or second chance, referral to health and human services and the ability to purchase health and educational supplies.
	Economic Opportunity: These statements refer to opportunities for beneficiaries to improve one's financial situation through access to customers, reduction in bills, and the potential for jobs and internships.
Functionings	Behaviors: These statements refer to beneficiaries choosing to engage in behaviors encouraged by the social enterprise, such as positive work habits and maintaining

	sobriety.
	Economic: These statements refer to beneficiaries choosing to engage in economic behaviors encouraged and supported by the social enterprise, including improved employment and the achievement of financial goals.
	Family: These statements refer to beneficiaries choosing to engage in positive family behaviors, such as reunification with their children, paying child support, and gaining custody of children.

Data analysis was ongoing throughout the data collection process and these codes and themes were redefined and refined throughout the study as new data was collected.

CHAPTER 4:

FINDINGS FROM THE ENTERPRISE-BENEFICIARY TYPOLOGY

Beneficiary Positioning

Beneficiaries occupied four core roles within the 100 examined cases in the portfolio: recipients, customers, suppliers, employees, and worker-owners. Being a recipient of free goods and services was the most common position for beneficiaries to hold within social enterprises, followed by customers, then employees, then suppliers. There were only two cases where beneficiaries were cooperative members of a social enterprise.

Recipients

There were 36 cases where beneficiaries were recipients. The goods and services received varied significantly depending on what type of beneficiary was being served. There were three different types of recipients within the social enterprise cases—those who received a general benefit without any interaction from the enterprise, non-profit organizations that received funding from the revenues generated within the enterprise and a specific group of targeted beneficiaries who received direct goods and services from the

enterprise. In all cases these beneficiaries are external stakeholders who do not have a role in the production of goods and services or revenue generation.

There were 14 cases where the beneficiaries received a general benefit from the enterprise without interaction. In these cases the beneficiary group was defined by the organization as being the environment or the public generally. These enterprises present the product or service they produce as being generally beneficial to a broad group of stakeholders and view everyone in the vicinity as beneficiaries, regardless of their relationship with the organization. These organizations had missions to “protect natural assets its historical structures” or to improve the “sustainability of this island we love” in order to benefit “people everywhere” and operate with the understanding that beneficiaries may not even be aware of the enterprise or the benefit it provides in order to be benefitted by its operations.

There were 11 cases that donated a portion or all of their profits to a specific non-profit organization. In 6 of these cases, the enterprise was actually founded by the non-profit organization the profits were being donated to. Of the remaining 5, 2 cases donated repeatedly to the same organization, and three cases changed whom they would donate to on quarterly intervals.

In the remaining 12 cases where beneficiaries were the recipients of free goods and services the enterprise identified a specific target group of individuals. These groups ranged from “the men and women of the sea” and “disadvantaged public school students” located in the US, to “indigenous farming families” and “the world’s most vulnerable children” in the developing world. These goods and services ranged from a cup of coffee

and free meals, to free art classes and in the most intensive case, a place to live and education for at-risk youth in Kenya.

What the all of the cases where the beneficiary is a recipient have in common is that the enterprise generates its income completely separately from its interaction with beneficiaries. Contact between the beneficiary group and the enterprise is typically rare or infrequent in cases where the beneficiaries are recipients. There are seven exceptions, the six cases where the enterprise was founded by a non-profit as a funding source and the boarding school in Kenya.

Customers

Beneficiaries are the customers of social enterprises in 30 of the cases. Eleven of the cases sell goods and nineteen provide services. The goods sold include health and wellness related products (5 cases), apartments or land to rent (3 cases), educational software (1 case), solar powered lamps (1 case), and home energy products (1 case). In most cases, the rentals aside, these goods can be purchased a minimum of one time and require little interaction with the enterprise. The services sold include educational services (10 cases), business services (3 cases), entertainment (3 cases), health (1 case), financial (1 case), and fitness (1 case). The nature of selling services generally requires more interaction between the enterprise and beneficiary than the selling of goods to beneficiaries.

The beneficiaries of these enterprises receive individual value from the goods and services they purchase. These goods and services are considered to create social value because they offer a customized solution to a specific need of the target beneficiary group

that was previously unaddressed. These enterprises frequently offer their goods and services to beneficiaries at a discount when compared to similar goods and services that are less tailored to the needs of the specific beneficiary group. As customers, these beneficiaries are external stakeholders of the enterprise, but are core to the revenue generation processes of the enterprise.

Suppliers

In ten cases the beneficiaries are suppliers to the social enterprise. These beneficiaries are external stakeholders who are core to the production processes of the enterprise. In these cases beneficiaries produce a product that the enterprise then repackages and sells at a premium rate in the market. The beneficiaries supply a variety of products including coffee, tea, seafood, piñatas, candles, jewelry, bikes and translation services. Six of these enterprises purchase products from beneficiaries in the developing world and sell them within the US. Four of these enterprises purchase products from the US and sell within the US.

Employees

In 23 cases the beneficiaries are employees within the social enterprise. The beneficiaries are based within the US in all but one of these organizations. The goal of many of these enterprises is workforce development for a specific group of disadvantaged people and as a result the jobs are designed to be paid, temporary, training focused opportunities. These beneficiaries are internal stakeholders and core to the enterprise's production and revenue generation structures. The cases are spread across seven industries: food and beverage (6 cases); retail (5 cases), construction and landscaping (4 cases); design and music services (3 cases); business services (2 cases); waste removal

and cleaning services (2 cases); athletic training (1 case). These jobs typically pay greater than minimum wage, but offer employees between 16 and 24 hours of employment each week. Many of the beneficiaries hired in these enterprises are either in school or are receiving some form of government support, both of which put limits on the number of hours individuals are able to work while maintaining other benefits.

Cooperative Members

There were 2 cases where the defined beneficiaries were worker-owners within a social enterprise. In these cases the beneficiaries are an internal stakeholder of the organization that is part of organizational decision-making as well as generation of revenue. Both of these cooperatives are focused on delivering healthy, local food options in urban areas. One is consumer owned while the other is employee owned.

Enterprise-Beneficiary Relationships

Understanding the position beneficiaries hold within social enterprises is not enough to fully understand the different relationships formed between the social enterprise and its beneficiaries. Adding consideration of the frequency of contact and type of interactions between the enterprise and beneficiary adds additional nuance to our understanding of the relationship created between enterprises and beneficiaries. The relationships between the enterprise and beneficiary were characterized by language utilized by the social enterprise and the frequency of interaction. There were four dominant patterns within the language social enterprises utilized to describe their relationships with beneficiaries: no relationship, donor/recipient, transactional, and relational.

No Relationship

In 18 cases there was no language that spoke directly to a relationship between the enterprise and beneficiaries. In these cases the enterprises made reference to impact for “*local*” residents of specific regions, environmental and historical preservation or the “*public*”, but did not characterize a relationship between themselves and these communities.

Donor/Recipient

In 17 cases the enterprises described a donor/recipient relationship where beneficiaries were “*given*” goods and “*received*” free services “*provided*” by the organization. These relationships described the beneficiaries as willing, and often passive, recipients who simply received the products and services given to the organization and whose lives were improved as a result without describing the role of the beneficiary within the interaction. Websites of these enterprises made performance claims such as:

1,688 tax returns returning \$1,945,180 to the community for free.

We aided 40,000 people...seeking assistance and human services.

Provided over 30,000 experiences across the country, of which 17,651 have been provided for free.

Often there was little detail about the specific goods and services the beneficiary received from the enterprise or how they could get them, instead it was described in generalities, such as “human services” or “experiences”.

Transactional

In 34 cases a transactional relationship was described that laid out the requirements and obligations of both the enterprise and beneficiary. In these cases

beneficiaries were required to prove eligibility and make performance commitments in order to receive goods and services from the enterprises. Enterprise websites had pages dedicated to explaining the rules and expectations for qualifications as well as services received. A few examples of this language are below:

With this agreement, you will have most of the typical rights and responsibilities of homeownership – such as mowing the lawn, planting a garden, keeping the yard neat and tidy and paying property taxes.

You set the prices for your products. 18% of Market Mobile sales go to cover operations and administrative costs of the program. We communicate this to customers as well, so everyone knows how our system works. Please factor the 18% fee into your pricing strategy.

If you think you will be late or will miss a class, make sure to give notice ahead of time to make sure you are not jeopardizing your course enrollment.

The successful applicant must be able to present a compelling argument for consideration and also show verifiable financial need. Candidates may be contacted by a member of the committee to follow up on application statements.

The language used in these cases was explicit and directed at beneficiaries. There is a distinct difference in the specificity of the role beneficiaries play and their interaction with the organization.

Relational

Finally, there were 32 cases where the language used indicated the development of a personalized relationship between the enterprise and beneficiary. These enterprises describe specific skill sets they work with beneficiaries to develop as well as interactive processes to develop new programs and services within the organization. Examples of such language are below:

Our initiatives strive to build capacity for self-directed personal and community improvement through a focus on creativity, leadership development and creative place making.

The core concept behind our youth development work is that by bringing underserved, under-resourced youth into a professional, high-expectations environment that modeled a lifestyle of creative expression, disciplined practice and self-reliance, they could envision themselves leading this lifestyle and discover pathways to reach it. We helped them see that these pathways would necessarily require high school graduation and almost always college. And then we gave them the tools and, more importantly, the support, to make it happen.

The Partner Family is matched to a Family Support Partner, someone familiar with [the organization] who will help with questions and problems, be supportive to the family, and serve as an advocate. This partnership starts when a Partner Family is selected and lasts through the first six months of home occupancy.

Our programs and services are designed to provide the individual with developmental disabilities the personalized support they need, including vocational, educational and therapeutic services as required, and to provide employment opportunities so that adults with developmental disabilities can engage as fully as possible in life experiences and live their lives with dignity and respect.

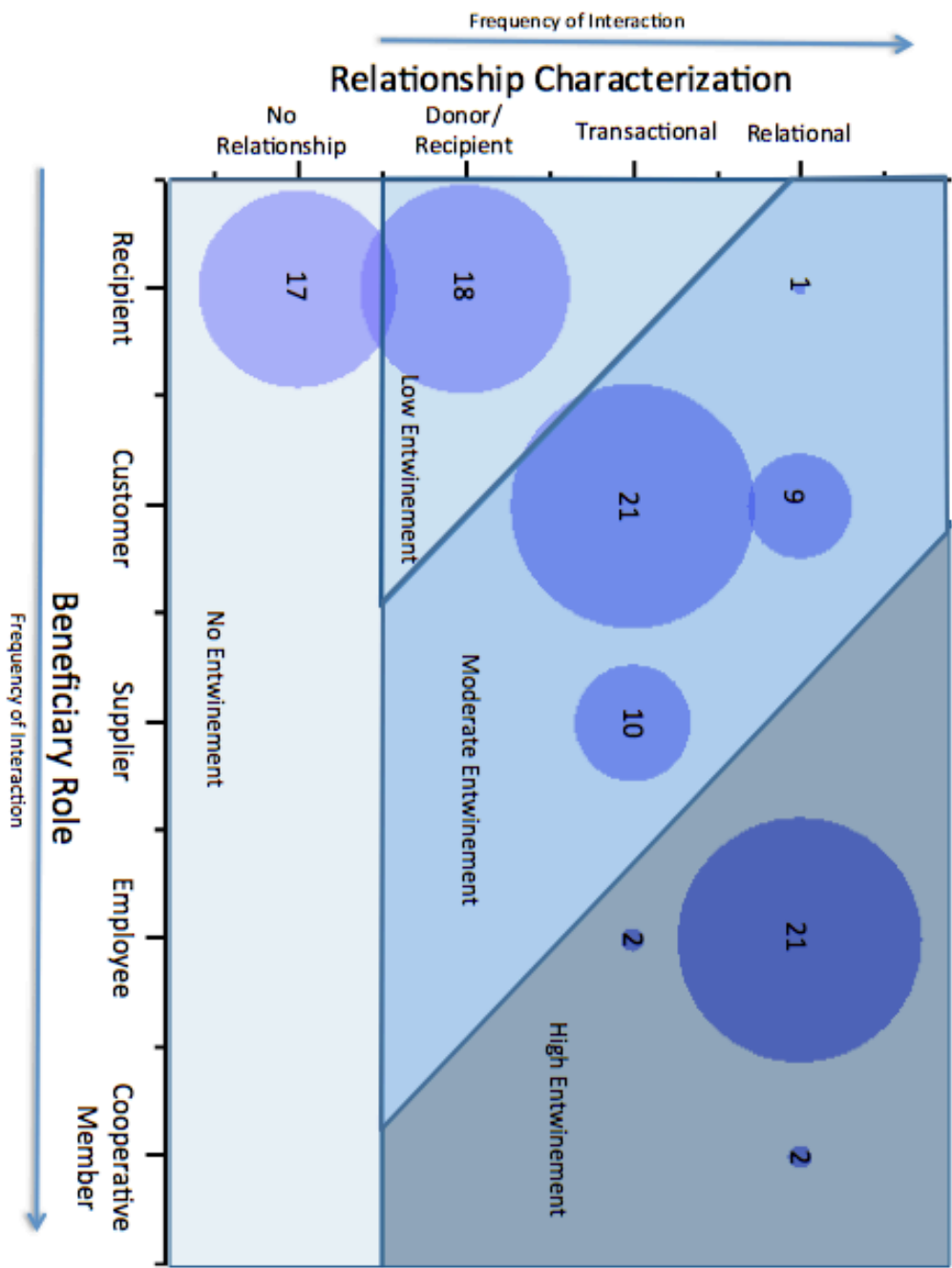
The language utilized in these examples speaks to the individual needs of the beneficiary and relationships that are developed over time to offer support as well as the tools for self-directed improvement in the future.

Enterprise-Beneficiary Relationship Models

Plotting each case on a two-dimensional graph comparing beneficiary role and relationship characterization developed clusters of enterprise-beneficiary relationships.


This can be seen in Figure 4. There are four dominant clusters, and two smaller clusters that are closely related to the central cluster with 3 outlying cases.

Figure 4: Beneficiary Role and Relationship Characterization



The clusters fall along a continuum of involvement and mutual reliance, which I have named entwinement, and allow for the development of a typology of social enterprises. These clusters are described in greater detail in Figure 5. The level of entwinement is determined by how closely linked the beneficiary is to the value chain of the enterprise and the characteristics of the beneficiary-enterprise relationship. From the population dominant four archetypes of social enterprise emerge: general benefit enterprises, philanthropic social enterprises, social business enterprises, and relational social enterprises. These archetypes are addressed in the text in order of their level of entwinement beginning with no entwinement and ending with high entwinement. For each type examples are given to highlight illustrate how social enterprises with different legal structures are designed at each level of entwinement.

Figure 5: Enterprise-Beneficiary Models



	General Benefit Enterprises	Philanthropic Social Enterprises	Social Business Enterprise	Relational Social Enterprise
<i>Level of Entwinement</i>	None	Low	Moderate	High
<i>Beneficiary Relationship</i>	Receives general benefits from the enterprise's activities	Recipient of free goods and services	Supplier or Customer	Employee or cooperative member
<i>Enterprise Role</i>	The social enterprise creates broad positive community or environmental impacts	The social enterprise donates goods, services, or profits to beneficiaries or groups that aid beneficiaries	The social enterprise purchases goods/services from beneficiaries at a premium or sells goods/services to beneficiaries at a discount	The social enterprise hires or works with its beneficiaries to complete its core processes
<i>Relationship Characteristics</i>	No relationship—beneficiaries may not even be aware of impact	Little to no direct contact	Transactional/market based	Sustained relationship within the boundaries of the enterprise
<i>Issue Areas</i>	17 cases Environment 12 Arts and Culture 4 Economic Development 1	17 cases Health 6 Economic development 4 Youth empowerment 3 Workforce development 2 Environment 1 International development 1	41 cases Economic development 11 International Development 11 Workforce Development 6 Health 5 Education 4 Arts and culture 2 Youth Empowerment 2	25 cases Workforce Development 18 Youth Empowerment 3 Economic Development 2 Education 1 Health 1
<i>Legal Structure</i>	Non-profit 10 For-profit 5 Hybrid 2	Non-profit 11 For-profit 5 Hybrid 2	Non-profit 24 For-profit 13 Hybrid 14	Non-profit 23 For-profit 2

General Benefit Enterprises

There are 17 general benefit enterprises in the portfolio—11 are non-profit enterprises, 5 are for-profit and 1 is a hybrid enterprise. Examples of these enterprises included historic preservation societies that raise money through events and museum tickets, a packaging company that makes food containers out of solely recycled materials, and a biodiesel production company. More detail about how each of these enterprises operates can be found in Table 13.

This model of social enterprise has no relationship between the beneficiary and the enterprise. There is no commitment from the organization to a specific group of beneficiaries, nor do individuals have to be aware of the organization or interact with it directly to benefit from its programs. Instead, these enterprises are founded on an assumption that their existence and delivery of goods and services is a broad social good in itself and doesn't require interaction with a specific beneficiary group. For example, the biodiesel company offers a fossil fuel alternative and every gallon produced and sold replaces a gallon of traditional fuel and reduces the emission of greenhouse gasses, which has a positive global impact.

This lack of clearly defined beneficiary group makes these enterprises distinct from the other enterprises within the portfolio. It would follow that because of the belief that their products and services create general benefit, these organizations would focus on scaling their operations to increase their impact and would focus on their output as a measure of their success, where as groups with clearly defined beneficiaries may have different strategies relating to impact and performance measurement.

Table 13: Examples of General Benefit Social Enterprises

Organization type	Historic Preservation Society (Non-profit)	Packaging company (Hybrid)	Biodiesel production company (For-profit)
Beneficiary group	Residents of the community in which the preservation society is located	Everyone	Everyone
Role of beneficiary	Recipient	Recipient	Recipient
Business model	The preservation society sells tickets to view museums and historic buildings, this money goes into preserving these structures, which in turn adds to the economic development of the community and encourages tourism	The packaging company is a registered B-Corp that sells recycled plastic packaging containers to companies like whole foods while raising awareness about plastic packaging pollution and seeks to increase recycling rates.	The biodiesel company “produces a clean-burning and sustainable fuel from waste vegetable oil collected from over 2000 restaurant partners in New England” which is then sold as vehicle fuel and heating oil creating global benefit by reducing emissions associated with burning fossil fuels and recycling a waste product
Goods and services	Customers: Access to historical buildings and documents Beneficiaries: General benefit of added tourism and historic preservation	Customers: “thermoformed plastic packaging made from post-consumer recycled materials” Beneficiaries: Less creation of virgin plastics; reduced plastic waste and pollution	Customers: Clean-burning and sustainable alternative to diesel fuel Beneficiaries: Reduction of emissions associated with burning fossil fuels and diversion of waste products from restaurants
Level of E-B Entwinement	None—citizens of the community do not have to engage with the organization to reap benefits.	None- everyone globally benefits from less plastic pollution.	None-everyone globally benefits from reduced emissions.

Philanthropic Social Enterprises

The second cluster of social enterprises operates separately from their beneficiaries but donates a percentage of its revenues or products to help beneficiaries either directly or indirectly. These enterprises employ a philanthropic mode of social enterprises that has an enterprise-beneficiary relationship that is often unilateral and short-lived—the individual beneficiary may never have direct contact with the social enterprise, while still receiving benefit. There are 17 philanthropic model social enterprises within the portfolio—11 are non-profit enterprises, 5 are for-profit and 1 is a hybrid enterprise. 8 of these enterprises have permanent relationships with a non-profit that they routinely donate some or all of their revenues, 5 of which were founded by the non-profit they donate to. Examples from the portfolio include a food truck, an art studio, and a credit card processor. These enterprises have little to no direct contact with individual beneficiaries and when there is direct contact it is always in the form of a donor/recipient relationship. More detail about how each of these enterprises operates can be found in Table 14.

In these cases, the beneficiary is either an individual or organization that receives donations of money or goods from the enterprise. These beneficiaries have no direct role in the production or use of the goods and services sold to customers, but benefit from the generosity of the enterprise. While the enterprise has the dominant role in the relationship as the donor, it does gain some legitimacy from their relationship with the beneficiary.

Table 14: Examples of Philanthropic Social Enterprises

Organization Type	Food Truck (Non-Profit)	Art Studio (Hybrid)	Credit Card Processing Service (For-profit)
Beneficiary Group	Low income and homeless residents	Foundation that supports “communities impacted by mental health disorders”	Hospice Center
Role of Beneficiary	Recipient	Recipient	Recipient
Business Model	The food truck sells meals during the day to raise revenue to be able to provide 100 free meals each evening on a first come-first served basis to low income and homeless individuals	The art studio generates revenue by selling artwork and classes to customers. This revenue is passed to a non-profit foundation that provides free experiences creating art to those who are impacted by mental health disorders.	The credit card processing service generates revenue from its customers who utilize the service. 5% of these revenues are then donated to a local hospice center, which provides services for terminally patients.
Goods and Services	Customers: lunches served via food truck Beneficiaries: 100 free dinners provided daily	Customers: artwork and art classes Beneficiaries: revenue that funds free art classes	Customers: credit card processing and support Beneficiaries: revenue that funds services for terminally ill patients
Level of E-B Entwinement	Low—beneficiaries change daily depending on who arrives first and what neighborhoods are served.	Low—organization receives revenue that then goes to aid individual beneficiaries.	Low—organization receives revenue that then goes to aid individual beneficiaries.

In the words of one of the founders of the credit card processing company:

We would never get in the door without the hospice component. [Customers] wouldn't be interested in us because there are way too many competitors out there beating them up over price...So the trust goes up a little bit as soon as you walk through the door. (C15.10102)

Beyond the gained legitimacy of supporting a group of beneficiaries, the enterprise gains little from the relationship. Decisions relating to how much to give, how frequently, and who qualifies are made by entrepreneur without input from the beneficiary. The founder of the credit card processing company shared their process for determining how much to give to hospice:

We did a little bit of research and looked into what we could find as sort of the best comparison of someone donating for something good was Newman's Own. And I can't remember the number, but I think it was like less than 4% of their gross revenues they designate for philanthropic—it is 100% of their profits, but that's all their profit. I had previously been in the hotel business and our goal was to try to make a 10% a year profit. And sometimes it was 8% and 9%. So ultimately using all of these numbers, we said, 'We want to be higher than Newman's but we want to be more conservative than my own personal business experience.' So we closed our eyes, kind of circled around and said, 'Let's go with 5%'. (C15.I0102)

If the enterprise wished, it could easily shift this percentage, or even whom it donated goods and services to. Just as the credit card processor could easily choose to donate to another hospice program or cause the food truck could easily change neighborhoods or create restrictions on who qualified for meals. This leads to an unbalanced relationship with a low level of entwinement between the enterprise and its intended beneficiaries.

There are five non-profit enterprises that were started by a parent non-profit organization to be reliable funding streams. The enterprise portion is often reliant on the non-profit for start-up funds and physical space for operations and while these organizations operate in tandem with the other programming within the non-profit, the manager of the enterprise has decision-making freedom to run the enterprise as profitably as possible. The executive director of the non-profit that founded the thrift store explained:

The more the thrift store separates itself from the non-profit, the better the thrift store is honestly... We're selling \$500,000 worth of stuff; we're making \$250,000. We consider the thrift store the single largest donor to our organization. Nobody else is giving us \$250,000, a quarter of a million dollars, towards overhead and operating support. (C14.I01)

While these enterprises still embody a donor/recipient relationship between the enterprise and organization, these cases are further down the spectrum of entwinement than cases like the credit card processor, and highlight the continuous nature of the variable. While the archetypes of general benefit, philanthropic, social business, and relational are useful for illustrating the spectrum of entwined social enterprises, they are based on the dominant clusters and there are enterprises that flow between these categories—with different programs lines that have different levels of entwinement.

Social Business Enterprises

The third cluster is referred to as the social business model of social enterprise and is defined as an enterprise that generates revenue through its relationship with the beneficiary, either by selling a needed product/service to beneficiaries at low cost or buying a product/service produced by beneficiaries at a premium. This enterprise-beneficiary relationship is transactional in nature and significantly more entwined than the philanthropic model. This was the most common model within the portfolio, there are 42 social business social enterprises—24 are non-profit enterprises, 9 are for-profit enterprises and 9 are hybrid enterprises. Examples of Social Business Enterprises include a financial services organization that offers low interest loans and sells financial education classes to low income Americans, a bottled beverage company that purchases their tea leaves from indigenous farmers in South America, and an educational software

company that sells a student achievement tracking program to school districts. More detail about how each of these organizations operates can be found in Table 15.

Table 15: Examples of Social Business Enterprises

Organization Type	Financial Services Enterprise (Non-profit)	Beverage Company (Hybrid)	Educational Software Company (For-profit)
Beneficiary Group	Low-income Americans	Indigenous Amazonian Farmers	Schools and by extension the children they serve
Role of Beneficiary	Customer	Supplier	Customer
Business Model	The enterprise offers lower interest short term loans and financial coaching classes to low income Americans with poor credit who otherwise would have to turn to payday lenders	The fair-trade enterprise purchases fresh tea leaves from farmers that they then process into tea bags and bottled beverages sold in the US. Their foundation works with farmers to develop fair-trade cooperatives and enhance farming practices.	The enterprise sells software to schools that allows them to more effectively evaluate students, track progress and align instruction to assessments.
Goods and Services	Customers: lower interest loans and financial coaching classes Beneficiaries: lower interest loans and financial coaching classes	Customers: tea based products Beneficiaries: money from the sale of tea leaves, community development from the fair trade premiums and training	Customers: software to track student progress Beneficiaries: software to track student progress
Level of E-B Entwinement	Moderate—the enterprise generates revenue from single time customers who are beneficiaries.	Moderate—the enterprise buys from farmers on a quarterly basis, the non-profit works with communities to develop cooperatives and improve farming techniques.	Moderate—the enterprise generates revenue from the sale of the product to the beneficiary.

Social business enterprises have a transactional relationship that is often more balanced between the enterprise and beneficiary. The enterprise establishes rules that govern the transaction, but are dependent on the direct engagement of the beneficiary to generate income—either as suppliers or as customers. If the transactional terms established by the enterprise are not ideal for the beneficiary, they will not engage with the enterprise. In these cases the enterprise invests significant time in determining how to best interact with the beneficiary. In the case of the beverage company, the enterprise realized that they needed to utilize their non-profit foundation to develop best practices for harvesting and to work with communities to develop fair trade cooperatives in order for their farmers to have the capacity to deliver the tea leaves at the level of quality the company needed in order to sell their premium beverages. This level of engagement and investment leads to a moderately entwined relationship between the enterprise and beneficiaries

However, both the beneficiaries and the organization has the ability to change whom it engages with relatively little switching cost if other options are developed. Active steps are taken in the beverage company to ensure that the level of reliance between the beneficiary and enterprise does not get too great. The enterprise has developed partnership with the government to encourage the growth of the industry and entrance of new enterprises distributing the product as a best practices manual for the cultivation of the plant leaves they purchase that they are disseminating so that more individuals will begin farming and to help the farmers develop diverse agroforestry plots

so that they are selling multiple crops to multiple companies. In the words of the executive director of their foundation:

If they [the farmers] felt that they were relying on this, then that puts them in a place of—maybe for a short time they feel happy, like appreciative. But it can quickly turn into a feeling of resentment. And the same thing for the company. If the company relies too much on like certain farmers, again, it might at the beginning feel like, “Okay, we’re really appreciative. We really want to give back to these people.” But then eventually, there can come a feeling of resentment. I think that by stepping back and analyzing options and saying, “Okay, you know what?” You know, if I am a farmer, “Okay, I could sell guayusa, but I don’t have to. I could sell my coffee or my cacao.” But then that liberates them from that reliance, which can cause that sort of toxicity. (C12.I03)

Relational Social Enterprises

The final cluster is the most entwined and is referred to as the relational model of social enterprise. The core purpose of these enterprises is to develop a relationship with the beneficiary, and the enterprise seeks to either hire or offer programming for beneficiaries and utilizes their labor to create revenue to sustain the enterprise.

This was the second most common model within the portfolio with 24 relational model social enterprises. This model was overwhelmingly non-profit—23 of 24 enterprises—and was most focused on workforce development—18 of 24 enterprises. In addition, 15 of these enterprises are offshoots of a larger non-profit organization and were designed to create opportunities specifically for the clients of the larger organization. Examples from the portfolio include a mailing company that hires patients of a mental health organization to process their mailings; a design company that hires at risk youth to design and produce their products; and a worker-owner cooperative that runs a grocery store, community garden and food truck. More detail about how each of these organizations operates can be found in Table 16.

Relational social enterprises are the most entwined type of social enterprises, positioning beneficiaries as participants in extended programming or as employees within the enterprise. These enterprises create their revenue through the products and services created in the interaction between the enterprise and beneficiary. Without the engagement of individual beneficiaries the enterprise would not be able to carry out its core processes.

Table 16: Examples of Relational Social Enterprises

Organization Type	Mailing Service (non-profit)	Design Company (non-profit)	Food Cooperative (for-profit)
Beneficiary Group	Individuals with mental health challenges and barriers to employment	At-risk youth	Employee-Members
Role of Beneficiary	Employee	Employee	Employee-Members
Business Model	The enterprise sells mailing services to customers and hires individuals with mental health challenges and barriers to employment and trains them to process the jobs and maintain the building along side model employees.	The enterprise sells design services to customers and hires at-risk youth who have completed their training programs to create the designs and fabricate the products	The enterprise maintains a garden, grocery store and food truck and sells locally grown food to customers while providing its members with a “right livelihood”
Goods and Services	Customers: bulk mailing services and fulfillment services Beneficiaries: workplace readiness training, supportive workplace, income, opportunity to be productive	Customers: screen printing, graphic design, photo and video services Beneficiaries: skill development, income, safe-afterschool environment	Customers: Locally produced food Beneficiaries: “right livelihood”, community, locally produced food

Level of E-B Entwinement	High-beneficiaries are producing the revenue generating product of the enterprise while having the opportunity to work in a supportive environment	High-beneficiaries are producing the revenue generating product of the enterprise while receiving skill development in a safe environment	High-beneficiaries designed the organization, make decisions on how it is run and earn their livelihoods from the products sold by the enterprise.
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In the case of the mailing company discussed above, all but four of the employees are clients of a mental health clinic, engaged in a job-training program in which they are paid above minimum wage to work within the social enterprise. Their labor creates the service that is sold to the enterprise's customers. In order for the social enterprise to be financially successful, they have to work with the beneficiaries to build capability and efficiency in their production. In addition to the wages received for their labor, beneficiaries are mentored by the non-client staff members and by clients who have been in the program longer. These individuals generally have either had no previous work experience, or because of their illness have had a negative experience in the workplace. Being able to work in a supportive environment allows for them to learn new productive behaviors, coping strategies and gain a different perspective on competitive employment. These behavior and mindset changes in turn allow them to function differently in competitive employment following their completion of the program.

Entwinement

The concept of entwinement emerged from the examination of the four social enterprise clusters to help explain their differences beyond simply beneficiary positioning. Entwinement emerged from the portfolio wide data set as a conceptualization

of the level of mutual reliance between two actors, in this case the enterprise and beneficiary, this definition is further elaborated from the case studies to also encompass mutual commitment in addition to reliance between two parties. The positioning of beneficiaries in many cases, but not all, defined the amount of interaction and type of relationship established between the enterprise and beneficiary. Utilizing the concept of entwinement, I was better equipped to explain the differences between the four models of social enterprise because it accounted for the mutuality of the relationship developed, not simply the frequency of interaction and position of beneficiary. The word entwinement is used to describe this relationship because it lacks the assumptions and theoretical entanglements that are attached to words like embeddedness, engagement, interdependence and co-production.

The concept of entwinement contains elements of them all, but attempts to capture a simultaneous sense of agency and structure, of partnership and power. While the social entrepreneur designs the structure of the relationships, there by embedding beneficiaries within the process at different levels, individual beneficiaries have the agency to determine their own personal level of engagement. At all levels within the typology an individual beneficiary's engagement may be fleeting or sustained depending on their personal choice. In all levels of the entwinement spectrum there is some level of unequal exchange between beneficiary and enterprise. Embeddedness and engagement work in tandem within social enterprises leading to a mutually reinforcing entwinement in which the work of enterprise is increasingly linked with the work of beneficiaries. As the beneficiaries become more central to the core processes of the social enterprise the

outcomes of both the enterprise and beneficiaries become mutually dependent. The enterprise has a greater opportunity to offer deep impact to the individual beneficiary and the beneficiary has a greater opportunity to shape the enterprise as well as help it meet its social and financial goals. Entrepreneurs interviewed across the continuum spoke to the fact that they sublimate profit in order to support beneficiaries. However the level of inequality of exchange and perceived value and power the beneficiaries carry will increase as entwinement increases.

There are numerous ways to tackle the same issue and it is the choice of the social entrepreneur as to how they will structure an intervention. Once the intervention is determined, there is some potential for the interaction to evolve, but the core enterprise-beneficiary relationship is likely set during the ideation phase of the enterprise. Understanding how entwinement affects impact of interventions is key to enriching our understanding of how organizational design in social enterprises affects their ability to carry out their social missions.

While level of entwinement has many implications for the organizational structure of the social enterprise in and of itself, it has significant implications for the creation of social value and types of impacts social enterprises can offer to their beneficiaries. These will be explored in the following chapters.

CHAPTER 5:

FINDINGS FROM THE COMPARATIVE CASE STUDY

Six cases were utilized to better understand how entwinement and the enterprise-beneficiary relationship affects impact on beneficiaries, performance measurement, and innovation within the social enterprises. These cases highlighted a number of similarities and differences between the cases.

The scale of the six cases varied from small to medium—serving 16 to 30,000 beneficiaries annually—and have annual budgets ranging from \$500,000 to \$5 million. The income generated by the enterprises accounted for 19-89% of the revenue in each of the cases. These variations do not appear to be explained by the level of entwinement. Both of the relational social enterprises, one philanthropic enterprise and one social business enterprise serve fewer than 150 beneficiaries annually. However, there is one philanthropic and one social business enterprise that serve thousands of beneficiaries annually. The enterprise whose earned income accounts for the most of its annual budget is a relational social enterprise (89%), but the other relational social enterprise has the second lowest (20%).

The beneficiaries in each of these firms were varied, but had some core similarities. The beneficiaries for five of the cases were based in Rhode Island while the beneficiaries for Indigenous Tea were based in Ecuador. Four of the beneficiary groups are individuals who faced barriers to employment, or were struggling financially. The two social business enterprise beneficiary groups are agricultural producers—those in Indigenous Tea are members of the Kichwa people and produce Guayusa on a small scale (typically growing less than one hectare) to sell to the enterprise, those in FarmCo. are local Rhode Island farmers who produce on a relatively small scale in comparison to the large agricultural firms they compete with and sell their products through a variety of services offered by FarmCo. in addition to other avenues of sale.

Before addressing the specific propositions offered in Chapter 2, I will discuss how the cases added insight into the understanding of entwinement that was presented with the typology in Chapter 4. The cases highlighted that entwinement extends beyond mutual reliance to include a sense of commitment from both parties to each other's success. The interviews with employees and beneficiaries highlighted the commitment these individuals had to the success of the other party and how that commitment drove their decision making, sometimes leading to decisions that required compromise of individual goals. For example, beneficiaries in the relational organizations discussed how they wished they were paid more money in their jobs, but were hesitant to look elsewhere for work, partially because of the support they received from the enterprise and partially out of a sense of loyalty to the enterprise. Simultaneously, the managers of these programs talked about the expense involved in hiring individuals from their target beneficiary populations and the number of chances given to those who didn't

immediately perform well—a clear signal of their commitment to each individual beneficiary within the program. They also discussed changes made to the program structure, or delivery of their services that were less cost effective, but more beneficial for their beneficiaries. This mutual commitment, exhibited by the sacrifices both parties were willing to make, was most prominent in the relational cases and was present in the social business cases, but was not seen in the philanthropic cases.

In Chapter 2 specific propositions were offered. Below, I will discuss the findings relating to these propositions. I proposed that the enterprise-beneficiary relationship would affect performance measurement practices (P1), and social value creation (P2). In addition, I proposed that an increase in impact measurement would lead to an increase in impact on beneficiaries (P3).

Proposition 1: Role of enterprise-beneficiary relationships in performance measurement

The data indicates that the enterprise-beneficiary relationship is not the main driver of formal performance measurement programs. Instead, these programs seem predominately driven by external funding sources of the organization. Informal performance measurement however does seem affected by the level of entwinement. Across the six cases there was significant variation in social performance measurement systems, but relative uniformity in financial performance systems.

Performance claims were coded utilizing a pattern matching system based on the Ebrahim and Rangan (2014) as described in chapter 4. The full coding system for performance indicators can be found in Appendix 7.

The Ebrahim and Rangan (2014) conceptual model focused on solely impact measures and when interviewing members of the cases in this study it became clear that many did not distinguish between social and economic performance indicators. In fact, many employees and leaders struggled to identify what they measured and instead pointed me in the direction of their annual reports. Because of this lack of ability to effectively define key metrics, performance claims in the data were coded and categorized. In order to make these claims, the organization had to undergo some method of tracking information about these measures. From the data it became clear that the definitions provided by Ebrahim and Rangan (2014) needed elaboration to fully encompass the performance claims within the data.

Ebrahim and Rangan (2014) define inputs as “funds, equipment and supplies, knowledge, and technical expertise” (121). The cases in this data set track human assets that are donated to their organizations—the number of volunteers, interns, and researchers—and financial assets that are donated—cash and in kind donations. Activities are defined by Ebrahim and Rangan (2014) as “basic needs delivery such as food and shelter, service delivery such as job training and counseling, and infrastructure construction such as transportation” (121). From the cases four categories of metrics emerged from the activities category, these include financial activities, organizational indicators, research and outreach. Ebrahim and Rangan (2014) define outputs immediate results and specifically name “people fed, housed or treated, people trained or educated; roads build and goods transported to market” (121) as indicators of output. Three categories of output measurement emerged from the data: production measures, endowments given away, and beneficiary participation. Outcomes refer to medium and

long term results measured on the individual level and Ebrahim and Rangan (2014) specifically identify “improved quality of life, health, educational attainment, etc. and increased incomes” (121). Three categories of outcomes emerged from the data: individual outcomes, community outcomes, and environmental outcomes. The most complex level of performance measurement that Ebrahim and Rangan (2014) identify is impact, or the effects on root causes and sustained significant changes to communities, populations or ecosystems. There were no performance claims in the six cases that seemed to really reach this level.

Table 17 shows which categories of indicators were tracked by each case. Only the philanthropic cases monitored inputs and both cases used this data to actively solicit more inputs. Activities and outputs are the easiest indicators to measure within an organization because they are measured when they occur (Barman & MacIndoe, 2012) and were tracked across all six cases. All cases monitored some level of financial activities and nearly all measured at least one outcome measure. Safe Sailor was the only organization that did not measure a single indicator of outcomes.

Each case has specific metrics associated with each of these categories. More elaboration on these metrics is provided in Table 18. This table highlights the difference in the complexity of metrics across each category.

Table 17: Performance Indicators

Performance	Philanthropic	Social Business	Relational
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Indicators		Thrifty Home	Safe Sailor	Indigenous Tea	FarmCo.	Mail and Mums	Soup and Support
Inputs	Human Assets	✓					
	Financial Assets	✓	✓				
Activities	Financial Activities	✓	✓	✓	✓	✓	✓
	Organizational Indicators	✓	✓	✓	✓	✓	
	Research			✓			
	Outreach	✓	✓	✓	✓		✓
Outputs	Production	✓		✓	✓	✓	
	Endowments Given Away	✓	✓	✓	✓		
	Beneficiary Participation	✓		✓	✓	✓	✓
Outcomes	Individual Outcomes	✓		✓	✓	✓	✓
	Community Outcomes			✓	✓		
	Environmental Outcomes	✓		✓			

Table 18: Key Metrics in Each Case

Thrifty Home	Safe Sailor	Indigenous Tea	FarmCo.	Mail and Mums	Soup and Support
Financial Metrics					
-Sales -Store Operating profit -Growth in sales -Donations (cash & in-kind) -% of donations to programming	-Sales -Grant Income -Lodging Sales -Donations	-Sales -Amount of Guayusa purchased -Donations -Costs of production	-Sales -WIC/SNAP EBT Sales -Rent generation/mkt -Self sufficiency of markets	-Sales -Cost of production -Cost per intervention	-Sales -Cost of training
Input and Activity Based Metrics					
-Volunteers -Hours donated by volunteers -Monetary value of volunteer time	-Staff time allocation -Number of meetings held in the building -Percentage of	-Research labs built -Research studies conducted -Workshops	-Number of online database users -Number of event guests -Number of	-Number of customers -Number of jobs -Number of Referrals	-Attendance at events -% of staff who were clients

-Progress on homes -Participants at fundraisers and events	grants awarded -Number of people visiting the building	developed -Communities engaged -Employees -Volunteers	markets -Number of customers served	-Number of clients on waiting list	
Output Based Metrics					
-Houses built locally -Houses built internationally through tithing	-Loads of laundry -Showers -Cups of coffee given away -Meals given away	-Cooperatives developed -Workshops and planning meetings held -Social Premium Fund escrowed -Trees delivered to farmers -Families engaged with the enterprise -Published studies and manuals -Partnerships developed	-Youth engaged in training -Food donated to food pantries -Number of discounted customers served -Number of beneficiaries engaged -Number of boxes sold	-Number of clients engaged in program -Hours worked	-Number of beneficiaries engaged in enterprise -Retention rate of students
Outcome Based Metrics					
-How many adults and children are currently living in a house built by the organization -Amount of waste diverted from landfills		-Income earned from Guayusa -% of farmers income from Guayusa -%of farmers adopting best practices -Social Premium Funds Used -Women in leadership/decision making roles -Hectares sustainably managed or protected	-Participant recidivism rate -Youth placed in employment or internships -Number of families receiving education and discounted food -Farmer income	-Number of graduates in traditional employment	-Job placement after graduation -Percent working in trained industry -Salary -Credit scores -Net worth -Educational functional level -Diploma earned

Performance measured in the philanthropic organizations focuses predominantly on financial measures and some activity measures. This is likely because these enterprises are viewed first as funding sources for the greater organizations they are

associated with. Their primary mission is financial growth and then the broader organization utilizes that money to create social value, making it unsurprising that the primary performance measure for the enterprise is financial. What was surprising was that financial performance measures were also emphasized by the greater organization as well. In both cases the executive director of the parent organization emphasized their financial state and ability to attract donations and grants when discussing their organization. Both of these organizations provide endowments to beneficiaries and seem confident that the act of giving food, or selling homes at a significant discount, is value in itself that does not need to be measured beyond their output.

There was more variation between the social business and relational social enterprises. All four cases tracked their performance across activity and output measures. In each category, one case had sophisticated systems in place to measure not only outputs, but also outcomes, while one case focused predominately on measuring activities and outputs. The two organizations monitoring outcome measures acknowledged that they were doing so because of their commitments to funders and certifying agencies, not out of an increased recognition of beneficiary stakeholder salience as proposed.

Chapter 6 provides a deeper exploration into the challenges social enterprises face and the strategies they employ in measuring performance. Although only two organizations developed formal impact performance measurement programs, all of the organizations have given some thought to measuring impact and identified a series of key challenges that need to be overcome.

P1a: Social enterprises with a higher level of enterprise-beneficiary entwinement will recognize their beneficiaries as more salient stakeholders

There is evidence that there is a positive relationship between the level of beneficiary entwinement and the salience of beneficiaries as stakeholders. Utilizing the Mitchell et al. (1997) stakeholder salience framework, as the level of entwinement increases, the legitimacy and power of individual beneficiaries appeared to also increase. Each case was evaluated as high, moderate, or low, on each category of salience and these determinations can be seen in Table 19. If the case was holistically evaluated as moderate or high then the case was considered to have that category of salience within the model. Using this framework, the beneficiaries of philanthropic social enterprises are considered to be discretionary stakeholders, the beneficiaries of social business are considered to be dominant stakeholders and the beneficiaries of the relational social enterprises are considered definitive stakeholders.

Table 19: Beneficiary Stakeholder Salience

	Legitimacy	Power	Urgency	Salience Classification
Safe Sailor	Moderate Expressive Salience: the organization exists to serve a very specific beneficiary group—sailors and poor in Newport	None Organization sets expectations for how beneficiaries need to act in order to receive services and will deny service if they don't meet expectations	Mixed Some beneficiary needs are seen as urgent (shelter during winter storms) and others are viewed as chronic	Discretionary Stakeholder, moving towards Dependent Stakeholder
Thrifty Home	Moderate Expressive Salience: The organization exists to build homes for those with inadequate housing within the county	None Organization sets expectations for beneficiary behavior and qualifications, and there are far more families in need than awarded homes	Low Problem is seen as chronic and organization does what it can, but isn't immediately reactive (it may take a year from selection point to moving in)	Discretionary Stakeholder
Indigenous	High	Moderate	Low	Dominant

Tea	Expressive salience: the mission outlines the beneficiary clearly Instrumental salience: beneficiaries are the key suppliers to the org.	Beneficiaries are the only commercial producers of Guayusa currently, but the organization is the only market partner buying Guayusa in any quantity	While the need for income is recognized as an issue, it is not seen as urgent—the Kichwa have traditionally been self sustaining on subsistence farming	Stakeholder
FarmCo.	High Expressive salience: the mission outlines the beneficiary clearly Instrumental salience: beneficiaries are the key suppliers and customers of the org.	High Organization cannot exist without beneficiary participation as both suppliers and customers. Local farmers do have other choices for the sale and distribution of their products	Low While there aren't great options for small-scale farmers to sell produce, they do exist and this beneficiary group has a more stable livelihood than the other beneficiary groups.	Dominant Stakeholder
Mail and Mums	High Expressive Salience: the mission outlines the beneficiary and their role clearly Instrumental salience: beneficiaries are key to the functioning of the org.	Moderate While beneficiaries are key to the organization, they are low skilled and can be replaced with former trainees if necessary	Mixed There is a greater sense of urgency in successfully transitioning a person out of the training into employment than there is in getting them to begin.	Dominant Stakeholder, moving towards Definitive Stakeholder
Soup and Support	High Expressive Salience: the mission outlines the beneficiary Instrumental salience: beneficiaries are key to the functioning of the org.	Moderate Beneficiaries are key to the organization as employees and are moderately skilled, but could be replaced by non-beneficiary employees without violating the mission	Moderate Productive employment is viewed as essential to keeping beneficiaries sober and out of jail, however there are some selection pressures	Definitive Stakeholder

Legitimacy. All beneficiaries have expressive salience (Bundy et al., 2013) within the organization because engagement with the beneficiary group aligns with the organization's mission and identity, granting beneficiaries some legitimacy. However, when beneficiaries are passive recipients of goods and services they are not part of the creation and capture of economic value of the firm, meaning they lack instrumental

salience (Bundy et al., 2013). When beneficiaries are engaged in the creation and capture of economic value for the organization, such as in social business and relational social enterprises, they are viewed as having a high level of legitimacy to make claims because they have both expressive and instrumental salience.

Power. Instrumental salience grants legitimacy to a stakeholder group, but is actually derived from the power that stakeholder group holds over the organization. In the case beneficiaries in social enterprises this power comes from their role within the social enterprise, as well as how balanced the dependence between the beneficiary and enterprise is.

FarmCo. beneficiaries have the most power out of all the beneficiary groups examined in this study because they have multiple options for where to sell their goods and for hiring distributors to deliver their goods. While FarmCo. offers a better option to these specific farmers than traditional avenues; these farmers are not dependent on FarmCo. as their only distribution option. In contrast, Indigenous Tea farmers have only one market partner—Indigenous Tea—to sell their Guayusa, which reduces their power to some extent. However, in both of these cases, the enterprise is dependent on their beneficiaries for the supply of the products they sell, or to purchase services from the organization—so both still hold a fair amount of power.

In both of the relational cases the beneficiaries hold a moderate level of power because while they play a critical role in the creation of value by actually completing the work enterprises sell, they are relatively low skilled and there are more beneficiaries looking for an opportunity to engage in these programs than there are jobs available. In these cases the power is more balanced between the beneficiaries and the enterprise.

The beneficiaries in the philanthropic enterprises have no power because they are not involved in the creation and capture of value. Evidence of this can be seen in the shift in policies at Safe Sailor following the change of the superintendent and in the language used by beneficiaries of Thrifty Home. These are discussed in greater detail in chapter 6.

Urgency. Urgency did not appear to increase dependent on the level of entwinement. Instead, this seemed more related to the characterization of the beneficiary group and the definition of the organization's mission. Chronic issues, while important, seem to lack the time sensitivity that is integral to the Mitchell et al. (1997) definition of urgency. Instead, urgency seems more related to changes in the state of the beneficiary at the time of intervention. For example, both Mail and Mums and Soup and Support offer job training to beneficiaries who have progressed through other services. It is believed in both these organizations that there is time sensitivity in transitioning beneficiaries to employment. For the beneficiaries of Mail and Mums it is believed that the program fundamentally changes them and that they will backslide if allowed to go back to their pre-training activities. At Soup and Support there is a recognition that the beneficiaries served by the organization need employment to be able to successfully transition from homelessness or imprisonment to stable lives. This is urgent because beneficiaries

Had two main issues: one housing and the other employment. And without employment, housing was difficult. And the other part of that was that so many of the men I encountered had outstanding child support issues. (C02.I03)

These issues are urgent for the beneficiaries who have recently completed Phase 1 of the organization's programming and if left unchecked could result in an individual becoming incarcerated for failure to pay child support. This requires a time sensitive response, as opposed to some of the other organizations.

P1b: Social enterprises that recognize their beneficiaries as more salient stakeholders will allocate more resources to measuring social impact

While there is evidence that entwinement affects beneficiary salience, there is not evidence that the salience of stakeholders plays a role in the measurement of social impact. Across the board, managers and employees within the social enterprises viewed their impact as positive and felt confident in that fact without measurement. Where social impact measurement was conducted, it was largely in response to demand from funders and certification associations.

The organizations that invested the most resources in measuring social impact were Soup and Support and Indigenous Tea. Soup and Support's evaluation programs cost the organization nearly half a million dollars a year and Indigenous Tea has a full time staff member dedicated to Evaluation and Monitoring.

The executive director of Soup and Support openly admits that the outcome measurement the organization is engaged in is in direct result of the requirements specific government grants place on the organization. Each of the government agencies they receive funding from have different tracking requirements and programs in which that data must be kept. In her words:

We have 3 different systems we use, they don't talk to each other, but we are tracking all of that data. We track completion in terms of all of that. Again, that is great for when people complete, but we have a hard time tracking the long-term impact. ... so the staff who are in the Financial Opportunities Center, each one has to spend, probably 5 hours a week entering data in order for us to get that funding, its part of what is required of the funding (C02.I04)

She estimates that *"if I added up all of the money for those programs that's about a half a million dollars and maybe 25% of that half a million dollars is staff time"* (C02.I04).

However, this data is just fed into the computer, the organization lacks the capacity to effectively examine this data. In the words of the executive director:

We do a lot of tracking. But we track but we never—we evaluate, we are always evaluating specific program data, but we never get it to the level of “so what is the organizational 30 foot view of all of this?” ...I am sort of the point person who knows what is going on in all of these different programs. So I can tell the whole story. We try to do meetings with all the staff to kind of share data, share information, but its kind of a full time job to try to keep track of all of this. (C02.I04)

Indigenous Tea also engages in significant outcome tracking. This information is required by a number of funders and certifying agencies. They report outcomes to their major grantors, B-lab to maintain their Benefit Corporation certification, and to Fair Trade USA to maintain their FTUSA certification. Unlike Soup and Support, however, they have had some say in the construction of the metrics they are tracking and how they do so. The Director of Monitoring and Evaluation is

Responsible for sort of strategizing how we gather information, what kind of information we are measuring. I mean we sort of have indicators and guidelines, but then coordinating with grant makers and investors to see kind of what they want and how we can provide that to them within the scope of what we have and what we collect in terms of impact measurement. (C12.I01)

As the organization has diversified their supply of grants and donations they have been able to have more autonomy over the performance measurement practices. According to their Director of Monitoring and Evaluation:

We have outcomes that we’re looking at for a given time period. Sometimes it corresponds—in the past, it sort of corresponded with grant cycles. We’re sort of moving away from that and are starting to—because we’re growing and getting funding from more sources, we’re not so dependent on just one big grant that sort of dictates what we’re doing, but we have several things running at the same time and we have more flexibility about how we—not really flexibility but more sort of like autonomy about how we report and what we report. (C12.I01)

However, their metrics are still in response to demands made by these organizations and are negotiated to meet their expectations. She shared the process of determining metrics with their newest large grantor, the MacArthur Foundation:

We determined [the metrics] and presented them to the grant committee. And they sort of approved them. But I don't actually think we have much pushback on them. And these are—many of these metrics, not all, but many of them are ones that we have been tracking for previous grants as well so we want to have some continuity on what we're tracking and kind of—I mean frankly, what we're paid to track. We want to make sure that when we're getting grants, that it's focusing resources on stuff that we think is important and that with the communities we have together deemed important. (C12.I01)

Because the organization has some say over the metrics they track and are able to build one system to track their performance, they are more able to use this information than Soup and Support is. The Director of Evaluation and Monitoring stated that they use the data gathered for their grantors to:

Decide what's working, what's not working, how we need to adjust things. We've definitely grown and addressed it a lot in the way that we are working with the guayusa cooperatives and I think part of that is just because the guayusa cooperatives themselves are growing and adjusting. (C12.I01)

In this case it appears that social impact measurement does lead to entrepreneurial adjustment as proposed in Proposition 3.

While the data does not indicate that the enterprise-beneficiary relationship is the main driver of social performance measurement within these cases, it does play a role in the stakeholder salience of beneficiaries. Further, as discussed below, it appears to play a significant role in social value creation, specifically in the depth of impact these organizations offer to beneficiaries.

Proposition 2: Role of enterprise-beneficiary relationship in social value creation

Social value creation has three core components—scale, depth, and diffusion of practices. Each case was examined to determine the level of each of these components

and a full explanation is included in each of the case summaries in Appendices 1-6. A summary of these components is provided in Table 20.

Table 20: Social Value Creation Across Cases

	Scale	Depth	Diffusion Practices
Safe Sailor	Medium— 30,000 duplicated visits	Predominately Endowments— food, clothes, shelter	None
Thrifty Home	Small— 50 families total, 4 per year	Predominately Endowments— shelter, financial, skill and confidence	None
FarmCo.	Small— 60 farmers, over 2,000 eaters	Endowments and Capabilities— food, income, community development, opportunities to improve health, economic opportunities	Beginning to engage in policy development
Indigenous Tea	Small— 2,300 farming families	Endowments and Capabilities— income, plants, community development, opportunities to improve health and education, economic opportunities	Engaged in research, partnership and policy development
Mail and Mums	Small— 15 in training program each year	Endowments, Capabilities, and Functionings— income, emotional support, skill development, economic opportunities, improved employment	None
Soup and Support	Small— 150 in enterprise programs each year	Endowments, Capabilities, and Functionings— income, emotional support, skill, certifications, economic opportunities, health opportunities, improved employment, sobriety, family relationships	None

The enterprise-beneficiary relationship appears to play a significant role in one of the three measures of social value creation within the six cases—depth of impact—as proposed. The enterprise-beneficiary relationship does not appear to have an affect on scale and diffusion within this sample.

Scale. Five of the 6 cases are operating at a small scale supporting fewer than 10,000 beneficiaries a year, and one is operating a medium scale. There are still magnitudes of difference in the number of beneficiaries being served annually. Thrifty Home and Mail and Mums serve the fewest, each serving less than 20 a year. Soup and

Support's enterprises serve a few hundred beneficiaries a year, but their other services reach approximately 1,500. Indigenous Tea and FarmCo. serve two to three thousand a year. Safe Sailor claims the highest number of beneficiaries served at 30,000, but this claim is unsubstantiated—it includes many duplicated beneficiaries as well as their customers. They consider anyone who enters their building a separate beneficiary in this headcount—regardless of service received (or goods purchased) and how many times they visit the site.

Depth. As Table 21 shows, Philanthropic Enterprises predominately offer endowments, Social Business Enterprises offer a blend of endowments and capabilities, and Relational Social Enterprises offer endowments, capabilities and functionings (although there are significantly more offered by one case than the other). Each of the subheadings are elaborated in Appendix 8.

Table 21: Identified Impacts

Identified Impacts		Philanthropic		Social Business		Relational	
		Safe Sailor	Thrifty Home	Indigenous Tea	FarmCo.	Mail and Mums	Soup and Support
Endowments	Goods	✓	✓	✓	✓	✓	✓
	Income	✓	✓	✓	✓	✓	✓
	Knowledge	✓			✓	✓	✓
	Safe Place	✓			✓	✓	✓
	Emotion	✓		✓	✓	✓	✓
Capabi	Community Development			✓	✓		✓
	Health and Emotional	✓		✓	✓	✓	✓

	Financial Opportunities	✓	✓	✓	✓	✓	✓
Functionings	Safe Habits						✓
	Reunited with Children						✓
	Achieving Financial Goals						✓
	Sobriety						✓
	Improved Employment			✓		✓	✓

There is significant richness in this data that merits further discussion and this is the focus of chapter 7.

Diffusion. Indigenous Tea was the only one of the cases heavily engaged in diffusion practices. This organization is actively working with the Ecuadorian Government and other partners to engage more people within the Guayusa market. Indigenous Tea was founded on the theory that it is possible to provide sustainable livelihoods through a commitment to fair trade production of Guayusa and that this will not only aid the Kichwa people, but also reduce pressure on the Amazon for development. They have been working with farmers to build strong Guayusa cooperatives that will demand that new market partners also maintain fair trade standards and pay a fair rate for the Guayusa because:

That support for the fair trade certification is our way of—from the foundation’s perspective—of ensuring that this new market and that this company is working within those social, moral boundaries as defined by fair trade. Beyond just creating those moral rules for the company, we are actually creating it for the entire Guayusa market. We know that within a few years, [Indigenous Tea] is not going to be the only actor in this market; there is going to be other actors. And so by at the very beginning establishing its rules of fair trade, of minimum prices, etc., we are kind of creating that structure of the market to ensure that local people will benefit, regardless of who the buyer is. (C12.I03)

To encourage the development of new market partners Indigenous Tea has engaged in many research studies to understand Guayusa’s chemical properties and benefits to those

who consume it as well as the genetic diversity of the plant and best practices for cultivation. These studies have resulted in an academic publication and the development of a best practices manual on the cultivation and harvesting of Guayusa, distributed in both Spanish and English.

P2a: The more entwined the enterprise-beneficiary relationship, the deeper the level of impact the organization will offer individual beneficiaries.

As noted earlier, there does appear to be a positive relationship between the level of entwinement and the depth of impact supported by the social enterprise. This appears to be in part a function of the positioning of the beneficiary within the enterprise, but differences can be seen across cases that are not explained by positioning alone. Greater depth appears to occur when there is a community of support and beneficiaries are encouraged not only to interact with the enterprise, but also with each other. This allows for a broader platform through which knowledge is transmitted and also allows for increased motivation and confidence to believe that achieving functionings are possible.

Further, enterprises that create structured opportunities for learning and practice saw greater numbers of beneficiaries functioning effectively than those with informal opportunities and training programs.

P2b: Individual beneficiaries who interact more with the social enterprise will have deeper impacts than individual beneficiaries who interact less with the same social enterprise.

In every case there was evidence of individual beneficiaries who were able to obtain more entwined roles with the organization than the social entrepreneur initially designed. In five of the cases this was in the form of permanent positions within the

organization for a small number of beneficiaries. These are slightly varied between cases and are described in Table 22 below:

Table 22: Examples of Beneficiaries with Greater Involvement

	Case	Example
Philanthropic	Safe Sailor	The enterprise hires two to three staff members in the café who are in need of a “second chance.” These beneficiaries are carefully selected by the superintendent and her assistant who “ <i>have to be able to make that judge of character</i> ” (C16.12). These individuals work part time for the organization.
	Thrifty Home	One of the beneficiaries became a member of the selection committee and works to help pick the families who will be allowed to purchase a home from the organization.
Social Business	FarmCo.	The enterprise has hired individuals who went through their youth training program into more permanent positions after their graduation. There is one person in particular who sells their line of canned vegetables and works 20-30 hours a week.
	Indigenous Tea	The enterprise hires local indigenous people to work in both the company and for the foundation. The organization pays significantly more than other forms of employment within the community and offers benefits to the employees. These beneficiaries received extra training.
Relational	Mail and Mums	The enterprise has converted 3 of their beneficiaries into permanent employees, one full time and two part time—they fill the roles of administrative assistant, accounts payable assistant, and mailing specialist.
	Soup and Support	The enterprise has hired a number of beneficiaries into a wide range of part-time and full time roles. Half of the full time staff are former beneficiaries.

Soup and Support has the most number of beneficiaries in greater roles—half of the full time employees of the parent organization are former clients. They hold a host of roles, from maintenance, to caseworkers, to the director of the men’s residence programs. These jobs are full time and provide benefits. One of the interviewed beneficiaries of Soup and Support shared how this employment continues to help support his recovery, as well as his reunification with his children. He graduated from the culinary arts program and was functioning successfully until his employer let him go because of his previous criminal record. He then fell back into doing drugs and was arrested and facing jail time. However, while awaiting trial he bumped into the director of the culinary arts program who recommended that he request to go to Soup and Support’s 90-day program instead of

jail. This request was granted and he entered the program. After graduation he moved into Soup and Support's Stage 2 housing and began working for Soup and Support full time. Through this he was able to pay his child support for all 8 of his children, gain custody of his youngest child and maintain his sobriety. These impacts are significantly deeper than the other members of his class who leveraged their training for improved employment and achieving financial goals, but did not cite impacts like sobriety and child reunification.

Proposition 3: Increased impact measurement will lead to an increase in impact the organization will have on individuals

It appears that while the motivation for social performance measurement is not driven by stakeholder salience, and is instead driven by funder demands, the organizations engaging in greater social performance measurement are also creating deeper impact for their beneficiaries than the other case in the same social enterprise category. It appears that this relationship is bidirectional—impact is driven by this measurement and organizations that are supporting deeper impacts are more able to attract funding from sources that require outcome measurement.

As noted, both Soup and Support and Indigenous Tea engage in significant, structured impact measurement processes. Soup and Support invests half a million dollars in their performance measurement programs and Indigenous Tea has a full time director of Evaluation and Monitoring—both signaling a significant investment in impact performance measurement. Soup and Support's program is state mandated and Indigenous Tea's program is self-structured.

While Soup and Support's programs are individually tracked and there is little understanding of how the bundle of services interact with each other, the data is used to improve the performance of individual programs. The chef instructor of the culinary arts program explained the importance of their retention and job placement metrics:

That's one of the major ones that informs my instruction in the design of the program as a whole and it's also how we get our funding. So for most of our programs. For a lot of our metrics, pretty much every grant we would ever apply for wants those metrics and so that's kind of what any program of this type is looking at, but there's no way I could inform instruction without it so when we see a dip in retention that's when we can look and say what was different with this cohort than the previous four. Our job metric is a tougher one because while there's a lot we can do there's a lot out of our control. We have a terrible job market but again that's and we can—our program really is very flexible, so while it's a culinary program it really is a hospitality program, one of the things recently we were seeing the jobs for culinary work kind of—not dropping but there were less. And there were a lot more server jobs so we increase the amount of server training, in front of the house training, that students get. So the way for us to really meet the demands of the jobs while trying to kind of change the program for the best activities (C02.I02).

So although this program was designed to meet funder needs, there still is a level of entrepreneurial adjustment that comes from tracking the data and having the ability to compare across cohorts. While data compliance is costly and challenging for the organization, there are some benefits that come with it. Soup and Support is able to track some of their recipients who are referred through specific government programs. The chef instructor shared:

We are lucky though because if we have students who are funded through WIAA or the governor's workforce or are working with network Rhode Island they actually track them through their taxes. So that's one way that we can get additional data, on whether our students are working, how much money they're receiving where they're working. (C02.I02)

This allows the organization to track the impact of the program beyond completion with little investment and this data can be used by the chef instructor to continue to adjust her courses to meet the current needs of students.

Indigenous Tea also uses their performance measurement systems to inform and guide practices, with the goal of improving impact. The Director of Evaluation and Monitoring noted:

And so we constantly have to be monitoring how involved we should be if our methods are actually effective and if they're not, proposing new methods to the producer organizations and saying, 'Would this work better for you?' (C12.I01).

However it is recognized by the organization that monitoring is expensive, as is maintaining the level of commitment required by certifications and funding. The foundation has two primary roles—building human capacity and monitoring impact—and seeks grants and donations to be able to pay for its activities. The Executive Director of the foundation describes how their monitoring and support improves the impact of the entire organization:

The company is certified fair trade under the new standard. And to be honest, and actually I am right now we are going through our annual audit. And it's really hard. I mean the amount of work that it takes to actually get the certification I think is in a lot of ways beyond what the company could do on its own because there is a lot of requirements of working with farmers: having capacity-building workshops, having meetings where they can get together and have budgeting exercises where they plan how to spend the Social Premium Fund, all of these activities, which are what the foundation has done up until now, we really have been I think if we look at it back from the beginning, I don't really know how the company would have ever been able to do that on their own. And so then they probably would have been in a place to say, "Well, we don't really need fair trade certification." And so the support that we have created in creating that fair trade and that support for the fair trade certification is our way of—from the foundation's perspective—of ensuring that this new market and that this company is working within those social, moral boundaries as defined by fair trade. (C12.I03)

When seeking grants, the foundation creates an impact goal. When awarded the foundation determines, in conjunction with the grantor, what metrics will be monitored.

The Executive Director describes this process:

Every time we have a project like MacArthur project or the project from the Finnish government, we do a beginning and we do a baseline study that creates the baseline indicators for various social and environmental key indicators. And then depending on how long the project is, we'd say, "Okay, one, two, three years. Every year we check up on those same indicators and we measure it against the baseline." And then we have a final exit line which directly compares the baseline and that's how we say, "Okay, this project had this much impact"(C12.I03).

Tracking impact performance is costly and often driven by funders, but allows organizations to make informed adjustments to improve their impact. Both Indigenous Tea and Soup and Support, not only have formalized impact performance measurement programs and have greater depth of reported impacts from beneficiaries, which would indicate support for Proposition 3. However, it is unclear whether this is causal, or just correlational. It is important to note that these organizations were awarded funding because funders viewed these organizations as capable of creating impact. Further, the funding strengthened their ability to do so. These organizations may have had greater ability to create impact, even without funders pressuring them to do so.

P3a: Social enterprises with a higher level of entwinement in the enterprise-beneficiary relationship will have a higher level of entrepreneurial adjustment to improve the social value creation of the enterprise.

There is evidence of two types of entrepreneurial adjustment within in the cases examined—alterations to existing programs to increase impact and the development of new products and services over time.

Entrepreneurial adjustment within programs is driven by information derived from performance metrics, as discussed earlier. Entrepreneurial adjustment to products and services appears to be related to the enterprise-beneficiary relationship, but there is not a linear relationship between the level of entwinement and entrepreneurial adjustment. Instead, each category of social enterprise appears to have a unique pattern of innovation to products and services.

Process Improvement. The two philanthropic enterprises, Safe Sailor and Thrifty Home, were developed by existing non-profit organizations in an attempt to stabilize a percentage of their funding sources and cover specific expenses. This is the primary goal of the enterprise, and as shown earlier, leads to the development of performance metrics that emphasize financial and activity level indicators. There is little innovation seen in these enterprises—once founded and operational processes are refined, but the basic products and services offered remains the same. These organizations run by managers who know the business and make decisions based on financial growth to improve processes within the organization. They seek little input from stakeholders, including the parent organization and beneficiaries.

Product and Service Innovation. The Social Business Enterprises show the greatest level of product and service innovation and rely heavily on their beneficiary groups to identify opportunities. They view their beneficiary groups as key sources of knowledge. In both cases the enterprises were founded as wholly new organizations, without ties to a parent organization, as the result of an entrepreneur recognizing an opportunity presented by helping farmers sell their goods. As they innovate they seek the

perspective of their beneficiaries as well as their customers and seek to improve their ability to meet the needs of both.

Indigenous Tea is continuing to innovate their products sold by looking at other plants grown by the Kichwa, determining best practices for cultivation, and finding commercial outlets through which to sell them. The organization has started sourcing jungle peanuts for a producer of purple peanut butter that is sold in Whole Foods. These jungle peanuts are grown by some of the Kichwa farmers for their own consumption and Indigenous Tea has planted investigative plots to experiment in best practices to support the development of this as a larger commercial market. They also have established a plant research center to *“work with indigenous groups in the Amazon to document and research their vast knowledge of medicinal plant uses”* (C12.website) and are hoping to find more indigenous plants that can be commercialize. Through this process, they hope to create other sources of sustainable livelihoods for indigenous people and to be able to not only catalog and record indigenous knowledge for posterity.

FarmCo. has extended their products and services to meet the needs of their farmers as well as low-income eaters. They began with an online resource for eaters to connect with local farmers and the introduction of a few markets. Over time they have expanded their programs and services to include nine different programs ranging from farmers markets, to a farm-to table distribution network, to a canned fruit and vegetable line called Harvest Kitchen, to a 40% subsidy for customers who spend SNAP/WIC/EBT credits at farmers markets. When asked how these programs were developed the Executive Director responded:

I asked this question when I started too, like, “Wow, you’ve developed eight or

nine really distinct programs that you run.” And a lot of it happened based out of need in the community and the state. No one was—when Market Mobile started, no one was helping farmers connect directly with restaurants. There was a lot of like, “I’m going to show up at your back door and I’ve got this stuff. Do you want to buy it?” “Okay, I’m not going to pay you for like 60 days. Are you cool with that?” So like we try to facilitate relationships in that program that honor both the farmers and the restaurants. Like we pay farms every 14 days but we understand that restaurants sometimes pay on like 30 or 45 day cycles. So we’re prioritizing a farmer getting paid before us getting paid and we work out the cash flow accordingly (C06.I03)

The manager of Harvest Kitchen tells a similar story of how their program was

developed:

The idea was created by [FarmCo.], they were getting feedback from local farms that they had all of this excess produce that they didn’t know what to do with it and they were throwing it away year after year, so [FarmCo.] came up with the idea at the time to partner with juvenile justice at DCYF and create a program that employs youth. Gives them a culinary education, just job skills, for most of them it is their first job experiences. So just basic skills, being able to come to work everyday, working with people that may be different with them, with kids they don’t know and so this whole idea came up and we were able to create recipes. You know all of the products that we have are based on the excess of farmers. So we created recipes with the farms in mind. So they say “we have more tomatoes than we know what to do with”, “we have more zucchini than we know what to do with”, apples were the original product, it was the apple farms that literally didn’t have anything to do with. So that’s when our applesauce got, was our first product and then we from there, we keep creating. We still get feedback from farms and try to create from there that’s one of the reasons that we say we are outgrowing our space, because we wish we could do so much more, but we are trying to stay concentrated on our core products and we would like to expand into other things. (C06.I01)

These programs have significantly increased the impact the enterprise has on its

beneficiaries as well as offers new revenue streams to the enterprise. In both Social

Business Enterprises, these innovations are mutually beneficial for the enterprise and

beneficiary and are driven by beneficiary knowledge.

Replication of Services. The Relational Social Enterprises also engaged in a unique pattern of innovation. In these cases an existing human services provider founded the initial enterprise. The parent organization refers beneficiaries to work within the

enterprise and actively seeks new businesses that can hire their clients. The executive director identifies opportunities for businesses that could be a source of employment and either hands the business management off to a current manager, as happened in Mail and Mums when the flower shop was added, or hires an additional manager to run that enterprise, as Soup and Support did when they hired the director for the Carpentry Arts program. In these cases the organizations believe they have an effective structure for creating impact for beneficiaries and searches for new businesses in which they can hire more people.

Soup and Support began with catering and moved into carpentry, then experimented with running a restaurant. Its training programming is relatively similar—give trade training to help participants gain industry specific certifications, coupled with literacy and financial training and offer a stipend for completion of internships in companies in the field—with the hope of generating enough income through the business to be able to hire the graduates of the program. The executive director is actively researching options. In her words:

I've done a lot of research and have gone out to Oregon to St. Vincent de Paul Society, they have done so much trade. Kind of businesses related to getting stuff out of the landfill, creating mattress recycling and car recycling and we've gone to them to say, "what could be a next business we can train people for?" So I feel like that is our goal. Kind of find other businesses, training attached to it, money to do it that can ultimately kind of get people into work. So I am always looking for what the next piece is. (C02.104)

A similar pattern occurred at Mail and Mums. The organization began as a mailing center and three years ago added the florist. Another non-profit owned the florist shop and needed to divest of it after their funding was cut. The non-profit approached

five other agencies, including Mail and Mum's parent organization. In the word of Mail and Mum's general manager:

So they went to the CEO of the center and he said, "Well, I have just the right person to run it." So they called me and they said, "We're giving you a new business." (C03.I01)

The two enterprises have met their capacity for employing beneficiaries and the parent organization is seeking a third business currently to be able to increase their scale.

The type of entrepreneurial adjustment utilized in these organizations is repetitive in nature and represent more of a replication process than an innovation process.

Beneficiary input is not utilized in this process and while more beneficiaries are engaged through the expansion, there isn't a change in the benefits offered to them.

All three of these processes of adjustment are discussed in greater length in Chapter 6.

CHAPTER 6:

DISCUSSION

The examination of the portfolio of social enterprises and the six comparative case studies offered an in depth look into the context and practices of social enterprises. Unlike many social entrepreneurship studies, data collection prioritized the perspective of beneficiaries to gain a deeper understanding of the beneficiary experience, social value creation and the enterprise-beneficiary relationship. By focusing on the enterprise-beneficiary relationship, this rich data set provided many insights that can further both our understanding of extant theory and inform future practices surrounding social enterprises. This chapter will focus on five core contributions to theory and practice.

Entwinement

The concept of entwinement, defined as the level of mutual reliance and commitment between the enterprise and beneficiary, emerged from the analysis of the portfolio of social enterprises and drove the development of the enterprise-beneficiary relationship typology. This term highlights the symbiotic relationship that develops between the enterprise and beneficiary. The level of entwinement is initially outlined by

the social entrepreneur at the time of ideation and is determined by the position of the beneficiary in the value chain, the frequency of interaction between the beneficiary and enterprise, and the nature of the relationship defined by the entrepreneur. The typology presents four archetypes of social enterprise along this continuum of entwinement, each representing successively higher levels of entwinement. There is no entwinement in the general benefit enterprises, little entwinement in the philanthropic enterprises, moderate entwinement in the social business enterprises and high entwinement in the relational social enterprises.

This concept offers a framework to understand a little examined but key element of social enterprises: the enterprise-beneficiary relationship. Although scholars identify the focus on social mission as the key differentiator between social entrepreneurship and traditional entrepreneurship (Dacin et al., 2011) most research on social entrepreneurship has mirrored that of traditional entrepreneurship and organizational theory.

Entrepreneurial focused studies have examined the traits of entrepreneurs (Miller et al., 2012; Renko, 2013; Smith & Woodworth, 2012; Zahra et al., 2009), recognition of social entrepreneurship opportunities (Hockerts, 2006), business model design (Santos, Pache, & Birkholz, 2015) and funding new ventures (Bugg-Levine, Kogut, & Kulatilaka, 2012; Chertok, Hamaoui, & Jamison, 2008; Lyons & Kickul, 2013). Organizational theorists have examined the tensions present within social enterprises as they simultaneously seek to create social and financial value (Battilana & Lee, 2014; Ebrahim, Battilana, & Mair, 2014; Pache & Santos, 2010; Smith et al., 2013; Teasdale, 2012) and the institutionalization of the emerging field (Dart, 2004; Nicholls, 2010). These studies have added significant insight into the phenomena of social entrepreneurship, but have

been predominately conceptual or descriptive in nature (Dacin et al., 2010; Short et al., 2009). The enterprise-beneficiary relationship is a structure unique to social enterprise and offers potential for highlighting theoretical avenues that are more aligned to the hybridized nature of social enterprise as well as a focal point for examining impact within social enterprises.

Newer streams of research have started to focus on impact within social enterprises (Desa & Koch, 2014; Ebrahim & Rangan, 2014; Holt & Littlewood, 2015) and are beginning to recognize that beneficiary role accounts for differences in how social value is created (Hockerts, 2015; Santos et al., 2015). The concept of entwinement aids these conversations and offers an organizing structure that allows us to view enterprise-beneficiary relationships along a continuum and more meaningfully categorize social enterprise business models. In addition, the case studies developed within this dissertation indicate that the level of entwinement has direct implications for stakeholder salience, depth of impact social enterprises are optimized to support, and how products and services evolve over time.

The nature of entwinement comes not only from the proximity and position of the beneficiary within the organization and its value chain, but also from the interactions that occur between the enterprise and its beneficiaries, as well as between beneficiaries and other stakeholders of the organization. Each level of enterprise-beneficiary relationship along the entwinement continuum is characterized by a different type of interaction that is based on a unique set of assumptions. The philanthropic enterprise model is based in an assumption of *caritas*, as described by Dees (2012). This relationship is a donor/recipient relationship that is based in a conception of charity as a generous

sacrifice by the donor to help care for the recipient. The social business enterprise model is based on the premise of a transaction where goods and services of similar value are exchanged between two parties. However, this exchange is not fully equal—the social business enterprise either buys goods from beneficiaries at a premium, or sells good to them at a discount. The relational social enterprise is based in a problem solving mindset, also described by (Dees, 2012) where the enterprise seeks to develop economically valuable solutions that empower beneficiaries to help themselves.

As the mutual reliance between the enterprises and beneficiaries increases, both parties become vested in the success of the other and work toward promoting their long-term successes. There is accommodation on both sides in the moderately and highly entwined enterprises to ensure that the relationship is mutually beneficial and long lasting. For the organization, this often results in the development of new products and services to meet the needs of beneficiaries. For the beneficiary, this means continuing the relationship, even when individual stakeholder claims are not met to their satisfaction.

In the least entwined organizations, both the beneficiaries and the enterprise are more apt to terminate the relationship if disagreements arise. Safe Sailor, for example, is willing to ban individual beneficiaries who are unruly in their building from receiving services. Individual beneficiaries are willing to stop seeking services from Safe Sailor if they feel they are being tracked and the Superintendent actively avoids collecting identifying information on those who seek services even though it reduces their ability to seek certain grants.

In the most entwined organizations there is significant accommodation from both parties. The managers of relational social enterprise programs all talked about their

willingness to give second chances to beneficiaries who have made mistakes and their willingness to rearrange schedules to help beneficiaries meet other needs in their lives—including childcare, transportation and health challenges. Beneficiaries in these organizations mentioned specific complaints that have not been resolved (or that they are unwilling to mention to their managers) that they overlook to continue their involvement with the enterprise.

Entwinement and Partnership

The mutual reliance between enterprise and beneficiaries has significant benefits in facilitating the exchange of tacit knowledge and creating deeper levels of impact. However, it can also create a sense of indebtedness that makes beneficiaries uncomfortable in giving feedback or asking for things they need from the organization. This was most evident in some of the beneficiary interviews at both Mail and Mums and Soup and Support. Further, it can be very challenging for beneficiaries to transition away from high levels of engagement with the enterprise. Both of the relational social enterprise cases intend for beneficiary engagement to be temporary and for the beneficiaries to move on to better job opportunities. However, multiple beneficiaries discussed the challenges they faced when it came time to separate from the social enterprise. While this relationship has a higher level of mutual reliance, the beneficiaries clearly viewed the enterprise as having more power in the relationship. When organizations created highly entwined enterprises they need to be aware of these challenges and it would be beneficial for them to develop system for anonymous feedback and for gradual disengagement with beneficiaries.

These levels of entwinement bear some similarity to the levels of collaboration exhibited in private-public partnerships laid out by Austin (2000). I argue that these private-public partnerships can be viewed through the lens of entwinement and also need to understand the increasing levels of accommodation that are necessary for higher levels of collaboration. Austin (2000) identifies three levels of collaboration: philanthropic, transactional, and integrative. The mindsets he describes developing in each of these models is similar to those seen within the enterprise-beneficiary typology developed here. Partnerships at the low end of the collaboration spectrum are characterized by a mindset of “gratefulness and charity” (36), while those at the moderate level are characterized by a “partnering” mindset (36), and those at the highest level are characterized by a “we mentality in the place of an us versus them” (36) mentality. It is of note that in his typology there is an assumption that the private entity holds more power than the public entity. This is reflective of the findings from the cases in this dissertation—in each case the enterprise exhibits more power than the beneficiary in the relationship—making the private entity the enterprise and the public entity the beneficiary when considering the enterprise-beneficiary relationships of private-public partnerships. The applicability of entwinement to private-public partnerships raises the potential of utilizing this concept to evaluate other stakeholder groups, including employees, suppliers, customers, and communities. This application of entwinement to other stakeholder groups offers rich avenues of future research and presents opportunities to bridge the literature on co-creation with social entrepreneurship and stakeholder theory.

Entwinement and Stakeholder Salience

The concept of entwinement has implications for stakeholder theory and stakeholder salience. While this project specifically examined enterprise-beneficiary entwinement, the concept can be extended to other stakeholder groups of organizations. Entwinement offers a mechanism through which stakeholder salience can be determined between the enterprise and a key stakeholder group. Mitchell et al. (1997) asserted that enterprises engage in evaluating claims from stakeholder groups by considering the group's legitimacy, urgency and power. It is evident through the examination of the six cases that the level of mutual reliance and interaction that is at the core of entwinement likely affects a manager's perception of a stakeholder group's legitimacy and power and exploration of this mechanism offers researchers a new lens through which to examine stakeholder salience. From the cases it was also clear that an increase in beneficiary salience does not always result in individual claims being met, due to a combination of stakeholder multiplicity and paternalism on the part of enterprise managers.

The comparative case study highlighted the connection between entwinement and beneficiary salience. The beneficiaries of the philanthropic enterprise cases were discretionary stakeholders, while those of social business enterprises were dominant stakeholders and beneficiaries of the relational social enterprises were definitive stakeholders, as defined by Mitchell et al. (1997). We can infer from these cases that as the level of entwinement increases, so does the salience of the beneficiaries. This was particularly true when considering the legitimacy and power of beneficiaries. Legitimacy of stakeholders can be evaluated in its expressive and instrumental salience (Bundy et al., 2013). In all cases the enterprises recognized the expressive salience of beneficiaries. At

moderate and high levels of entwinement there was also recognition of instrumental salience. In organizations with low levels of entwinement, the beneficiary has no power—the enterprise managers made decisions without beneficiary input and the beneficiary's only recourse is to stop interacting with the firm. At moderate and high levels of entwinement the beneficiaries generally have moderate levels of power—they are able to give input into decisions and it becomes concerning to managers if they choose to disengage with the enterprise. Manager understanding of urgency was less consistent as entwinement increased—each case had different interpretations of urgency.

Entwinement is a mechanism through which stakeholders become more salient to managers. Balancing social and financial tensions in social enterprises has been identified as a challenge throughout the social entrepreneurship literature (Battilana & Dorado, 2010; Dolnicar, Irvine, & Lazarevski, 2007; Hudson, 2009; Smith et al., 2013). Social enterprises need to create effective governance structures to help protect the mission of the organization from these tensions (Ebrahim, Battilana, & Mair, 2013; Ebrahim et al., 2014). Enterprises with higher levels of entwinement may be more able to balance these tensions because of the increased salience of the beneficiary group. This increased salience allows enterprise managers to be more able to prioritize their needs when faced with stakeholder multiplicity and are forced to make decisions between different stakeholder groups.

Evolving to Meet Beneficiary Needs

Entwinement and salience played a role in how the enterprises evolved over time to offer a variety of goods and services to their beneficiaries, the community they are embedded in, and their customers. High beneficiary salience led to a diffusion of

services to meet a wide range of beneficiary needs, while enterprises where beneficiaries were less salient evolved to refine existing programs, or better meet one specific need of the beneficiary group. The result is a portfolio of programs—often some traditional non-profit services, and some enterprise based—that are aimed to support a variety of needs.

In the words of one Soup and Support Beneficiary:

They have more programs and actually all of their programs intertwine with each other. It's just like you come here for one purpose, but it doesn't matter, you are going to learn all of these other things too because they want you to--this is like one of the only programs I have ever known to not just concentrate on one sole thing. They have resources for every other thing and that is what I love about this place. (C03.I07)

These organizations work with beneficiary groups that often need significant support and have sought to provide a web of interconnected services to best meet their needs. In four of the six organizations the social enterprise component of the organization was added long after the creation of the non-profit, either to directly address the needs of beneficiaries, or to provide an additional revenue stream to allow the non-profit to continue to expand programs.

In Safe Sailor, Thrifty Home, Mail and Mums and Soup and Support the enterprise was an outgrowth of an existing non-profit that was created to better meet the needs of beneficiaries. Mail and Mums was created as a distinct legal entity from its parent company, but the other three exist as programs within the larger structure of the non-profit. The express purpose of the enterprises of Safe Sailor and Thrifty Home were to raise funds that could then be applied to overhead costs and beneficiary programming. The purpose of the enterprises in Mail and Mums and Soup and Support were to offer employment training and supportive employment opportunities to clients of the larger non-profit as part of a suite of integrated services. Indigenous Tea and FarmCo. were

both newly created organizations, but both have evolved their services and programs since their creation.

In both of the philanthropic cases, an enterprise component was the last program to be added to the organization; in the social business cases it was the first. The relational cases intermittently added enterprise components along with other programs and services. Innovation within the enterprises in each of these cases followed three patterns: process improvement, product and service innovation and replication of services. All three of these models of innovation require that the organization have a base level of absorptive capacity (Cohen & Levinthal, 1990) and the ability to learn as an organization (Eisenhardt & Santos, 2002). At its core, these innovations were intended to help the organization continue to meet the needs of beneficiaries.

Differentiating Between Perceived Beneficiary Needs and Beneficiary Claims

In all six cases the managers claimed to take beneficiary interests into account when determining changes to policies and when evolving programs and services. Meeting beneficiary needs often required a sublimation of profit—either by offering free goods and services, increasing training and expenses of program delivery to be closer to beneficiaries, or locating businesses in less than ideal settings to be closer to beneficiaries. Managers clearly viewed their beneficiaries as salient when making these decisions. However, managers seemed to make a distinction between what they viewed as legitimate needs of beneficiaries and individual beneficiary claims.

Recognizing beneficiaries as highly salient did not result in managers acknowledging the validity of all beneficiary claims. In three cases—Safe Sailor, Indigenous Tea, and Mail and Mums—some claims made by beneficiaries were either

viewed as invalid or were recognized as valid but rejected because of organizational constraints. These claims included the desire for an old program to be reinstated that the new management had canceled because it was viewed as enabling people (Safe Sailor), raising the price on the product the enterprise purchased from beneficiaries (Indigenous Tea), and giving raises to long term employees (Mail and Mums). In each of these cases the enterprise employees and managers expressed a belief that they had a broader view of organizational and beneficiary needs and that the claim was invalid or unachievable from this broader perspective. It was unclear how they messaged this decision to beneficiaries—if they shared this broader perspective or simply did not engage—there were inconsistent reports from beneficiaries and employees. For example, the manager at Mail and Mums acknowledged the validity of a request from long-term employees for a raise, but felt she was unable to increase their salaries because:

“It is very expensive hiring people with disabilities just because they need a lot more one-on-one, depending on where they come and what their diagnosis is. And a lot of times their productivity because they don’t have a long, lengthy work history, if we’re paying them \$9 an hour, and they’re only producing \$4 an hour worth of work, well, who makes up that gap? It comes right off of the profit.”
(C02.I01)

However one of the beneficiaries who had asked for a raise stated she knew she couldn’t get one “because we are a non-profit” (C02.I08). It seemed as if the manager had explained the enterprise’s limits, but that the individual didn’t really understand the reasons why their request wasn’t granted.

This distinction between beneficiary needs and beneficiary claims is very relevant to the ongoing understanding of stakeholder salience and issue salience within the stakeholder theory literature. What these cases show is that increased engagement with the enterprise and increased stakeholder salience does not lead to an increased role in

decision making. This finding is distinct from what much of the stakeholder literature predicts. Stakeholder salience theory asserts that managers are more likely to acquiesce to claims from more salient stakeholders (Mitchell et al., 1997), however in these cases we see managers making decisions that they feel are in the best interests of the highly salient beneficiary groups without engaging them in the decision making process. This practice is defined by Greenwood (2007) as paternalism. She defines this pattern of stakeholder interaction as “acting in the perceived interest of the stakeholders with limited consultation” (323). Paternalism has long been a concern in non-profit management and development literature, but has not directly been addressed within the social entrepreneurship literature. However, this attitude was present throughout the cases and would benefit from more exploration.

Size of Stake and Claims Made

Beneficiaries who were highly entwined with social enterprises expressed a hesitance to make claims on the organization either because 1) they felt like the services they were receiving were so valuable they didn’t want to seem ungrateful or jeopardize their position within the program or 2) because the managers of the enterprise had far more experience and expertise than they did. In the words of one beneficiary:

I don’t want to hurt people. It’s a tough situation because you’re getting this great gift. You don’t want to be like, ‘Hey, I don’t mean to be ungrateful.’ Do you know what I mean? So it’s you’re kind of in a really tough position. Like you don’t want to ask for too much and you don’t want to be overbearing because you feel like, ‘God, I am so blessed to be getting this. Just shut up’. (C09.I05)

This hesitance seems in conflict with our current understanding of stakeholder salience. One would predict that enterprises that viewed their beneficiaries as highly salient would be responsive to stakeholder claims, particularly if they aligned with the

intended impact of the enterprise. However, beneficiaries with large stakes were unwilling to potentially risk that stake by expressing negative feedback or making explicit claims. This hesitance makes it challenging for enterprises to understand and respond to their beneficiaries' needs through the implementation of existing programs and the development of new programs.

The Role of Entwinement in Creating Deep Impact

Greater levels of entwinement were found to support deeper impacts for beneficiaries. This appeared to be a function of the ability to offer more support through greater levels of interaction, as well as a function of the impacts the intervention was designed to create. Enterprises with lower levels of entwinement were able to effectively deliver a host of endowments and offer some limited capabilities. Enterprises with moderate levels of entwinement focused on developing capabilities, but also provided endowments to beneficiaries. Enterprises with high levels of entwinement were most able to support high-level functionings for their beneficiaries, in addition to providing endowments and creating capabilities. Further, beneficiaries in highly entwined enterprises had models of other positively functioning beneficiaries to emulate and rely on when struggling. This interaction between beneficiaries was much less frequent in less entwined social enterprises.

Capabilities and Measuring Impact

One of the greatest challenges in research on social performance is developing a way to compare impacts across different business models and issue areas (Bielefeld, 2009; Choi & Majumdar, 2014). Sen's (1991) capabilities approach from the development literature offers a framework on which to evaluate beneficiary reported

impacts. Through semi-structured interviews, beneficiaries identified a wide range of impacts that the enterprise had on them and their lives. These impacts were holistically coded to create a framework for comparing each enterprise's ability to support shallow and deep impact for individuals.

By categorizing interventions by the endowments, capabilities and functionings they provide we are able to rapidly see differences in the ways these organizations operate and what they are able to support for beneficiaries. We see from the cases, that while different levels of entwinement and social enterprise models are more suited to support each level of impact within the enterprise, there are distinct differences between firms. For example, while both Mail and Mums and Soup and Support are supporting beneficiary functionings, Soup and Support is supporting a much wider range of beneficiary needs than Mail and Mums.

Further, being able to articulate where along this framework interventions occur can be helpful when examining social enterprises with widely different costs per intervention. Endowments generally are much less costly than creating opportunities and supporting functionings. While all social enterprises should not be held to a single financial metric of comparison, comparing organizations tooled to intervene at each of the levels in the capabilities framework would be more appropriate.

Sen's (1991) work is not only a valuable addition to the ongoing discussion of impact, but is an important reminder of beneficiary agency and the long term goals of social enterprise—to make beneficiary groups capable of flourishing without intervention. Sen's model is predicated on an assumption that beneficiaries are active agents of their own destiny and that development efforts should support their growth and

development so that they have the freedom to flourish. As was noted earlier, many of the intervention decisions made by the social enterprises are paternalistic and seek to control variables within the beneficiary's experience rather than create true options.

Entwinement Between Beneficiaries Supports Impact

One unexpected finding related to entwinement was that not only did the entwinement between enterprises and beneficiaries play a role in the depth of impact achieved, but also the level of entwinement between beneficiaries affected the depth of impact achieved. Beneficiaries who were achieving the desired functionings of the enterprise were those who were most closely embedded not only with the enterprise, but also with other beneficiaries. These individuals cited a sense of community and learning from their peers as important assets that gave them the confidence to pursue the intended functionings for themselves. The clearest example of this came from interviews with the beneficiaries of Soup and Support:

[Soup and Support is] all about life survival, they want you to survive in life and succeed in life and that is what I accomplished and that is what I have obtained since I have been here and I am proud and I am thankful and grateful to be a part of the [Soup and Support] community...This is our community. It doesn't matter your race, your age. It doesn't matter what your religion is. We all get together for a common goal and that is to succeed in life and to build ourselves. We just stay tightly knitted and even and even though we are all here for different reasons and we came for different reasons we are all here the same thing and that's, like I said, to succeed in life. We all lift each other up. This is a community, I don't want to say positivity-but more so, of just uplifting. This is our common goal. Working with each other. Picking each other up. (C02.I07)

One beneficiary shared how this community changed her mindset about sobriety. Her grandmother arranged for her to attend the 90-day drug rehabilitation program offered by Soup and Support after she was released from the hospital after a drug overdose:

I never though recovery was for me. From the traumatic childhood that I grew up in. My families on both sides--my father and my mom—were all alcoholics. My brothers are too, you know addicts. So, I don't know, when I first got here it wasn't something for me. I said: "I'm going to this 90 days. Just make everyone think I'm good." But I don't know, I think I saw the light of recovery. I wanted that feeling that everybody had. That good friendship, that oomph, and then I stuck it out and I stayed." (C02.I08).

This mindset change, while supported by the enterprise, came from interacting with other members of the beneficiary group and the support the offered. While her initial intention was to stay for 90 days, at the time of interview she had been living in the community for 3 years, regularly attending meetings and events with other beneficiaries, and maintaining steady employment after training in Soup and Support's baking mix company.

Measuring Performance for Social Value Creation

Four core understandings of performance measurement emerged from examining the differences in performance measurement practices between the six cases. The first is that social entrepreneurs create informal performance measurement systems to be able to communicate beneficiary successes to external stakeholders. The second is that funding requirements increase the likelihood of formalized social performance measurement programs. The third is that social performance measurement programs that are customized and unified across the enterprise have the potential to lead to greater social value creation within the enterprise. The fourth is that the development and maintenance of social performance measurement programs are costly, and having a poorly specified program can actually harm the social value creation in the firm.

Building Off Extant Literature

Until recently, the literature on social enterprise has not accounted for performance measurement and impact, but recently scholars have begun to conceptually

focus on these topics. Accounting for performance has been challenging within the social enterprise literature because of the diversity of missions and business models utilized. In the words of (Mair & Marti, 2006):

Assessing social performance and impact is one of the greatest challenges for practitioners and researchers in social entrepreneurship. The real problem may not be the measurement per se, but how the measures may be used to “quantify” the performance and impact of social entrepreneurship. Many consider it very difficult, if not impossible to quantify socio-economic, environmental and social effects” (42)

There has not been agreement on a consistent measurement system, although many have been proposed (Nicholls, 2009), but there is consensus that these systems need to take into account both the financial and social performance of the social enterprise.

Social performance measurement has been institutionalized as a legitimizing practice (Suchman, 1995) that is necessary for non-profits and social enterprises seeking grants and donations. This is because the literature has viewed the process performance measurement to be valuable to social value creation. The value of measuring social impact is three fold. First, measuring outcomes for beneficiaries helps to identify discrepancies between an enterprise’s intended impact and its actual impact (Acs et al., 2013; Epstein & Yuthas, 2014) that may not be uncovered without evaluation of outcomes. Second, measuring social performance over time gives enterprises the opportunity to learn from their performance and has been found to increase the effectiveness of an organization’s strategic decision making (Alexander et al., 2010). Finally, it has also been found that social enterprises are better able to offset pressures to prioritize market demands by developing specific metrics for measuring social performance (Smith et al., 2013). While social performance measurement is viewed within the literature as being especially valuable to the social value creation process

within social enterprises, many social enterprises have been found to focus their performance measurement systems on the growth of the venture and number of beneficiaries reached, creating a “mission measurement paradox” (Ormiston & Seymour, 2011: 137).

The non-profit literature is increasingly reaching consensus that outcome measurement, measuring the actual changes for beneficiaries, is a more effective and useful tool for creating social value than measuring activities completed by the organization (Barman & MacIndoe, 2012; Benjamin, 2013; Botcheva, White, & Huffman, 2002; Carman, 2007). This study examined the performance metrics each case reported to their stakeholders by categorizing them along a theory of change process as inputs, activities, outputs, outcomes and impacts as defined by (Ebrahim & Rangan, 2014) and found that while all six cases measured their activities and outputs across a number of categories, there were fewer metrics tracked relating to outcomes, unless required by funders.

Extant literature highlights a number of challenges enterprises face in measuring social performance including lack of resources (Bamberger, Rugh, Church, & Fort, 2004; Carman, 2009) and resistance to evaluation (Botcheva et al., 2002). The cases examined within this study found evidence that lack of resources—specifically expertise, time, and financial resources—was the greatest challenge social enterprises faced in developing social performance measurement systems. Unless specifically required by funders, the social entrepreneurs in this study accounted for their social performance by gathering statistics on their activities and outcomes after events and interactions occurred for the express purpose of reporting these data to their boards and potential donors.

Informal Performance Measurement: Communicating Successes

The informal process of performance measurement and relatively little emphasis on outcomes within existing performance claims was not due to a lack of interest or intent from social entrepreneurs. All six executive directors expressed improving performance measurement as a goal for their organization, but also highlighted the challenges they have faced. In each case the manager had a vision for success that they could articulate and recognize when it was achieved for individuals. Seeing individual beneficiaries achieve that level of success was sufficient for many of the managers to be confident that their programs were creating social value. However, they found that these stories were challenging to communicate to external stakeholders who did not witness these changes. Within the cases examined, there were significant challenges in first determining the correct quantitative representation of that vision of success and second gathering the necessary outcome data.

Determining the correct metrics to represent success was found to be especially challenging in the relational social enterprises. In the words of the manager of one of FarmCo.'s relational youth programs:

That's why we have the two different areas of success. We have success in terms of farmers, production, and how many vegetables we can draw and what our sales metrics and that whole side of things. And we judge success metrics by our sales records and how many clients we serve or how many pounds of vegetables. And that's pretty easy and tangible, because a pound is always a pound. But when you go in and try to track success for youth, then it gets different. So we look at areas like education, and employment, and just general momentum—"how are you?"—but if you think about those three things a success for one kid, another kid could be doing the same exact action and it wouldn't be a success. So it's a weird—it has to kind of be done on a case by case basis, but we look at pretty much those 3 areas: education, employment and then the wild card area. (C06.I01)

All six cases seemed to be looking for a metric of beneficiary success that was as tangible as a pound of vegetables and were struggling to find it.

Employees of the relational program at FarmCo., Mail and Mums, and Soup and Support all highlighted the importance of measuring individual success and recognizing that success may look different for each beneficiary who comes through their programs. FarmCo. has created a dashboard of dichotomous metrics for their youth and then sets individual goals for each child in the program. In the words of one of the managers of their program:

From the youth side of things that we are trying to wrangle into a couple different metrics, it's hard because, it doesn't conform that way. It's just kind of one kid at a time. Which is kind of neat because we can actually do that. Because there are enough of us to just kind of do it one at a time. But its kind of hard to represent that as anything...But we do things like count educational successes per kid, but then lump them into a category called "educational success" yes or no. And that's an easier way because then you can define what success is and judge it that way. Then you can say "did you progress educationally?" and that's it. (C06.I02)

This strategy of creating a broadly comparable list of "yes/no" indicators of success and then setting individual goals to reach it was also seen in the measurement of success at Mail and Mums, as well as in one of the financial programs at Soup and Support. This gives the organization the flexibility to recognize individual beneficiary differences while still offering something tangible and comparable to outside stakeholders seeking to understand the impact of programs. These indicators merely serve as proxies to long-term impact, which presents an additional challenge. The executive director of Soup and Support summarized this challenge:

Long term outcomes which are harder to track—part of the other issue is that people who are poor tend to be very transient, if they are not physically transient it is hard to reach them because they get an Obama phone, and then they get the

next Obama phone, so its hard to get a number to find them. All that kind of tracking can tend to be pretty difficult. So a lot of our knowledge is kind of anecdotal. (C02.104)

Their anecdotal knowledge is from beneficiaries who return for additional services—which is a significant number of their beneficiaries.

The volume of endowments given away each year, something much easier to measure quantitatively, determined the level success in the philanthropic social enterprises. Success for beneficiaries in the social business enterprises predominately revolved around the amount of money the beneficiaries were earning through their interactions with the organization. This was tangible enough that it could easily be represented to outside stakeholders, but these enterprises expressed that it was challenging to gather the data from the individual beneficiaries. This challenge is not unique to social business enterprises and relational social enterprises—consistently non-profit organizations have struggled to collect data on outcomes beyond the actual interaction.

Developing methods to understand the long-term impact of an intervention is a challenge that has long been recognized in the non-profit management literature (Alexander, Nank, & Stivers, 1999; Bamberger et al., 2004; Benjamin, 2012; Carman, 2009). The most effective impact measurement programs utilize pre-intervention and post-intervention measures to determine the level of change seen in each beneficiary (Bamberger et al., 2004) but are costly to implement and organizations often lack individuals with the expertise to determine effective metrics and programs to follow up with beneficiaries (Carman, 2010). Of the cases examined, only Soup and Support gathered pre-intervention data on their beneficiaries. They also had the most extensive

measures to collect post intervention data. Because of their involvement in government programs and grants they have access to IRS information on their beneficiaries who utilized certain government funded programs within the organization. They can track the income earned and credit scores of these individuals. Further, they have created a savings incentive program that rewards beneficiaries for meeting savings goals. This allows them to have follow-up meetings with beneficiaries who complete their programs and choose to participate in the savings program. However, this data is skewed because they only hear from the beneficiaries who meet their savings goals.

As noted earlier, the primary purpose expressed for gathering the data on these metrics was to be able to effectively communicate the social value created in these cases to external stakeholders including potential funders and executive board members. The managers all held a sense of confidence that the work they were doing was having a positive impact and didn't seem to desire this information to inform their decision making as suggested by Colby et al. (2004). Instead they wanted to prove their value to others. Soup and Support's executive director succinctly summarized this sentiment:

I can sit here and tell stories until the end of the day, a funder likes one story to demonstrate, but they want much more data. We track outcomes, we track housing/homelessness outcomes, we track an ETO financial gain, we do track all that stuff, but then how do I take all of that information and then how do I create a tool by which we can use it to generate dollars in order to continue to do the work we do. It's really what I am always thinking toward. (C02.I04)

However, this knowledge is dismissed as “anecdotal” (C02.I04) or as “stories” (C02.I04) and not tracked in any way. Instead, these organizations have emphasized quantitative representations of success—following the “pound is a pound” mindset—and have come to reject more qualitative measures of success because the managers don't feel

fundere value the “stories”. This finding aligns with the work of Carman (2007) who asserts that “community-based organizations are still missing opportunities to collect valuable evaluation and performance measurement data that would help them improve service delivery” (p. 72). One potential way to turn these anecdotes into data is for these organizations to keep shared contact logs, where they could note any visits from former beneficiaries and any information gained on their current employment, housing and financial status. The tracking of this data would take moments following the meeting and, if contained in one unified document across the organization, could offer rich insight into beneficiary outcomes and the success of interventions.

Funding Requirements Increase Formal Measurement

The data gathered in these cases indicates that without funder requirements social enterprises will not create extensive social performance measurement programs. This is because these programs take resources away from other programs within the organization and the managers of the enterprises are confident from their interactions with beneficiaries that positive outcomes are occurring. Consistently, employees within the six social enterprises viewed attracting and appeasing funders as the primary value of performance measurement. However, once collected, this data could help managers of enterprises make better and more strategic decisions if it was tracked in a way that was accessible to managers of programs.

This finding echoes several observations made by researchers within the non-profit organizations literature (Benjamin, 2007; Botcheva et al., 2002; Carman, 2009), but is of particular note because of the assumptions underpinning the social entrepreneurship and social enterprise literature. It has been asserted by many scholars that the rise of

social enterprise has been in reaction to a reduction of funding coming from traditional sources, including government grants and private foundations (Hayllar & Wettenhall, 2013; Lyons & Kickul, 2013). These cases indicate that formalized performance measurement systems may become less common as more non-profits diversify their revenue streams through social enterprise and become less reliant on traditional funders.

Customized and Comprehensive

This was especially true in the case of Indigenous Tea where the data collected was customized to the enterprise and was collected and stored in one system that allowed users to look at all of the data at once. This collection of data allowed for more strategic decision making of where to invest resources, how to modify trainings and how to encourage more participation that in turn led to a greater level of social value creation. However, we see from the case of Soup and Support that merely having an extensive social performance measurement program is not enough. Their program tracked far more indicators, and is broken out by individual beneficiary to meet the requirements of their funders, predominately government agencies. Each of these agencies has different reporting requirement and software for reporting. This system of social performance measurement is challenging to maintain and fragmented. The organization spends approximately a quarter of the money received from their funders on compliance based tracking of their social performance. Because this process is not tailored to their organization and is fragmented this data isn't effectively used to inform decision-making. Instead, it take resources away from creating social value, these funds could be otherwise used to increase the number of beneficiaries served, or the number of programs offered.

Further, in order to ensure positive outcomes to report to the funder selection practices. One of the program managers at Soup and Support shared that “*we have some other constraints now with this particular grant because we have to get people jobs*” (C02.I05). When asked how this affects who is selected he responded:

Employability. Depending on their background, if they are felons, if they are arsonists or child abusers or sex molestation people—we really can’t look at them because we can’t hire them, okay, especially in carpentry you cant hire. So, I am very selective in terms of who I think can be employed. (C02.I05)

This has implications for the level of impact the organization is able to offer and who qualifies as a beneficiary of this program. The organization, by design is intended to help those who are the most economically challenged and vulnerable—the homeless population—in the community. The enterprises were developed to help this population move to self-sustainability through employment. However, because the enterprises aren’t large enough to offer long-term employment to all graduates, and the employment requirement of the funder, many of the individuals the enterprise was initially established for are excluded from the training program.

In this case the requirement is actually harmful to the organization’s ability to achieve the initial mission of the program. This case underscores that funder performance measures are less effective if they also aren’t aligned with the enterprise’s existing strategies. Social enterprises need to carefully consider the requirements attached to the funding sources they are receiving and if given the option have seek funds from funders who can provide expertise in developing customized performance measurement systems as opposed to requiring that the enterprise adopt predetermined systems that may not align with their strategy.

Measurement Alone is Not Enough

We see from these cases that the existence of a social performance measurement program alone is not enough to ensure improved outcomes and focus on beneficiaries.

Some organizations become so focused on complying with reporting requirements that they lose the capacity to actually use the data they are collecting. This is a challenge for non-profits highlighted by Carman (2007), but it is interesting to learn that it is also a concern in social enterprises. She asserts that this challenge:

...Has important implications for funders, evaluators, and community-based organizations...community-based organizations would be better served if funders changed their focus. Funders need to stop asking community-based organizations to provide them with reports designed for accountability programs that simply monitor or report evaluation and performance data, and they need to start asking (and then rewarding) community based organizations for reports designed to demonstrate how they are using evaluation and performance data to improve service delivery. (Carman, 2007)

The community based organizations she is referring to are traditional non-profit organizations, not organizations that would classify themselves as social enterprises.

Social enterprise funders and evaluators need to also bear this in mind and begin rewarding the implementation of knowledge gained from performance measurement in addition to basic reporting requirements.

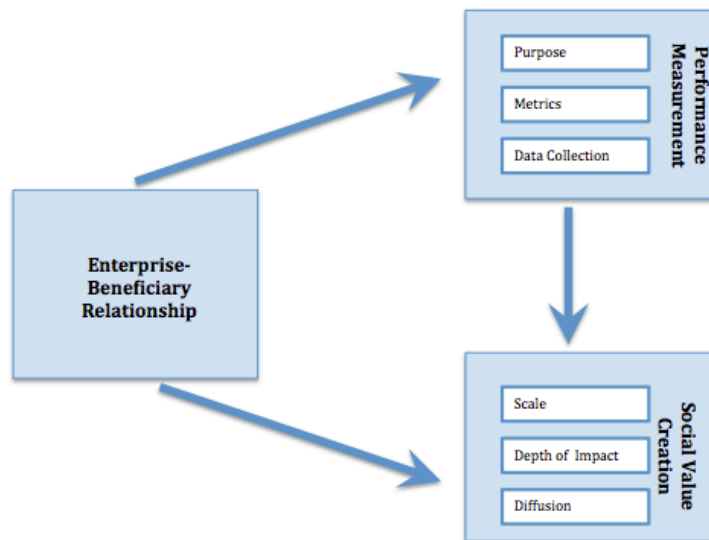
Redesigning the Conceptual Model

These cases highlighted the important role performance measurement plays in legitimizing the social enterprise and in attaining funding. While it was initially posited that there would be a positive relationship between the level of entwinement and the resources invested in impact measurement, this was not found to be true. Instead, the most entwined enterprises seemed to be the least concerned with impact measurement, unless funders required it. Funder requirements were found to be the key driver of

formalized social performance systems. This appeared to be because the managers and employees within the enterprise witnessed changes in the behavior of beneficiaries and saw that success was achieved for individuals. Social business enterprises, who need to prove the legitimacy of their impact claims not only to funders, but customers, appear to be more interested in developing systems to communicate their impact. This finding requires a redesign of the conceptual model proposed in Chapter 2.

The initial conceptual model is presented in figure 6 below. It essentially posited that there was a positive relationship between the level of entwinement and performance measurement and that greater performance measurement practices would result in social value creation.

Figure 6: Initial Conceptual Model



As noted, the data did not support this. While there is evidence that the enterprise-beneficiary relationship leads to greater depth of impact, there is not evidence that social performance measurement is driven by this relationship. Instead, the data

indicates that social performance measurement is driven by funder requirements, and moderated by the enterprise-beneficiary relationship. Greater levels of entwinement in the enterprise-beneficiary relationship make it more feasible for the enterprise to collect outcome data on individual beneficiaries because of their greater levels of interaction and their ability to create deeper impacts, which in turn attract more sophisticated funders.

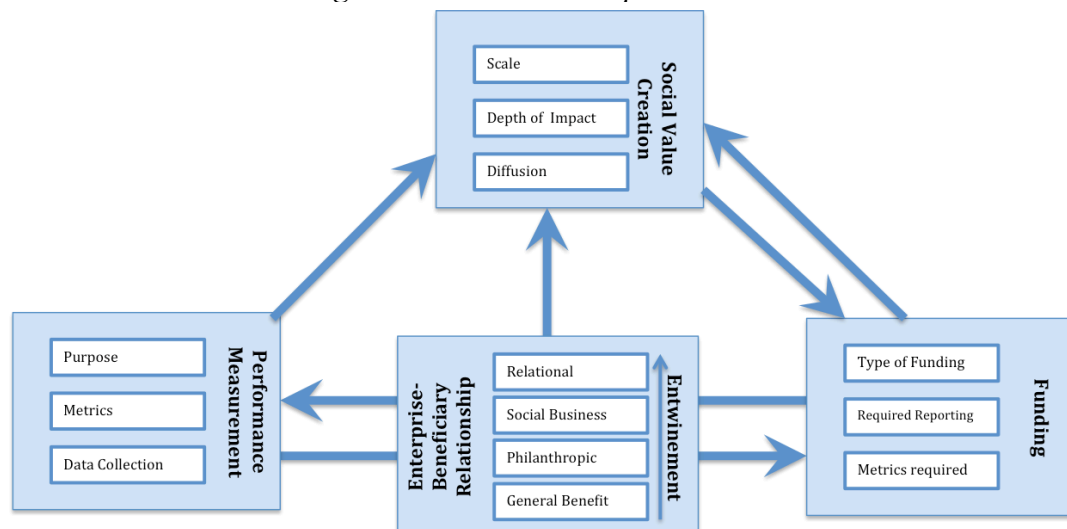
Of the six cases, only two, Indigenous Tea and Soup and Support, had formal social performance measurement systems in place. Both of these organizations described how these systems were established to meet funding requirements and indicated that the process of tracking social performance is labor and resource intensive. In the case of Indigenous Tea, the metric utilized were co-created with their primary funder, a private foundation, and adopted to meet the requirements of later grants. In the case of Soup and Support, the metrics were established by the funders, often government agencies, and Soup and Support is required to track outcomes according to their specifications.

Because of its customized nature, and unified tracking system, Indigenous Tea has been able to utilize its performance measurement system to inform their growth and development, while Soup and Support has not been able to do so. Further, Indigenous Tea is able to project a clear image of their impact to potential donors and other funding sources. This is something that Soup and Support is unable to do, but the executive director is constantly thinking about.

From analyzing these cases, a new conceptual model was developed. In this model the level of entwinement in the enterprise-beneficiary relationship is positively related to the depth of impact the organization has on individual beneficiaries. The depth of impact created appears to play a role in the type of funding the enterprises receive.

Funding in turn positively affects an organization to increase the scale of beneficiaries they work with. Enterprises with deeper reported impacts appear to be more able to solicit large competitive grants from government agencies and private foundations. These funders in turn place impact-reporting requirements on the enterprise. If these performance metrics are co-created between the funder and the enterprise and directly relate to the intended social outcomes of the enterprise, then they in turn are utilized to alter behavior within the enterprise and increase efficacy and the depth of impact the enterprise is having on its beneficiaries. If these metrics are not tailored to the enterprise, or if many systems are in place to meet the requirements of a variety of funders, measuring performance does not alter the behavior of the firm and positively affects its ability to improve efficacy and increase the depth of impact. Instead, the reporting process simply reduces the resources available to create social value. This new model is shown in Figure 7, below.

Figure 7: Revised Conceptual Model



CHAPTER 7:

CONCLUSION

Summary

The purpose of this study was to examine how the enterprise-beneficiary relationship affected the creation of social value and performance measurement in social enterprises. It explicitly set out to explore two questions:

**What enterprise-beneficiary relationships exist in social enterprise?
How does the enterprise-beneficiary relationship affect how social value is created
and performance is measured?**

This study had two phases, a grounded theory method was utilized to examine and create a typology of the enterprise-beneficiary relationships existing within a portfolio of social enterprises, and then a comparative case study was conducted to examine the differences between the identified archetypes of enterprise-beneficiary relationships.

Social enterprises challenge basic assumptions of extant literature in strategic management and entrepreneurship because social entrepreneurs and the enterprises they develop are not purely economically driven (Newbert & Hill, 2014). As a result, extant typologies of social enterprise that are grounded in these literatures likely are obscuring some of the complexity and novelty of the field. By focusing on the enterprise-beneficiary relationship, the interaction that is at the heart of social entrepreneurship, this

typology of social enterprise is more aligned to the unique characteristics of social entrepreneurship.

To develop the typology, 101 cases of social enterprises were examined. These cases were coded according to the position of the beneficiary within the firm; the frequency of interaction; and the way the enterprise described their interaction with beneficiaries. The resulting typology consists of four categories of social enterprise: general benefit enterprises, philanthropic enterprises, social business enterprises, and relational social enterprises. These four archetypes lie along a continuum of entwinement, or mutual reliance between the enterprise and beneficiaries. Entwinement increases as the position of the beneficiary becomes more proximate with the creation of value within the firm and as the enterprise increasingly recognizes the individual agency of beneficiaries and gives them more control over their engagement with the organization.

The general benefit enterprise is defined as an organization that exists to create products and services that benefit the environment or surrounding communities broadly by creating more sustainable solutions than are currently available, or by establishing organizations that protect land and historic landmarks within a community. These organizations do not have a clearly defined beneficiary group and individuals can receive benefit from these organizations without ever knowing they existed or directly accessing their goods and services. These organizations comprised 16.8% of the portfolio and most frequently had missions that promoted diffuse social welfare, to protect historic sites, or were environmentally focused.

The philanthropic enterprise is defined as an organization that operates separately from its beneficiaries but donates a percentage of its revenues or products to help

beneficiaries either directly or indirectly. The enterprise-beneficiary relationship within these cases is that of a donor and recipient, where the donor offers something and the beneficiary can choose to accept it without alteration. These relationships are generally short-lived, and the individual beneficiary may never have direct contact with the social enterprise, while still receiving benefit from it. Philanthropic enterprises comprised 17.8% of the portfolio. These organizations had a wider range of missions and beneficiary groups. Nearly half of these enterprises were founded explicitly to provide additional funding to an already existing non-profit organization and engaged in a donor/recipient relationship with the non-profit organization.

The social business enterprise is defined as an organization that generates revenue through its relationship with the beneficiary, either by selling a needed product/service to beneficiaries at low cost or buying a product/service produced by beneficiaries at a premium. In these cases the individual beneficiary has at least one interaction with the social enterprise in which they receive benefit, although often there are multiple interactions and sustained relationships between the organization and beneficiary. However, the organization could choose to change the individual beneficiaries they utilize as suppliers or seek as customers. This enterprise-beneficiary relationship is significantly more entwined than the philanthropic model. Social business enterprises were the most common model of the three and represented nearly one half of all the for-profit organizations in the population as well as more than 2/3 of the organizations who worked with international beneficiary groups.

The relational social enterprise is defined as an organization that exists to develop a relationship with the beneficiary. The core function of the organization is to either hire

or offer programming for beneficiaries and utilizes their labor to create revenue to sustain the organization. This enterprise-beneficiary relationship is the most entwined because the beneficiaries are within the boundaries of the organization and make up a significant portion of its labor. Without the engagement of individual beneficiaries the organization would not be able to carry out its core processes. Relational social enterprises were the second most common model in the portfolio and were overwhelmingly registered as non-profit organizations (96%)—this percentage is greater than that of the philanthropic (65%) and the social business (55%) models. These organizations worked almost exclusively in workforce development, which aligns with their beneficiary positioning.

Two cases of philanthropic enterprises, social business enterprises, and relational social enterprises were selected from the population for greater examination of the social value these organizations enabled, their performance measurement strategies and how the organizations innovated products and services.

My analysis of social value examined the scale of the social enterprise, the depth of individual impacts and the diffusion practices the organization was engaged in. In these six cases the most variance was seen in the depth of impact the enterprise enabled. This analysis was grounded in Amartya Sen's (1991) capabilities approach, where he posits that individuals turn endowments into capabilities, which can result in positive functionings. This model balances the structural embeddedness of individuals with individual agency and choice in engaging in positive behaviors. Reported impacts were coded from statements made by beneficiaries in each of these cases and placed along the capabilities approach model, the closer to functionings, the deeper the impact was labeled.

The analysis suggests that each of the three types of social enterprise are positioned to support different impacts. The philanthropic enterprises focused their interventions on providing endowments, including tangible goods, knowledge, and safety. There were examples of individual beneficiaries who gained capabilities from these organizations, but these were unique cases and did not seem to be representative of broader beneficiary experience. The social business enterprises focused their interventions on supporting capabilities and creating opportunities for their beneficiaries. In order to successfully do this, the organization provided some endowments to increase a beneficiary's ability to take advantage of the opportunities presented. The endowments given in these organizations were typically tangible goods, income earned and knowledge about technical production. The capabilities presented were in the form of community development, opportunities to improve health and emotional outcomes, as well as financial opportunities. Both relational social enterprises focused on supporting the same key functioning for their beneficiaries, sustaining employment. These enterprises provided a wide range of endowments and capabilities while supporting beneficiaries in their job within the social enterprise. There were a number of spillover functionings in one of these cases—through the support of employment the enterprise also helped individuals develop safe habits, maintain sobriety, reunite with their children and achieve financial goals.

The analysis also found that these relationships do not drive the creation of formalized social performance measurement systems. Instead, external funders and their requirements drive the creation of these systems. Two of the six social enterprises had developed formalized systems of social performance measurement and reporting. One of

these enterprises had the opportunity to co-create the metrics and a unified reporting system while the other had to conform to a pre-specified set of metrics and reporting systems. This difference in design resulted in different uses of the data collected. In the case of co-creation the data was not only collected for reporting reasons, but was also utilized to inform decision making relating to beneficiaries and program design. In the case of pre-specified metrics, the data was only utilized for reporting purposes and the practice of tracking metrics reduced the organization's capacity to provide services because of the time and expense allotted to tracking across multiple reporting platforms without synthesis.

Finally, it was found that the beneficiary-enterprise relationship influenced the pattern of program and service evolution and innovation within the social enterprises. The philanthropic social enterprises exhibited little innovation in the programs and services they offered over time, although there was evidence of refinement of processes and procedures within each of the enterprises. The social business enterprises exhibited a pattern of goods and services innovation that were resultant from the engagement the enterprise had with beneficiaries. These enterprises viewed their beneficiaries as sources of information on potential new products and services—in one case by assessing beneficiary needs and designing services to meet them, and in the other recognizing the potential commercial value of goods beneficiaries were producing for their personal use and working to develop new markets for such goods. The relational social enterprises engaged in process of replication of services, where they created new business lines in an attempt to offer employment to a larger number of beneficiaries. The services provided to the beneficiaries remained the same, but the products and services sold to customers

changed to align to their new business. One enterprise added a florist shop to their existing mailing service and the other added a restaurant and construction enterprise to their initial catering business.

The presented typology, and resultant cases studies, offer a novel way to categorize social enterprises, and is one that is more closely aligned to the elements of organization that distinguish social enterprises from traditional enterprises. The field of social enterprise is very broad, with many issue areas and emerging organizational structures. Extant literature has not been able to effectively deal with this diversity when analyzing and evaluating social enterprises. This typology offers a structure through which future researchers and practitioners can more effectively categorize and compare social enterprises of similar type. Further, this structure can enable researchers to analyze trends in the growth of social enterprise and the organizations that are being established to support them. This typology was developed based on one social enterprise support organization and the dominance of non-profit organizations and social business enterprise models within the portfolio is likely reflective of the support and services offered by that organization. Research on the development of social enterprise clusters and social enterprise incubation can utilize this typology to compare regional development of social enterprises. We saw through the case studies that the continuum of entwinement has implications for depth of impact on individual beneficiaries, beneficiary salience, and innovation within social enterprises.

As enterprise-beneficiary entwinement increased, the enterprise was more able to support deeper impacts for beneficiaries. The mutual reliance and knowledge shared between the enterprise and beneficiaries, and between individual beneficiaries, in the

more highly entwined organizations supported a broader range of outcomes and impacts for individuals.

Contributions

This dissertation makes four distinct contributions to the extant literature: the introduction of entwinement and creation of the typology, extending stakeholder salience to account for entwinement, the utilization of Sen's (1991) capabilities framework to measure depth of impact, and extending our understanding of performance measurement systems in social enterprise. Each of these is discussed in more depth below.

The concept of entwinement and development of the typology is the first contribution and extends our understanding of social enterprise by offering a new framework through which to evaluate and compare social enterprises. Extant typologies have focused on aspects of the entrepreneur—such as their identity orientation (Brickson, 2007), social capital (Zahra et al., 2009) and opportunity identification process (Corner & Ho, 2010)—or on the business model—including the types of capital leveraged (Mair et al., 2012), and structural configurations (Kistruck & Beamish, 2010). Santos et al. (2015) recently developed a framework of social business hybrids that takes beneficiary role into account, but only presents two positions of beneficiaries—customers and non-customers. This framework lacks significant nuance in understanding beneficiary position. This dissertation indicates that there are significant differences between the types of non-customer beneficiaries. Beneficiaries who are passive recipients of an enterprise are far less entwined than those who are active employees within the enterprise. This entwinement changes the outcomes for the beneficiary group as well as the decision making within the enterprise. Santos et al. (2015) assert that there is a higher risk for

mission drift in enterprises where the beneficiaries are not customers. My data would indicate that while this may be true in philanthropic social enterprises this would not be accurate in relational enterprises because of the increased salience of the beneficiaries as a stakeholder group. Extending the conceptualization of beneficiary role beyond a dichotomy of customer/non-customer offers a richer understanding of the roles and implications of the enterprise-beneficiary relationship in social enterprise.

The second contribution is an extension of our understanding of stakeholder salience by providing entwinement as an explanatory mechanism for increasing stakeholder salience of beneficiaries and offering a distinction between meeting beneficiary needs and granting beneficiary claims. While this project specifically examined enterprise-beneficiary entwinement, the concept can be extended to other stakeholder groups of organizations. Entwinement offers a mechanism through which stakeholder salience can be determined between the enterprise and a key stakeholder group. Mitchell et al. (1997) asserted that enterprises engage in evaluating claims from stakeholder groups by considering the group's legitimacy, urgency and power. It is evident through the examination of the six cases that the level of mutual reliance and interaction that is at the core of entwinement likely affects a manager's perception of a stakeholder group's legitimacy and power and exploration of this mechanism offers researchers a new lens through which to examine stakeholder salience. From the cases it was also clear that an increase in beneficiary salience does not always result in individual claims being met this is due to a combination of stakeholder multiplicity and paternalism on the part of enterprise managers. Further, the more tightly entwined the organization and beneficiaries are, the more opportunities for identifying potential innovations and

new programs within the enterprise to meet the needs of beneficiaries and other stakeholders.

The third contribution presented is the finding that higher entwined enterprises were more able to support deeper impacts for their intended beneficiaries. Utilizing Sen's (1991) capabilities framework as a structure on which to measure depth of impact offers a solution to the challenging problem of comparing impact and can advance comparative research in social entrepreneurship. Borrowing this theory from the development literature is also beneficial because it prioritizes the perspective of the beneficiary and introduces the concept of beneficiary agency and choice to the ongoing conversation of social entrepreneurship, a topic that is rarely discussed within the extant social enterprise literature.

Finally, the study contributes to the ongoing conversation of performance measurement in social enterprises. Through these cases it was found that funder requirements dominate the process of creating social performance measurement systems, even in social enterprises that have significant earned revenue streams. While this has been found to be true in the non-profit literature, this violates some assumptions of autonomy existing in the social enterprise literature (Dees, 1998; Luke & Chu, 2013; Peredo & McLean, 2006). This study highlights the important role funders still play within social entrepreneurship and the amount of power they hold over the enterprises seeking funds. These findings highlight the need for entrepreneurs to consider the fit between funder goals and their strategic goals for their organization. The case of Soup and Support highlights the negative implications of poor alignment between funder and enterprise goals.

Limitations

The two-phased design of this study sought to overcome sampling challenges faced by earlier research on social entrepreneurship. Utilizing a large and diverse portfolio of social enterprises allowed for the development of the typology as well as for purposive sampling of cases for the comparative case study. However, this portfolio is a reflection of the social enterprise intermediary and the social enterprise environment of Providence Rhode Island and likely is not reflective of the entire population of social enterprises.

The non-profit skew in the population is likely because of the intermediary's history as a Social Venture Partnership chapter, a giving circle of engaged philanthropists (Eikenberry, 2006) who sought to aid struggling non-profits with infusions of cash and business expertise. However, there was significant variation within the population allowing for a wide range of business models and missions to be examined when developing the typology and comparative cases were developed. One interesting line of future research would be to compare the makeup of social enterprises within the social enterprise intermediary's network with other networks of social enterprise.

Further, the executive director of the social enterprise intermediary admitted that the organization has struggled to support entrepreneurs who are coming from the communities they are trying to support through their enterprise. Extant social enterprise literature highlights cases of social enterprises begun and run by the communities they seek to serve (e.g. Montgomery, Dacin, & Dacin, 2012; Tracey, Nelson, & Haugh, 2005). Termed collective social enterprises (Montgomery et al., 2012), these enterprises likely represent a fifth archetype within the enterprise-beneficiary relationship typology and

likely have a higher level of entwinement than relational social enterprises. However, these enterprises were absent from the portfolio provided by the social enterprise intermediary and were not examined within the comparative case study.

A second limitation of this study is the generalizability of the cases to other social enterprises within that model type. Comparative case studies seek to balance depth of exploration with breadth of cases (Miles et al., 2014), and are dependent on a purposive sampling scheme (Maxwell, 2013). When selecting cases for deeper study I sought to identify representative models within the portfolio. However, I was unable to gain consent to study any for-profit social enterprises within this study, although many were approached. Limiting the study to non-profit and mixed-entity hybrid social enterprises allowed for more similarity between cases, making the enterprise-beneficiary relationship differences more notable, but makes it more challenging to generalize the findings from these cases to the full population of social enterprises. One notable finding that may be unique to this study was the fact that not one case within the comparative case study was fully self-sufficient. It seems likely that there are for-profit social enterprises that are not receiving any grants or donations. Further, individuals other than the founder managed all of the cases selected. It is possible that the findings related to innovation and performance measurement reflect a change in leadership rather than the natural evolution of a social enterprise. Further study is merited to understand founder intentions and succession of leadership within social enterprises.

The insights related to impact come from the perspective of the interviewed beneficiaries. Measuring social performance in social enterprises is particularly tricky because of the challenges inherent with contacting beneficiaries after their engagement

with the organization. In trying to conduct this research, I faced many of these same challenges. The enterprise managers were generous in making time and space available at events attended by beneficiaries or connecting me directly with some beneficiaries, but this study was only able to integrate the perspectives of beneficiaries who are still somehow connected to the enterprise. I was unable to find former beneficiaries who no longer engage in any capacity with the organization. While the beneficiaries I interviewed gave a clear and broad picture of positive impacts, there were few mentions of negative impact and it is likely that if I had been able to sample a broader segment of the beneficiary population I would have a clearer view of both sides of impact.

Future Research

This research highlights the need to focus on the enterprise-beneficiary relationship as a key factor distinguishing social entrepreneurship from traditional entrepreneurship. Future researchers should consider this relationship when designing studies and comparing social enterprises, especially on constructs related to performance and impact. The antecedents of an entrepreneur's choice of model would be one particularly rich avenue for exploration. Under what conditions do social entrepreneurs select a particular model? This choice is fundamental to the growth and impact of a social enterprise and is not currently understood. An entrepreneur's familiarity with the beneficiary group, social enterprise knowledge, and motivations for founding the enterprise all likely play a role in this choice.

Future research can also extend this framework by applying it to other social entrepreneurial contexts. This typology was developed on the basis of one portfolio of social enterprises and is a representation of its particular context. While there was

significant diversity within the portfolio, extant literature describes a few cases that appear to be at an even higher level of entwinement than exhibited within this portfolio. For example Montgomery et al. (2012) describe a process of collective social enterprise that was not evident within this portfolio. Examining cases where communities develop enterprises to best serve their needs may help to extend this typology.

Further, exploring and comparing the portfolios of a wide range of social enterprise intermediaries would offer an interesting comparison across specific community needs, regional differences, and characteristics of the intermediary. By examining differences in these portfolios, future researchers can capture the variety of social enterprises and intermediaries supporting them. Documenting these differences, as well as the causes for these differences, can also enrich our understanding of social enterprise networks. This model provides a framework on which future researchers can compare social enterprises with similar enterprise-beneficiary relationships and these models should be taken into account when selecting cases in future studies. Future researchers should also examine what, if any, differences exist between for-profit social enterprises and non-profit enterprises within each of these categories. While practitioners claim that the legal structure distinction between social enterprises is not a core distinction between cases, this has not been examined in academic research, particularly when examining social performance and impact.

Finally, the purpose of qualitative research is to prompt new theoretical developments and gain better understanding of constructs. The findings from these case studies merit further empirical exploration. The themes related to impact could be

utilized to develop a survey that could be completed by a wider range of beneficiaries to gain a more quantitative understanding of impact.

APPENDIX 1

SAFE SAILOR CASE STUDY

Background Information

Safe Sailor was established in 1919 as a safe haven for Christian sailors coming into Newport aboard vessels, who needed a place to stay, a meal and place away from the temptations of the port city. The organization was founded in affiliation with a larger network of such havens in port cities throughout the world as well as the Episcopalian church, decades after its founding, the organization ended its affiliation with the larger network, but maintained the practice of being run by an Episcopalian priest until 1993. The building is open 365 days a year from 7:00 until 5:00 for use by the Newport community and offers access to showers, restrooms, laundry, a public computer, the chapel and a nautical library. It is a gathering place for Newport residents and other non-profit organizations that are given access to (and sometimes rent) meeting space. It's founders tied the building to its mission and wrote into the ownership documents that if the organization was no longer operating within the building, the land was to be turned

into a public park for all of Newport to enjoy. The building is the only building on Bowen's Wharf that is still being used for its original purpose and is listed on the National Register of Historic Places in 1983.

The organization operates on a \$534,000 budget and employs 2 full time employees, 3 permanent part-time employees and 4-6 part-time employees working within the café, dependent on seasonal need. The organization tracks its performance and expenditures across 4 core programs: community meals, lodging, human services and education/outreach.

Mission and Role of the Social Enterprise

The organization's mission has changed along with the city of Newport and is to "to provide men and women of the sea, and persons referred from the Newport community, a safe haven in which they may find comfort, aid and benefit" (C16. 990 2012). In 2010 the building was remodeled to better house the two social enterprises run by the organization, a café on the first floor and a lodging facility on the third floor. This \$900,000 remodel consisted of putting in a commercial kitchen, making the entire building ADA accessible, creating rental space on the second floor and creating the third floor lodging facility. The organization currently rents out a portion of the second floor to the Navy War College for \$1,000 a month for them to utilize as a museum space. It is not running as of yet.

The café opens at 7 seven days a week and does a significant early morning business selling breakfast and boxed lunches to charter companies and individuals who are going sailing for the day in the summer. Lunch tends to be slower in the café and it closes between 1:30 and 2:30 depending on foot traffic. The superintendent of the

organization calls the café “the heart of the home” (C16.I01) and says that they allow them to do their other social services work. Individuals who cannot afford to pay are given free or discounted meals or coffee if they request it. The staff then tries to determine if there is anything other services that can be provided to that person, whether it is an offer of a shower, clean socks, or toiletries in the summer, or a winter coat and boots in the winter. Through this interaction they try to “gain trust” (C16.I01) to help determine the underlying causes of the person’s need and refer them to the proper social service agency.

The lodging facility has 10 rooms and two bathrooms. The rooms are all recently remodeled and include twin or queen sized beds. The rooms are done in a simple nautical theme and provide Wi-Fi, but not television. In 2013, 1,132 nights were provided to individuals—some paying full price, but many receiving discounted or free rooms. Based on these numbers, the lodging facility is only running at 30% occupancy annually. If individuals who come in for other services need a place to stay, they may be granted a night or two in the lodging facility. In rare cases individuals or families have been allowed to stay at a free or discounted rate for an extended period of time, but this is at the discretion of the superintendent.

Legal Structure and Funding Sources

The social enterprise is housed within the 501(c) structure of the non-profit. The organization has a significant endowment and utilized some of this money to remodel their building in 2010 which skewed their budget information reported in their 990 and examined financial documents. Below is the 990 information for Safe Sailor:

990 Data on Revenue and Expenses: Safe Sailor

	FY 2012	FY 2011	FY 2010
Sources of Revenue			
TOTAL REVENUES	\$721,996	\$685,069	\$886,884
Grants		\$1,050	\$1,050
Contributions	\$447,765	\$466,919	\$396,827
Programs	\$186,336	\$161,012	\$91,761
• Restaurant	• \$76,250	• \$126,045	• \$70,026
• Lodging	• \$73,344	• \$34,967	• \$21,698
• House/ Community Receipts	• \$8,827		• \$37
Investment Income	\$72,482	\$48,442	\$62,319
Rental Income	\$389	\$7,752	\$18,119
Sales Income	\$12,187	\$3,692	\$3,153
Fundraising Events	\$2,837	-\$3,798	\$932
Sources of Expenses			
TOTAL EXPENSES	\$539,590	\$504,011	\$509,603
Grants Made to Individuals	\$2,000	\$1,000	\$1,000
Compensation to Current Officers	\$66,049	\$68,532	\$51,160
Other Wages	\$124,159	\$126,621	\$103,694
Other Employee Benefits		\$5,487	
Payroll Taxes	\$13,558	\$13,927	\$11,947
Accounting	\$9,700	\$8,400	\$7,985
Professional Fundraising Services	\$22,000	\$36,000	\$37,450
Investment Management Fees	\$7,803	\$6,711	\$10,105
Other	\$13,430	\$18,493	\$24,372
Advertising	\$6,444	\$1,838	\$2,159
Office Expenses		\$14,101	\$18,335
Information Technology	\$13,430		\$2,815
Occupancy	\$57,416	\$54,006	\$50,826
Depreciation	\$83,419	\$60,416	\$32,555
Insurance	\$3,480	\$2,906	\$2,846
Restaurant Expenses	\$49,056	\$41,956	\$33,823
Community Assistance	\$46,414	\$19,857	\$16,451
Unemployment Benefits Paid		\$4,408	\$14,058
Bad Debt Expense		\$5,000	
Other	\$17,867	\$14,352	\$16,623

Beyond the 990s, the Safe Sailor shared their internal annual expense summary, income summary and program allocation summary. They have allocated their expenses across these programs and evaluate each one on its effectiveness at meeting financial targets as well as providing benefit to the community. It is not their intention for any one

of the enterprises to be considered profitable because *“because this is an earned income venture, if we were to show a profit, we would pay tax on that profit. Setting this up as a program with outcomes is more appropriate to the non-profit structure”* (C16. *Community means program overview*).

The community meals program is the largest program and accounts for approximately 30% of the budget (\$158,979.00). The café is projected to generate \$106,500 for the 2015 year and the organization anticipates bringing in an additional \$20,000 in grants to support the program. The remaining \$30,000 is made up from fundraising.

The lodging program is the next largest program, accounting for approximately 19% of the budget (\$101,653.50). The lodging program earns approximately \$71,500 in income annually. The remaining \$30,000 is made up through fundraising and endowment funds. Human services accounts for approximately 11% (\$61,177) while education programs account for 6% (\$32,374.50). The remaining 34% of the budget is allocated for administration and general expenses (24%) and fundraising (10%).

The projected income statement for 2015 indicates that the organization will earn \$177,000 in income between the community meals and lodging program; \$53,000 in investment income from their endowment; \$12,000 in rental income; \$7,000 in miscellaneous income. They anticipate raising \$187,000 in specific fundraising campaigns (individual project fundraising, membership drives, Rock the Docks, annual appeal, in house fundraisers and external fundraisers); \$55,000 in foundation-based grants; \$29,500 in unsolicited individual donations; \$10,800 in trust disbursements; \$3,000 in legislative grants.

Goods and Services

Safe Sailor has a variety of beneficiary groups that they serve—each receiving slightly different goods and services. The beneficiary group of primary focus is the homeless population of Newport, RI—many of whom have a connection to the maritime industry—who are recipients of free and discounted goods and services. The second beneficiary group of focus is the wealthier members of the maritime community in Newport, RI who are customers of the café and lodging programs. The third beneficiary of the organization is the community of Newport itself.

Recipients

The goods and services offered to this beneficiary group are varied and seasonally dependent, but include free meals, toiletries, hotel stays, referrals to other services and access to the building as a sort of safe haven.

Year round, beneficiaries are given free meals through a weekly program called “Soup to Docks” and monthly through a community dinner program. Individuals can come in to the café and request a free meal and will be given one.

Individuals who come into the café are often identified to receive additional goods—including toiletries, free access to showers, clean socks, warm clothes and shoes, and occasionally a hotel room for the night—and referrals to social services offered throughout the community. While the goods given are small and inexpensive in nature—they can have significant importance to the beneficiaries. In 2012 they had their first coat drive under the new superintendent and collected and gave away nearly 900 coats and a significant number of winter boots. This has become an annual practice since. One of the beneficiaries I interviewed was the recipient of a pair of boots. He volunteered this

information and proudly showed me the boots he was still wearing in the height of summer.

The building is open 7 days a week to the public and beneficiaries are allowed to spend significant time within the building. While they are not allowed to loiter all day, they are allowed access to the showers, coin-operated laundry facilities, library and chapel that are housed within the historic building. These services are valuable to the homeless within the city. The building serves as a 24 hour warming shelter during particularly bad winter storms and offers a haven for the homeless who do not have placements in the permanent shelters in the city.

Customers

There are three core goods and services that customers purchase from the enterprise. The first is the meals sold in the café, the second is the hotel stays, and the third is access to the building and laundry facilities. These are all housed in the historic building the organization is required to maintain and are open to the public 7 days a week

Safe Sailor is located on the main wharf of the city and has specifically designed their goods to be appealing to sailors, mariners, employees of local businesses and tourists. The café sells fresh meals (no deep freezer on site) at below market prices for their location in order to be accessible to customers from their core constituency—men and women of the sea. They have established a clientele of regulars who work in local shops who come in frequently for breakfast and lunch as well as a transient clientele of tourists looking for a good and affordable meal. When I asked customers what drew them to the café I was frequently told the food, price and advertising. When I pushed to find

out if the café's mission or non-profit status played into the decision, most were surprised to find out that they were eating in a non-profit social service agency.

Customers of the café can purchase breakfast, soups, salads, sandwiches and beverages year round. In addition to the meals made to order in the café, the organization also sells “sail lunches”—prepackaged box lunches—in the summer to the local sailing and fishing charter companies.

Ten hotel rooms are available for rent throughout the year. These rooms are simple, boarding house style rooms with hall bathrooms. They boast views of the bay, Wi-Fi and no televisions. A staff member typically occupies one room when there are guests in the building.

Customers are allowed access to a number of services throughout the building including laundry, showers, access to a public computer, and the ability to charge devices. These services are very valuable to sailors who come to city and have limited power supplies aboard their vessels. Customers can use the coin operated washers and dryers in the basement. The other services are free for use by both beneficiaries and customers.

Community

The mission of the organization also seeks to serve the community and offers use of the building as a service to many community organizations for meetings and events. The organization divides these “gatherers” into 3 categories: maritime, local businesses and other organizations. The organization claims that over 150 meetings a year are held in their building. Often the space is provided to these organizations for free with an

understanding that some of their members will make purchases from the café. Some of these organizations hire the café to cater their events.

Alcoholics Anonymous is one of the most frequent gatherers in the building. There are 9 weekly AA meetings held in the maritime library. The library is also used weekly by the executor of a foundation that gives grants to low-income residents of Newport with direct financial needs. Low income Newporters get referral letters from the housing authority and other social service agencies within the city that demonstrates financial need for a specific expense. These individuals gather at Safe Sailor on Tuesdays and meet with the executor of the foundation and present their needs. He then determines how much money to contribute in each case and writes a check to the debt holder, not the resident. The women (the day I observed it was overwhelmingly women) and men begin gathering at 8:30 in the morning (the executor gets there at 10) and may stay until 4 pm, depending on the number of people seeking aid.

Social Value Creation

Scale

The organization estimates that over 30,000 individuals cross through their threshold annually either seeking services, attending community meetings, or as customers. The organization does not track individual beneficiary participation and is unable to make claims on how many individual beneficiaries they interact with in a given year or in a given program. This is an intentional decision made by the superintendent of the organization. In her words:

When you're dealing with homeless people...you're going to get duplicated meals. So finding out would require us to then require names and demographic information and things like that, that we're not willing to obtain. Because then

the safe haven status then becomes a challenge...So it sort of goes against some of the core values of the organization, which then you make the decision: Is that grant money something that we desperately need and we're willing to do those outcomes in order to get it, or can we get support for the organization a different way? (C16.I01)

She feels that while tracking individual usage of services might open up more grant money for the organization, it violates the core values of the organization. She has chosen instead to target general operating grants that do not require her to track the names and participation of beneficiaries.

The organization gave away 12,197 meals between November 2013 and November 2014, giving away approximately one meal for every meal they sold. They are projected to serve an additional 1020 free meals in 2015 through the Newport Community Meals Program. This will not significantly change the number of free meals given, though, because they have ended the Port of Galilee Soup to Docks program that delivered 25 meals a week to the dock workers in Galilee because of the expense of the program (6 times more expensive than the Newport Soup to Docks program) and the fact that it was outside of their community (Galilee is across the bay from Newport). However, the new program reaches a greater number of individuals each month. The Newport Community Meals program feeds 85-100 individuals each month, while the Soup to Docks program fed 25-30 individuals a week with significant repetition of guests on a monthly basis.

Impact

The impacts reported by beneficiaries of the organization were predominately at the endowment level. The vast majority of individuals who come through the doors of Soup and Support—or are reached by the outreach program “Soup to Docks”—receive a

free meal or cup of coffee on a cold day. Others receive a free shower, access to toiletries and a place to do their laundry. The individuals who come through the building are not tracked in any way—it is viewed to be against the mission of the organization to require people to sign in, or identify themselves to receive food or toiletries.

Individuals who become regulars receive services in addition to the goods they are given. Currently, these services typically are referrals to other programs to help the person achieve a more sustainable livelihood or counseling from a minister who visits monthly. Up until the past 15 years, the superintendent of Soup and Support was a minister who provided counseling on a daily basis, but the organization has become increasingly secular and opted to hire superintendents who were not clergy upon the retirement of the superintendent in 2000.

The impact of these services appears to be mixed—the superintendent and a board member shared many stories of individuals who have built more sustainable lives, but the majority of individuals I spoke with were in the building either to receive free meals, do their laundry, or to request funding from the foundation that uses the library weekly to write checks to help pay off debts. Four of the five beneficiaries I engaged in in-depth interviews with noted that their visiting Soup and Support was habitual and did not express a desire to change their lives. In fact two of the five presented themselves as choosing a lifestyle of couch surfing and coming to get coffee at Safe Sailor because they like it better than Starbucks” (C16.I02). Neither of these interviews were recorded because the beneficiaries were not comfortable with the concept of being recorded and as the interviews progressed it became clear that both were struggling with psychological issues that likely led to their homelessness. One, approximately age 20, discussed the

abuse he and his brother sustained and his desire to start over teaching English in Russia, if he could only stop losing the paperwork for his visa. The other, approximately age 40, discussed how he found enlightenment through yoga and decided to give up his worldly possessions and his job to pursue enlightenment. He went on to share that he believes the government wants to kill him because they don't want the message of enlightenment spread and that he refuses to use government ID or a social security number so that they cannot track him. Both told me that they were not eating that day, the first because he was observing the fifth day of Ramadan, the second because "meditation has made [his] digestion much more efficient" and he only needs to eat every third day or so. Both casually acknowledged abusing alcohol over the course of our interview without my asking—the younger man talked about getting blacked out drunk with friends, the older man described using it to numb the pain of a world that didn't want to be enlightened. Talking with the superintendent at the end of the day she knew the younger man and was working with him to help him get to Russia where she believed he would flourish away from the people he grew up with. She did not personally know much about the older man and had not tried to connect him to other services, although she had seen him in the building before.

The deepest impact seems to occur for the few beneficiaries who get hired to work within the organization. A number of employees used the phrase "second chance organization" to describe the culture of the organization and highlighted that the superintendent liked to hire people who needed a second chance whenever possible. One employee was very specific when describing this:

But the thing about this place, they're a second chance place. So if you've messed out there, they're willing to give you that second chance to try to regroup yourself because you've got to prove yourself. Like you say, it's a second chance; not a third, fourth, fifth, sixth. That's it. It's a second chance place. I mean even if you're coming in here and you have problems out there on the streets, they're willing to give you that chance to get your life back together. And that's what I liked about this place because there is a few people in here who has had some problems, but they're willing to give 'em a chance as long as they keep doing the right thing. (C16.I08)

It is interesting to note that the employee being quoted is one who the management named as a beneficiary who is receiving a second chance, although they did not specify what his first mistake was. The employee doesn't seem to see himself this way and is referring to the second chance being given to two new employees—one who is currently living in a sober house and another was recently arrested for carrying “*a really, really, really large amount of crack cocaine*” (C16.I12).

From talking with these “second chance” employees, it becomes clear that they are appreciative of the opportunity to be working in a place where they can give back to the community and help those who are in similar situations to themselves. In the words of one employee:

Like I said, a way lot less stress. I like the being small and some of the people—some of the homeless people we interact with and I know. So it's good to help people out because we—I can give a meal, a coffee, a coat, to somebody and I know that they need it and just it's a good feeling, and stuff like that. (C16.I13)

Working at Soup and Support was mentioned by many employees to be less stressful and hostile than working in many other commercial kitchens in the city. The employees noted that they are also not exposed to other employees who may be abusing drugs and alcohol, making it an easier place to maintain sobriety.

Diffusion

There was no evidence of the organization working to diffuse any of the knowledge they have gained in running the social enterprise, except their willingness to participate in this study. The little bit of information they have about their café and lodging being a part of the non-profit's mission is not prominent within the building or on their promotional materials. The superintendent and her manager seem to believe that it is prominently displayed, but talking to individual customers it was clear that they either were not seeing this information or not understanding what was presented to them.

Performance Measurement

There was no evidence of formalized performance measurement practices within the organization. In fact, the superintendent is opposed to tracking individual use of services—she believes that doing so violates the privacy of beneficiaries and the “safe haven” status of the organization. The superintendent is very mindful of this when applying for funding. Her thoughts are shared below:

So when you write a Community Meals grant so to speak, you are faced with outcomes. And they want to say non-duplicable numbers. Well, when you're dealing with homeless people and our organization where we're not social workers, or caseworkers, or nutritionists, or anything like that, we offer a meal and we deliver it to the docks each week, you're going to get duplicated meals. So finding out would require us to then require names and demographic information and things like that, that we're not willing to obtain. Because then the safe haven status then becomes a challenge, because are we helping you or are we using you for a different outcome? So it sort of goes against the (pauses)—some of the core values of the organization, which then you make the decision: Is that grant money something that we desperately need and we're willing to do those outcomes in order to get it, or can we get support for the organization a different way? (C16.I01).

The superintendent argues that because the organization is not reliant on grants that require outcome information, the organization has more flexibility to make things happen for beneficiaries. She states:

So people know to come here for help. And it also has that very spiritual aura about it that people come here and they feel safe. And once you feel safe, you're more apt to reach out for help. And then it becomes a conversation as to getting to the root of the problem and whether it's something that we can help with, or something that we can do basic human needs first with for shelter, shower, what is the problem, and then reach out to agency partners in order to help solve those problems with us, or get the resources. This agency is a little bit unique as we have the flexibility to react in a crisis where other agencies have red tape or large assessment forms that they have to go through before they can then give you help. We don't have that. (C16.I01)

The superintendent shared stories of paying medical bills for an individual to get them out of debt, and housing a family for an entire winter in one of the lodging rooms. It appears that without the need to justify outcomes to donors, the superintendent is able to spend a significant amount of resources on individuals who she deems to be in crisis and worthy of assistance.

Performance Metrics

Based on all data related to the case, the following performance indicators were identified:

Financial Metrics

- Café sales
- Grant income
- Lodging Sales
- Donation income

Input and Activity Based Metrics

- How staff time is allocated
- Number of meetings held in the building
- Percentage of grants awarded
- Number of grants applied for
- Estimated number of people who visit the building

Output Based Metrics

- Loads of laundry provided
- Showers provided
- Number of cups of coffee given away
- Number of meals given away

There appear to be three key performance metrics tracked within the organization: the amount of revenue generated, the number of visitors to the building, and the number of meals given away. These metrics are simple count metrics that can be compared to a previous period's performance and were cited in a number of places. It is also of note that this is the only organization that does not include any outcome-based metrics.

The revenue generated includes earned income programs as well as from grants and donations. The superintendent tracks her grant success rate and shared, *"I have a really higher than average hit rate for grants. Like a gift, right now I am at 92% of the grants I write, I get, which is unusual"* (C16.I01). Her goal is to apply for 62 grants during 2015.

The organization does head counts at regularly held events like the weekly soup to docks and monthly community meals to track their performance at feeding people. They also count the receipts from the café and the number of nights of lodging used each month to track their performance. They then estimate the number of showers, amount of laundry and number of toiletry packs given. This process is informal and often includes back of the envelope calculations.

Data Use

There is not much data to be used, but it appears the primary purpose of the performance data is to share with potential donors and funders to encourage continued support of the programs offered.

Challenges and Future Goals

Challenges Faced by the Social Enterprise

The superintendent identified three core challenges that the organization has faced

since her arrival—educating the board on how to integrate an income earning program into the existing non-profit, balancing the “safe haven” commitment of the organization with communicating to external stakeholders, and balancing the seasonal nature of the business model with beneficiary needs.

The first challenge was working with the board to develop a shared understanding of the organization, its future goals and how the enterprises fit into that landscape. She approached the board and shared her view that, *“it’s really an amazing organization. And it can be just what it is forever. Or we can do more”* (C16.I01). She asked the board: *“‘Okay, are the programs that we’re running relevant to the organization today? Do they keep in line with the mission and the history of the organization, and the legacy that we hope to leave behind?’”* So we’re really in that change mode” (C16.I01). One of the things she first sought out to change was the mindset of the board.

So it was really interesting to see a board that was really steeped in a for-profit world trying to create a model that they don’t have to fund with fundraising, by making it a for-profit. And I believe in the for-profit part of it, the mentality and entrepreneurial spirit of running a non-profit I think is so important in understanding that business model... Essentially the café was all about, “We’ve got to make money, got to make money, got to make money.” When my question to them was, “Is money the end result of this, or what were you hoping to gain from this?” And nobody could answer that. Where the true result of it is feeding people. So it’s not a café; it’s really our Community Meals program, disguised as a café. (C16.I01)

This mindset shift would allow her to restructure the way the organization categorized its expenses, promoted itself to funders, and accounted for employee time. The organization was spending significant amounts of money unnecessarily because of the way the board had been governing the enterprise—including paying taxes on income earned in the café, not deducting building and maintenance costs and hiring a grant writer who brought in the same amount of income they billed. The modification has been an

ongoing process to get the board to support these changes, and she says “*So we have finally got it—it’s taken me two years to remodel, re-culture and stick them on a budget that makes sense for the business that shows each profit center in a different category*” (C16.I01).

Finding a balance between exploiting the experiences of beneficiaries and marketing the enterprise to customers and funders was another challenge cited. While the enterprise was running a 24 warming shelter through a snowstorm, news crews visited the site to cover the story.

So there was that fine balance as to, “How do you tell that story without boasting, without exploiting?” Newspapers would coming in and I wouldn’t let them in the room with the people. I’d come in and say, “The newspaper’s here. Does anybody want to speak? You are not obligated.” And one or two would come out and say, “This place saved my life,” and that’s why we’re here...So starting to tell that story and I had to figure out the way and so really quantifying it with preserving the mission is sort of a fine balance. (C16.I01)

This balance also affects the organization’s ability to get funding. Many funders want non-profit agencies to report non-duplicable numbers of clients served and:

Finding out would require us to then require names and demographic information and things like that, that we’re not willing to obtain. Because then the safe haven status then becomes a challenge because are we or are we using you for a different outcome. So it sort of goes against some of the core values of the organization. Then you make the decision: Is that grant money something that we desperately need and we’re willing to do those outcomes in order to get it, or can we get support for the organization a different way? (C16.I01)

This challenge is one that she is trying to overcome by attracting more funding from individual donors and from increasing the volume of sales in the café and rooms rented in lodging.

The other major challenge identified is the seasonal nature of both the businesses and demand for services. The café and lodging programs serve the most customers in the summer because it is the height of tourist season in Newport and they are in a prime

location in the heart of the downtown wharfs. However, the most need for services is in the winter, when many fishermen are out of work and it is too cold for the homeless population to comfortably remain outside. This requires careful revenue planning and balancing to ensure that there are enough funds to make it through the winter. In the superintendent's words:

Pennies count—it was a really tough winter for us that we really, really, really have struggled as an operation to keep up with it. We are behind the eight ball this year. But still we want to stay hold and steady to our business plan. (C16.I01)

Future Goals

Moving forward, the goals for the organization mainly consist of maintaining the recently implemented changes and potentially adding some additional programming for beneficiaries. The superintendent would like to add financial literacy and GED preparation courses to the free services offered.

APPENDIX 2:

THRIFTY HOME CASE SUMMARY

Background Information

Thrifty Home began as a traditional non-profit in 1992. The organization is a chapter of a large, international non-profit that works in partnership with communities to build affordable homes for low-income individuals who purchase these homes on no interest loans provided by the organization. It is a very costly process and in 2007 the organization decided to open a social enterprise, a large home goods thrift store to offset some of those costs. The store is considered to be the greatest single donor to the organization, making it a philanthropic social enterprise model in which the store donates to the greater organization.

Mission and Role of the Social Enterprise

The enterprise, a 9,000 square foot store, was added in 2007. The mission of the social enterprise is:

1. *Provide additional funding to support the affiliate's house-building goals*
2. *Expand opportunities to serve a broader base of the low-income community by providing low-cost materials*
3. *Divert construction and household materials from landfills and protect the environment (C09. Social enterprise website).*

The goal when the enterprise was first conceived was for it to cover the expenses of the new headquarters building (also built in 2007). The Executive Director reflected:

I guess we had limited the expectations of what it would be, but it's grown far beyond our expectations. And so currently it pays for all of our overhead expenses. And it also contributes to the projects. So when we're fundraising now, we can tell people that every dollar they contribute will go to the project. (C09.I01)

The revenues generated by the store have steadily increased over time, as has its size. The store was initially quite small because the initial vision of the store was fairly limited and was designed to generate enough revenue to simply cover the costs of a new office building. Over time it has expanded within the building, taking over part of the second story, and into some of the storage spaces of the building. The store saw 14% increase in sales between 2013 and 2014 (C09. Annual Report 2014). The social enterprise now earns enough revenue to cover the operating expenses of the parent organization, allowing all donations and government grants to be directly applied to the construction of homes.

The mission of the parent organization is: *“seeking to put God’s love into action, [the organization] brings people together to build homes, communities, and hope”* in an effort to achieve *“a world where everyone has a decent place to live”* (C09. Parent organization website).

Since 1992 the parent organization has served 54 families (C09.annual report 2014) by providing them with opportunities for low cost quality homes. Their traditional model of funding was completely based on grants and individual donations. The executive director shared that the reason the store was added was to cover some of the overhead expenses of the organization in the face of scarcity of funds dedicated for overhead costs:

What we do is expensive. We build a house. That costs us \$200,000-220,000 to serve one family. And so to make an impact, you've got to keep doing that. And so it's not cheap...I'm always pushing, that all the organizations should be finding a source of income so that they at least pay for their overhead expenses because that's always a fight. Nobody wants to give you any overhead money anyway. (C09.I01)

The initial goal of the enterprise was to cover the cost of a new building for the organization, but as revenues have increased, so has the expectations of the amount of funding the enterprise contributes to the parent organization. The Executive Director of the chapter hired an experienced businessman to run the business and the store is staffed predominately by volunteers. The global nonprofit that the organization is an affiliate of encourages its chapters to raise revenues in any way possible, some chapters operate car dealerships or Dunkin Donuts', and the Store is a popular option. Compared to other affiliates of the global non-profit, this particular enterprise is considered small in both square footage and revenue being generated. According to the general manager of the enterprise:

Any affiliate that does not have a [enterprise] has a bleak future because funding has just been—it's going away, it has been going away and is continually going away for [the parent organization's] mission, which is to build homes to get people into. And the [enterprise] really helps fund the affiliates to build homes. (C09.I03)

Legal Structure and Funding Sources

The social enterprise is housed within the 501(c) structure of the non-profit. It's revenue is reported within the annual 990 as contributions to the parent organization. Below is the financial information from the 990 reports from the parent organization.

990 Data on Revenue and Expenses: Thrifty Home Parent Organization

	FY 2013	FY 2012	FY 2011
Sources of Revenue			
TOTAL REVENUES	\$935,342	\$1,193,366	\$1,109,539
Grants	\$137,825	\$164,421	\$205,511
Contributions	\$630,089	\$570,248	\$547,339
Programs	\$91,162	\$342,400	\$241,875
• Sales of homes and services	• \$76,250	• \$335,902	• \$231,729
• Land Lease Fees	• \$14,912	• \$6,498	• \$10,146
Investment Income	\$4,478	\$55	\$117
Rental Income	\$8,171	\$13,573	\$15,144
Sales Income	-	-	\$53,805
Fundraising Events	\$62,306	\$101,971	\$45,382
Other	\$1,311	\$698	\$366
Sources of Expenses			
TOTAL EXPENSES	\$732,882	\$970,031	\$738,771
Compensation to Current Officers	\$113,636	\$105,900	\$57,079
Other Wages	\$190,052	\$178,349	\$209,487
Employee Benefits	\$34,404	\$24,530	\$24,317
Payroll Taxes	\$32,334	\$25,746	\$22,514
Fees for Services	\$11,482	\$13,130	\$14,530
Office Expenses	\$17,473	\$20,410	\$23,961
Occupancy	\$33,177	\$19,154	\$19,567
Travel	\$30,456	\$17,375	\$16,728
Conferences	\$5,496	\$3,957	\$2,756
Interest	\$10,857	\$15,378	\$17,250
Payments to Affiliates	\$37,500	\$30,511	\$9,900
Depreciation	\$21,944	\$26,503	\$23,227
Insurance	\$18,633	\$18,141	\$15,457
Telephone	\$5,586	\$3,928	\$3,827
Postage	\$2,825	\$2,221	\$1,620
Home Construction Costs	\$106,019	\$304,065	\$128,027
Workers Compensation	\$6,419	\$4,926	\$5,284
All Other Expenses	\$54,589	\$155,807	\$143,240

Members of the community donate all items sold in the store. The store has two employees—a manager and an assistant manager/driver—and the rest of the staffing is achieved through volunteers. This structure allows the organization to maximize the revenue generated by the social enterprise.

According to the 990 filed by the organization in 2013, Thrifty Home had an operating budget of \$1,204,043 in 2013. The primary revenue source of the organization is contributions, which account for 80% of the organization's budget, 14% comes from

government grants, and 6% comes from program generated revenue—which are the rents, mortgage payments, and loan generation fees of the homeowners. It appears that the revenues from the store are included in the contributions reporting on this form.

In 2014 sales from the social enterprise accounted for \$441,113, this was a 14% increase from the prior year. According to the 2013-2014 annual report the social enterprise’s “operating profit was \$226,031 and totally funds Support Services expenses of \$145,492 and contributes the surplus of \$80,539 to Programs,” making it possible for 100% of all fundraising and donations to support programs.

Goods and Services

The mission of the enterprise identifies 3 groups of beneficiaries. The primary beneficiary of the social enterprise is the parent organization who receives monetary support from the enterprise, which is then used to help individual families. The secondary beneficiary group is the customers who purchase discounted goods from the enterprise. The tertiary beneficiary is the environment and community who benefit from the reduction of waste and increase in low income housing stock. Finally, the volunteers who work in the store also receive a benefit from their participation.

Primary Beneficiary: Parent Organization

The primary good that the store provides is funding to the parent organization. The store’s profit covers all of the administrative expenses of the parent organization, allowing them to utilize 100% of funds from grants and donations for program related expenses. Beyond this, the store is occasionally able to solicit new materials to utilize within the houses built by the parent organization.

The parent organization had its most effective year on record in 2014. There were four sites under construction, up from one to two sites in other years. During this same time other affiliates within the area have been struggling significantly to even maintain their operations, much less expand. The business manager shared:

It funds all of our overhead. So it's, without it we probably wouldn't be here just like the other affiliates in Rhode Island. I really think it's probably the main thing keeping us the floor right now. So I mean we really need it. (C09.I02)

In addition to covering the expenses of the building, salaries for most of the 10 staff members—the two building site managers are considered to be part of the program expenses—and fundraising and marketing expenses, the revenues from the store allow the organization to make an important marketing claim: “*We did do the math a few months ago and figured that we can confidently say that 100% of donated dollars does go to the mission*” (C09.I02). This claim allows them to more effectively solicit donations from individuals and organizations.

The store is also able to solicit in-kind donations in addition to the financial support they offer. The parent organization gets first claim of new materials that come in as donations to the store. The general manager of the store has worked directly with Lowes to get materials when the company resets their models. Last fall the company changed their cabinet line. As a result:

We got enough cabinets to sell at [the enterprise] for a good six-eight months. But we also got our next four houses of cabinets we pulled aside and those went into the houses. Shingles for the roofs. We just got in enough handicapped door handles—door knobs for the next three houses and we pulled those aside for the next three builds...we only put new items in the homes. But if we can use them in the builds, we pull 'em aside and we use 'em in the builds because they keep our costs down also. (C09.I03)

The parent organization may be the primary beneficiary of the store, but they operate as a pass through, funneling that money to create impact for low-income families within Washington County, Rhode Island. These families are selected based on the person's current housing financial need, ability to pay the reduced mortgage, willingness to partner and ability to be a good neighbor. 54 families have been served since 1992. Of the four families who received homes in 2014/2015, three were sold to a single woman with a least partial custody of her children or grandchildren. The fourth home was sold to a married couple with two children—the husband was a military veteran and the home received special funding from a veteran's support organization.

The parent organization utilizes a subcommittee of their board to make decisions about which families are eligible to receive homes. These families have to have income within a narrow range in order to qualify.

If they think they would qualify, we also pull their credit at that point and then they go on to a family interview, which means people from that committee go out, meet with the family, make sure that they would be a good partner for us. And then at that point, if they approve them then it goes to the board and the board – the committee presents the family to the board and says here they are, here is their story, this is why their current housing is inadequate and it can be – if it's just an unsafe habitat, it's too small, if the rent's too high, just something that makes it not a decent space for them to be living. (C09.I02)

Once selected, individual beneficiaries need to participate in the functioning of the organization, by volunteering either on site or in the store. An individual has to complete 300 hours of “sweat equity” and couples have to complete 450 hours. According to the employees of the organization this commitment “gives them a sense of ownership that is in place of a down payment” (C09.I02). According to the beneficiaries this process allows them to build a sense of confidence and to build relationships with the crews

building their homes. This seemed to be most acutely felt by the woman whose home was built by an all female crew. She reported that

Secondary Beneficiary: Customers

The enterprise sells tangible household goods to customers. The store sold over \$400,000 of household goods in 2013. These goods were sold for significantly below retail. Sixty percent of sales are made on items that cost less than ten dollars (C09.I01)—these are predominately small tools, dishes, small appliances, light fixtures, tiles and household parts. Larger items in the store include a wide range of furniture—couches, chairs, tables, dressers etc.—that typically sell between \$49 and \$250, depending on quality of manufacturer, age, and current condition. These items take up at least 50% of the floor space within the store. Building supplies and large tools are some of the most expensive items in the store, but their price also varies according to quality, age and condition. The store sells a significant amount of used appliances, cabinets, doors and windows. The general manager of the store has built relationships with organizations that have access to the materials they sell and solicited donations. He has specifically targeted:

the large organizations that would be running across the types of materials we would need. So the Builder's Association. One of the things we sell a lot of would be kitchen cabinets. So when a builder gets hired to redo somebody's kitchen—and usually when somebody buys a house, the kitchen usually gets changed over. (C09.I03)

Once donated these materials are cleaned, repaired if necessary, and then individually priced. The general manager and assistant manager price each item individually. There is a standard pricing structure for items they see regularly and they utilize craigslist and eBay to help price odd donations like claw foot tubs, or mounted moose heads.

Tertiary Beneficiary: Community

The tertiary beneficiary of the store is the broader community. The organization provides two core services to the community: tax write offs and landfill diversion.

Community members have the ability to donate goods and receive a tax write off for their donation, while also diverting waste from the landfills in the area. According to the store manager, donating to the store is a preferred option for contractors because:

All of the old cabinets and maybe a lot of the old appliances have to be disposed of... So when they donate it to us, they can show their client a savings with a donation, so they're a hero there. And they save themselves or their client disposal fees. And we get something that we can turn around and fund [the organization]. (C09.I03)

The store claims that it diverted over 1447 tons of material from landfills in 2014 (C09. Annual Report 2014). This represented a 25% increase from 2013. Further, through their support of the larger organization, the store plays a role in increasing the low income housing stocks in communities within South County, something each township is legally required to do by Rhode Island state law.

Volunteers as beneficiaries

The final group of beneficiaries, volunteers within the organization, were not identified in the mission statement of the enterprise, but was identified through interviews with employees and beneficiaries. The service provided to these individuals is an opportunity to contribute to society—especially for individuals who face barriers. The manager of the store stated that:

We bring in some people that are some volunteers that are special needs and try and get them back into mainstream America and this sort of just helps them get to figure out what a job would be. If you look at it that way, I kind of look at that a little bit only because that's a feel-good thing. It's all socially responsible because we're all here to take care of ourselves. (C09.I03)

The parent organization utilizes volunteers to build all of their homes and reported that

“603 volunteers contributed more than 23,487 hours” (C09.annual report 2014) in 2014. Long-term volunteers on the Women’s Build Crew reported that they have maintained their affiliation with the organization because it increases their confidence, and allows them to become more independent. The lead of the Women’s Build Crew has been volunteering for 17 years told me that she has committed to the organization for so long because “*before I volunteered, every time I picked up a tool, some man came and took it away from me*” (C09.Field Notes). She and other women interviewed valued the opportunity to expand their knowledge and ability.

Social Value Creation

Scale

The organization operates on a small scale. 55 families—60 adults and 104 children—have been placed in homes in the 23 years that the organization has been operating. The cost per beneficiary family is extremely high. These homes cost nearly \$200,000 to build and are sold to beneficiaries for prices varying from \$117,000 and \$135,000 on a 0% loan. The social enterprise grossed over \$400,000 in 2014. The income coming from the enterprise has allowed the parent organization increase the number of families it helps from one family annually to four families.

By selling used goods the enterprise successfully diverted over 1447 tons of material from local landfills. The material diverted from the landfill has a positive impact on the community and environment as well as benefitted the many individuals who purchased used goods at a significantly reduced price.

Impact

Adding the enterprise allowed the organization to claim that 100% of donations and grants go to program related expenses instead of to operations related expenses. The employees reported that this has made soliciting grants and donations easier.

Beneficiaries purchase homes on 0% interest loans with twenty-five year mortgages. The homes are built by volunteers and range in size from 1000 to 1600 square feet, are Energy Star rated, and handicapped accessible. Their monthly payment is dependent on the size of their home, local taxes and any neighborhood upkeep fees.

The organization has a general sense that providing families with decent, reliable shelter is an automatic positive outcome, but recognizes that some families see broader positive impacts than others. The executive director shared his perspective:

But as time goes on, we sort of like to look at the families and see what has happened with the families. A family member that has kids that have gone onto college and different things and as they transition into life well, we like to think of that as success....And so it's not so much a statistical thing as it is to see how their lives have been. And so we feel good about that. We don't think everyone's a success. Some people get into a Habitat home and it doesn't change their lives at all and they're just—they don't take advantage of the situation, I don't think, for whatever reason. And but then others, really grab a hold of it and just make such a huge difference. So that's what we look to for on the other end. (C09.I01)

The organization sent out a survey to forty-four families living in one of their homes in 2013 and received twelve responses. This survey offering interesting data. All twelve reported having a higher quality of life, feeling better about the future, spending more time with family and having better relationships with family now than they experienced prior to moving into the home they purchased from the organization. Four reported increasing their level of education and three reported improvements in employment since moving into their home. The survey also inquired about the impact

living in a home built by the organization played on children living within the home, but there was mixed evidence of whether it improved school attendance, study habits, health or sense of safety. Many of the children of homeowners went to college, or have college aspirations, but it is unclear whether owning the house influenced their ability to go to college.

Interviews with beneficiaries revealed that the most commonly mentioned impact was a sense of safety and feeling of self-sufficiency. The sense of safety comes from the stability of having a house that is not only affordable, but without issue. The beneficiaries all told stories of their previous, inadequate housing and all interviewed shared that they moved repeatedly because they either could no longer afford where they were living or because their landlord did not fix issues with their prior homes. By purchasing a home from the organization, the beneficiaries are in control of their monthly payment and can stay in their homes. This adds to a sense of security that they will not only have this home as long as they wish, but they can also leave it for their children. A few of the beneficiaries who responded to the survey noted that they feel their home is in a safe neighborhood than they were living prior to the purchase.

Beneficiaries also discussed how saving money on their living expenses allowed them to utilize that money to pay other bills, but they were not specific on the affect of this savings. While monthly payments on these homes are lower than what many beneficiaries were paying for previous housing, owning a home comes with the responsibility for maintenance and repairs, which is a new experience to some of the beneficiaries. The organization holds some money from each mortgage payment in escrow for such concerns, but there is not enough money held to cover large maintenance

needs, such as new roofs or heating systems, and beneficiaries who have been in their homes for ten or more years expressed some concern relating to covering these expenses.

Diffusion

The organization is an affiliate of an international non-profit that connects 1,400 affiliates under one conceptual umbrella. The local affiliate tithes to the international organization to cover the cost of some of their operational expenses. In return the affiliate offers insight, training and guidelines for operation. However, each affiliate is autonomous and locally governed. Thrifty Home does not work to diffuse their practices beyond that of the work of the international organization.

Performance Measurement

The parent organization monitors the performance of each of its core employees and their divisions through the use of a single tailored metric on a monthly basis. There is little ongoing assessment of impact beyond these few metrics. Recently the organization completed a more thorough impact survey—it was the first in their twenty-year history.

Performance Metrics

Based on all data related to the case, the following performance indicators were identified:

Financial Metrics

- Income brought in by the store
- Growth in annual store sales
- Monthly donation amounts—cash and in-kind donations
- Special event donations
- Revenue from home sales
- % of fundraising and donations going to programs vs. operations

Input and Activity Based Metrics

- Number of volunteers

- Hours donated by volunteers
 - Monetary value of volunteer time
 - Progress on homes
 - Number of participants at fundraisers and events
- Output Based Metrics
- Number of houses built locally
 - Number of homes built internationally through tithing
- Outcome Based Metrics
- How many adults and children are currently living in a house built by the organization
 - Amount of waste diverted from landfills

The bulk of performance measurement in Thrifty Home is focused on the financial health of the organization and the number of volunteers attracted. The progress of homes and number of people housed is also tracked, but this is a simple count. Many of the performance indicators related to the performance of the entire organization, not just the social enterprise. The store's performance is predominately measured on "dollars and cents" (C09.I03). The store manager has a weekly goal of bringing in \$7,500 a week in income. Beyond that, he monitors how frequently merchandise turns over and how quickly the store can pick up donations from individuals.

The other members of the staff are responsible for monitoring and reporting cash on hand, monthly donations, number of volunteers, and progression of build sites.

Data Use

This data is used to make operational decisions about the organization and the business it conducts. Additionally, this information is reported to donors and utilized to attract new sources of funding. It was unclear how the organization was using the data it gathered in the survey, if at all.

Challenges and Future Goals

Challenges Faced by the Social Enterprise

The employees of Thrifty Home identified two key challenges they are currently facing: lack of capacity for growth and messaging to potential donors and funders. The store has grown rapidly and has completely outgrown its current space. According to the store manager: *space is my number one issue. Half of my work day goes into cramming another 5 pounds into a 10 pound bag that's already got 12 pounds in it"* (C09.I03). The store has been more successful than anticipated and in five years has outgrown the building that was built to house it. One expansion was made, but it is inadequate to the volume of donations coming in. The executive director would like to do a capital campaign to raise \$1 million dollars to build a new restore closer to Rhode Island's urban core, where it could generate more income through a larger volume of sales and collect donations more efficiently. The board is hesitant to take on such an endeavor, but the executive director keeps pushing for it because:

I think that most charitable organizations, if they're going to survive in the future, they're going to need to earn their way financially. Well, I mean government grants are drying up. Even for us, the sources that we used to count on all the time, they're just not there anymore and if they are, they're shrinking way down. Charitable giving is down somewhat and particularly in Rhode Island. I think we're the 50th state out of all for charitable giving and we're not really generous with that part of the deal. But even with government and when you go to government stuff and you get money from them, you're always dancing to their tune and it changes all the time. Every time a different administration comes in or somebody at HUD takes over or something, they all have different ideas of how things need to be done. And we're at the other end trying to make all that fit with the timing and stuff. And like I say, it's just going away. So I think if we're going to continue to do the work that we need to do, I think we are going to have to pay for it. And I don't think you can do it with just fundraising. (C09.I01)

The store has been very successful at providing this alternative funding thus far, but more will be needed if the organization wants to sustain its current home building. Another

challenge with the rapid growth of both the store and building capacity is a shortage of volunteers to cover shifts in the store, deconstruct and pick up donations, as well as cover the build sites.

The other concern the executive director had was that the public was beginning to associate the organization more with the store than with the services the funds from the store provides. He elaborates, “*We kind of have to fight that a little bit—get that out of people’s minds because that is not who we are. It’s just a piece...there are people who don’t understand what we do or are not sure*” (C09.I01). Further, he suspects some donors will begin to question the organization’s need for donations as the store thrives. This is another reason why he is working so hard to get board approval for the expansion.

Future Goals

The primary goal for the Thrifty Home enterprise is to find a funding source for the new store location and secure board approval for the expansion. Overcoming their current space limitations would allow for an expansion of the revenue they can generate.

APPENDIX 3:

INDIGENOUS TEA CASE SUMMARY

Background Information

Indigenous Tea was founded in 2009 and has been a registered B-Corporation since 2010. Two college students visited Ecuador and fell in love with the indigenous culture and rainforest, and wanted to build an enterprise that would protect both, founded the enterprise. They initially founded an Ecuadorian non-profit fundación, but quickly found that they were unable to legally sell goods through that registration. They then founded a for-profit company and linked the two contractually. As their enterprise has grown, so has the complexity of the legal structure. The organization has the most complex legal structure of the cases within this study—a mixed entity hybrid consisting of 4 entities with for-profit and non-profit arms in both Ecuador and the US.

The company works with indigenous farmers in Ecuador and Peru—predominately members of the Kichwa people—to create and sell commercially viable products from traditional Kichwa practices. Their primary products are made from Guayusa leaves—a highly caffeinated tea plant—including bottled beverages, tea bags and loose teas. These products were initially distributed and sold within the US, but can now be purchased in Ecuador as well. The company is expanding its product line into

other indigenous crops and crafts including the development of Mani (jungle peanuts) and travel accommodations to a remote village that practices a unique form of indigenous medicine and health.

The non-profit foundation supports research into best practices for farmers growing these crops and working with communities to create sustainable development plans that allow communities to maintain control of their land, livelihoods and traditional practices while taking advantage of the resources and incentives offered by the Ecuadorian government and other agencies to protect the Amazon.

Mission and Role of the Social Enterprise
The mission of the Indigenous Tea is:

To increase the productivity of the Amazonian chakra or “forest garden” so that it can bring money to farmers and towns while also conserving the biodiversity and ecosystem of the greatest rainforest on earth. (C12. Annual report 2012)

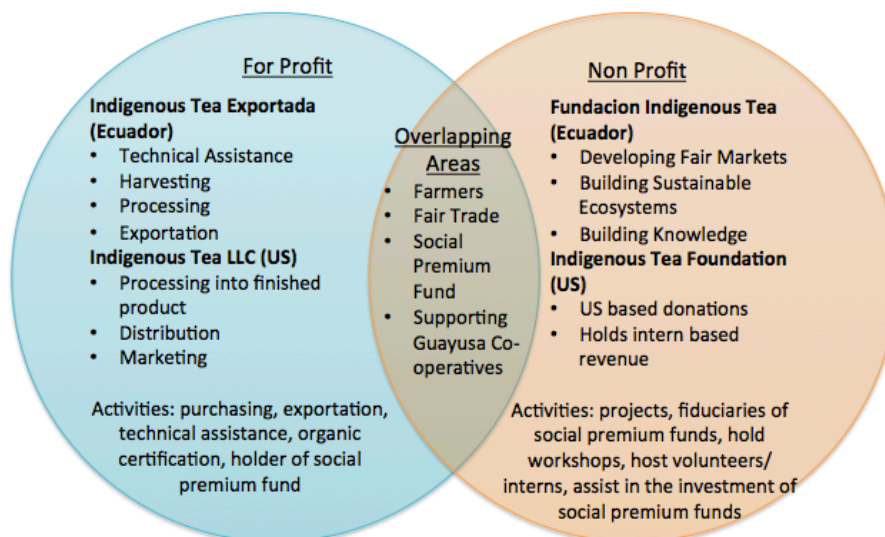
The farmers who work with the enterprise live on the margins of the rainforest and have operated in a “*subsistence and predominately cashless*” (C12.I01) society. However, farmers have increasing uses for cash including educating their children, purchasing seeds for their subsistence crops, and purchasing medicine when it is unavailable in clinics. By commercializing Guayusa, there is now a market for a product that can easily be grown and cultivated in small plots without disturbing the natural makeup of the land. The non-profit arm of the organization works to help train farmers, conducts research in how to best cultivate Guayusa and other products, measure impact and serve as an intermediary if disputes arise between the co-operatives and the for-profit arm of the organization.

It has been part of the mission of this enterprise to develop the Guayusa supply chain in an intentional and responsible way. From the beginning the organization has subscribed to fair trade principals and has worked to train and organize farmers to protect their own interests. The farmers are now organized into 10 fair trade cooperatives divided by region and controlled by local leadership. The foundation supports the development of these cooperatives and provides training to the leaders. Indigenous Tea has worked to ensure that there is wide community representation within these leadership councils, and has increased the leadership participation of women from 10% to 42%. Further, the foundation has worked with farmers to get chakras certified for organic production, ensuring that the Guayusa and other crops grown on these farms are cultivated utilizing sustainable practices with minimal impact to the surrounding forests.

Legal Structure and Funding Sources

Indigenous Tea has the most complicated legal registration of the 6 cases. The full organization is a mixed-entity hybrid with four components: An Ecuadorean for-profit, a US for-profit, an Ecuadorean Fundación, and a US 501(c)3. Below is a graphic showing how the four components work together as one entity.

Legal Structure of Indigenous Tea



The four entities work together to support farmers, maintain the fair trade certification process and support the Guayusa cooperatives in a variety of ways. The Ecuadorean for-profit, 40% owned by the Ecuadorean government, handles technical assistance, harvesting, processing, and exporting the Guayusa while the US for-profit processes the dried leaves, markets and distributes the final products. The non-profit fundación focuses on building knowledge, sustainable ecosystems and fair markets while the non-profit foundation processes US based donations and holds revenue from the internship programs. Because of the complexity of the legal structure the 990 information presented below is less informative for this case than it is for the others—it only accounts for the funding within the US based foundation.

990 Data Indigenous Tea US-based Foundation

	FY 2013	FY 2012
Sources of Revenue		
TOTAL REVENUES	\$249,742	\$117,811
Grants	-	-
Contributions	\$200,373	\$79,500
Programs (volunteer/intern program)	\$48,769	\$38,082
Other	\$600	\$230

Sources of Expenses		
TOTAL EXPENSES	\$360,751	\$139,566
Grants and Assistance Outside the US	\$184,626	\$22,500
Compensation to current officers	\$30,000	\$30,000
Other Wages	\$38,090	\$22,410
Payroll Taxes	\$4,589	-
Fees for Services	\$11,342	\$25,673
Information Technology	\$3,431	-
Occupancy	\$4,110	-
Travel	\$28,936	\$24,298
Conferences	\$5,000	-
Research Equipment	\$30,121	-
Field Equipment	\$20,506	-
Loan Repayments	-	\$1,075
Communication	-	\$180
Fees	-	\$930
Other	-	\$2,238
Adjustments	-	\$1,725
Office Supplies	-	\$8,538

The annual reports from Indigenous Tea provide a more holistic view of the finances of the non-profit side of the organization. The organization opted not to share financial information on the two for-profit entities and this data is not publically available. However, they did share that they were earning approximately \$5 million in revenues.

Goods and Services Provided

The enterprise provides goods and services to their beneficiaries—the Kichwa farmers who are members of the Guayusa cooperatives or are members of the communities that the enterprise is working with to design sustainable development plans—and to their customers.

Beneficiaries: The farmers

The primary service that the enterprise provides is an opportunity to sell Guayusa on the market. The enterprise also provides technical assistance to help farmers increase their Guayusa yield and quality and the foundation provides support to build and strengthen the Guayusa cooperatives.

Most farmers have access to approximately a hectare of land on which they cultivate both their subsistence and cash crops—including Guayusa. The Guayusa is purchased from farmers at their homes by trained field technicians who make regular rounds through the cooperatives. Farmer members of the co-operative agree that they offer Runa the first opportunity to purchase their product and are offered cash on the spot for their crop. If the farmer thinks they can get a better price elsewhere, they are not under obligation to sell it to Runa. If they choose to sell to Runa they are given cash that day.

The Guayusa is then brought to a processing plant in Archidona where it is dried and packaged in hundred-pound bags. This plant has just undergone a significant expansion that will allow the enterprise to purchase significantly more product from farmers. The dried leaves are then shipped to the US where it is processed into bottled beverages, tea bags and loose tea tins and sold throughout the US via grocery and supplement stores and online channels. It recently has become available for purchase in Ecuador as well.

The co-operatives receive payments from the Ecuadorian government based on the number farmers who leave the rainforest intact on their plots and also receive a fair trade subsidy based on the volume purchased which is then used for community improvements. The foundation helps the co-operatives submit proposals for disbursements of the fair-trade subsidy as well as to the government for additional subsidies.

Customers

Customers can purchase bottled tea, energy drinks or loose tea from Indigenous Tea. These products are highly caffeinated, grown with little chemicals (the majority of the tea comes from certified organic chakras), and are very low in sugar. They are purported to give the drinker a focused energy that is cleaner than the alternative beverages out there. According to one customer review:

It provides a subtle and long-lasting boost that gets me over the hump - I can feel the support, but I don't get jittery or feel my heart racing. I really do experience the 'focused energy' benefits they talk about (Amazon.com review).

These beverages are sold at a premium—approximately \$8 for a pack of 16 tea bags, or \$1.50 for the bottled teas and \$2.00 for each energy drink—and are targeted at college age individuals, athletes and people interested in organic/natural products. The packaging highlights the mission of the organization and the work the foundation does in the Amazon.

The Kichwa people believe that Guayusa works as a digestive aid, strengthens the drinker and allows them to access their dreams. One of the interviewed farmers said that he thought it was good that American consumers would have the opportunity to drink the Guayusa and experience the same.

Social Value Creation

Scale

Indigenous Tea purchases Guayusa from over 2,300 farmers organized into 10 regional fair trade cooperatives to grow and harvest the tea. They operate predominately in Ecuador and are expanding into Peru. Further, the foundation is directly working with three communities in Ecuador to create sustainable development plans.

Impact

The primary impact of Indigenous Tea is that it provides income to Kichwa farmers. This income is used for a range of purchases. Most beneficiaries reported using the income to pay for school uniforms and supplies for community festivals. One beneficiary said that she uses the income to purchase food for their children. When talking to farmers in one village it was clear that while they are glad to have the income from Guayusa, it is not yet considered one of the dominant cash earning crops for many farmers. When asked what they grew in their Chakras number listed crops including coffee, cacao, guava, plantains and yucca and didn't mention Guayusa until they were explicitly asked about it. This is likely because of the relative newness of the market—many farmers have recently planted a significant number of Guayusa trees to increase this income stream, but they are not fully mature and are not producing as much income as they could. Also, Guayusa is only harvested and sold one to two times a year and requires little maintenance in between, while other crops are significantly more labor intensive and are harvested and sold more frequently.

The foundation works to help develop regional Guayusa Fair Trade cooperatives and to help these organizations develop plans to utilize their Fair Trade social premiums. The company is Fair Trade USA (FTUSA) certified and allots a premium of 15% on top of what farmers are individually paid for their Guayusa to the cooperative. The regional cooperatives need to develop a plan in order to utilize these funds for capacity building community projects. However, it seems that the community leaders and farmers do not understand how this premium works and what qualifies for use of the funds and the foundation play a role in helping to educate them and help them develop fundable plans.

These projects have included the purchase of harvesting tools, starting a chicken production project and creating sustainable development plans with communities. It is also the hope of the foundation that teaching farmers how to organize into cooperatives will empower them to collectively organize not only in the production and sale of Guayusa, but also in the production and sale of other crops including coffee and cocoa.

Indigenous Tea was founded on the basic premise that farmers with a rich variety of commercial crops can lead a sustainable livelihood that does not require the destruction of the Amazon. In the words of the executive director of the foundation:

It's hard for us to talk about the conservation value of guayusa production because it's sort of based on theory, which is that if people spend more of their time and make more money in their farms, on their chakras, then they won't spend more time cutting down trees and going into the forest. But there's a lot of factors to include like there is the government creates national parks, they create conservation areas, also there is not a whole lot of pressure in this particular part of the Ecuadorian Amazon to convert forest to agricultural land because there aren't really a lot of big industries or markets here for that. So sometimes—we try to be really cautious with how we credit guayusa to having a conservation value. But it definitely does help the conservation value and we don't want to pretend like it doesn't. (C12.I03)

This impact is challenging to measure, but the organization has supported the sustainable management of thousands of hectares of land on the periphery of the rainforest through a sustainable development grant from the MacArthur Foundation.

Diffusion

Indigenous Tea is actively seeking to diffuse their business model and encourage other organizations to enter into the Guayusa market. This work has taken many forms, including building partnerships with the Ecuadorean government, commissioning research on the genetics of Guayusa and best practices for growth and harvesting. The

executive director of the foundation sincerely hopes that more Guayusa sellers will come into the market so that farmers have choice in working with the organization. He says:

If they felt that they were relying on this, then that puts them in a place of—maybe for a short time they feel happy, like appreciative. But it can quickly turn into a feeling of resentment. And the same thing for the company. If the company relies too much on like certain farmers, again, it might at the beginning feel like, “Okay, we’re really appreciative. We really want to give back to these people.” But then eventually, there can come a feeling of resentment. I think that by stepping back and analyzing options and saying, “Okay, you know what?” You know, if I am a farmer, “Okay, I could sell guayusa, but I don’t have to. I could sell my coffee or my cacao.” But then that liberates them from that reliance, which can cause that sort of toxicity.

But my concern really is that one, you could look at it as a bunch of different plants like, “Okay, I have coffee, I have cacao, I have guayusa. So therefore I have this like diverse portfolio that helps make me be a more independent farmer.” That’s cool. But also what ultimately does need to happen and will happen is that there will be other actors in the guayusa market so that even if they do want to sell the guayusa, there is not just one buyer; like there is other ones and that they could have that competition in the market. I think that that will make things more healthy in the future. But for right now, we are still the ones leading this whole thing. (C12.I03)

This is the only case that is actively building a new market for a product. Most of the other cases are utilizing traditional business models to generate revenue or employ beneficiaries and are operating on a smaller scale. This organization is aiming to operate at a larger scale and impacting a larger number of beneficiaries.

Performance Measurement

This organization had one of the most sophisticated performance evaluation and reporting system of any of the cases studied. These systems reflect the priorities of the certifications and grants the organization maintains. They have different reporting standards for Fair Trade USA, B-Corp, and the MacArthur Grant and have devised a system that integrates all of these requirements. Their annual reports include a dashboard

of indicators, broken out into core areas and show progress across years, which is something none of the other organizations has been able to accomplish.

Performance Metrics

Assessing all of the data, the following categories of performance indicators were identified:

Financial Metrics:

- Amount of Guayusa purchased
- Donations
- Sales
- Costs of production

Input and Activity Metrics:

- Number of employees
- Research labs built
- Research studies conducted
- Workshops developed
- Communities engaged
- Number of volunteers
- Partnerships developed

Output Based Metrics:

- Number of cooperatives developed
- Workshops and planning meetings held
- Social Premium Fund Escrowed
- Trees delivered to farmers
- Number of families engaged with the enterprise
- Published studies and manuals

Outcome Based Metrics:

- Income earned from Guayusa
- Percent of farmers income from Guayusa
- Percent of farmers adopting best practices
- Social Premium Funds Used
- Women in leadership/decision making roles
- Hectares under sustainable management
- Hectares protected

Their annual reports are developed by the foundation and greatly emphasize their activity, output, and outcome metrics over their financial metrics. They categorize their

metrics under three key indicators. These indicators shifted between 2013 and 2014 and both are explained below.

Indigenous Tea has 3 indicators of impact listed in their 2013 Annual Report. For each of these indicators the organization laid out clear goals as well as their process in meeting them. This presentation of information is clear and action oriented and allows for progress to be seen. The sub-indicators are a mix of activity based and impact based indicators and some don't appear to be fully linked to the key indicator. The 3 indicators of impact are: knowledge and sustainable management of Guayusa, participation of women in the decision-making process and increase in income to beneficiaries of the project.

2013 Indicators of Impact

Benchmark	Progress	Notes
Indicator 1: Knowledge of sustainable management of Guayusa		
• Increase of 50% in Guayusa research	Exceeded	112% increase
• 3 bottlenecks identified and resolved	Met	
• 40% of producers introduce and adopt best practices to improve productivity	Exceeded	85% of producers adopted
• 10 investigative plots planted	Met	
• Published studies of the genetic diversity and chemical composition of Guayusa	Not Met	Publications pending
• Two studies of Guayusa crop management published and shared with the actors in the Guayusa value chain	Met	
Indicator 2: Participation of Women in the Decision Making Process		
• Increase of 10% in the participation of women in the decision making process in the cooperatives	Exceeded	Went from 11% to 42%
• One public private partnership developed to implement a second phase of the innovations of this project	Met	
• Three public policy proposals and/or formal or informal agreements at the provincial level that benefit the project	Not Met	Developed two proposals
• The creation of local leaders trained in sustainable management and Guayusa best practices	Met	

• Annual work plan for the cooperatives	Met	
Indicator 3: Increase in Income to Beneficiaries of the Project		
• 15% increase in income of small-scale producer beneficiaries by 2014	Not on Track	3% @ middle of project
• One public private partnership developed to implement a second phase of the innovations of this project	Met	
• A list of possible markets for new uses identified in the ethnobotanical study	Met	

This reporting became more organized and sophisticated in the 2014 annual report—it is divided by programs, then broken into indicators, then data from 2012, 2013 and 2014 is shared. There is a shift in the labels on the priorities and how they are ordered. In 2013 the first indicator was knowledge of sustainable management, then participation of women, then income. In 2014 the first is fair markets (including many of the income information), knowledge building (including the female participation, and training relating to social premium fund that was previously under income), and ecosystems (relating to the new sustainable management program). Dropped from the indicators are the mentions of Guayusa research and policy work. These indicators are more outcome oriented, and in the cases that are activity oriented the activities directly engage beneficiaries.

2014 Indicators of Impact

Indicators	2012	2013	2014
Fair Markets			
• Number of organic farmers	1,352	2,356	2,300
• Market access partners for non-timber forest products	1	1	4
• Total average income per farming family	\$1,174	\$1,212	\$1,640
• Average income from Guayusa per farming family	\$55	\$118	\$120
• Fair trade social premium	\$11,500	\$30,260	\$28,018
Knowledge Building			
• Investment and business plans written with associations and community enterprises	1	8	11
• Partnerships with indigenous Amazonian groups	1	1	3
• Technical assistance partnerships with associations and community enterprises	1	1	4
• Women's participation in decision making	11%	42%	42%

Ecosystems			
• Guayusa and native timber trees donated to producers for forest gardens	100,000	--	15,000
• Community partnerships for integrative landscape management planning	--	--	3
• Number of hectares of agroforestry management systems	--	--	900
• Number of hectares of sustainably managed forests	--	--	2,000
• Number of hectares of formal conservation	--	--	22,500

Beyond the internal reporting the organization shares through their annual report, they also engage in reporting related to the B-Corp status. They have been a B-corp member since 2010 and have significantly exceeded the minimum B-lab requirements, which is to score an 80 on the annual assessment. However, their assessment score has decreased with each subsequent review (although there are some inconsistencies between years of how items are evaluated, as well as how the totals add up in the document). That data, as compared to B-Corp averages is included below:

B-Corp Performance Indicators

Indicator	2010 score	2012 score	2014 score	2014 BLab median
Environment	15	38	36	9
• Environmental products and services	N/A	15	13	4 (+9)
• Environmental Practices	N/A	23	15	6 (+9)
• Land, office, plant	8	10	1	4 (-3)
• Energy, water, materials	7	11	4	2
• Emissions, water, waste	N/A	2	5	1 (+4)
• Suppliers & Transportation	N/A	0	5	N/A
Workers	28	24	16	22
• Compensation, benefits, training	23	16	8	15 (-7)
• Worker Ownership	N/A	3	5	2 (+3)
• Work Environment	5	4	2	4 (+2)
Customers	0	0	0	N/A
• Customer products and services		N/A	N/A	N/A
• Products and Services		N/A	N/A	N/A

• Serving those in need		N/A	N/A	N/A
Community	60	43	44	32
• Community practices	N/A	43	43	15 (+28)
• Suppliers & distributors	11	7	6	4 (+2)
• Local	10	3	1	5 (-4)
• Diversity	29	3	4	2 (+2)
• Job creation	N/A	2	5	2 (+3)
• Civic Engagement	12	6	3	4 (-1)
• Beneficial Business Model	13	N/A	N/A	N/A
Governance	9	12	13	10
• Accountability	N/A	9	11	6 (+5)
• Transparency	4	3	2	3 (-1)
Consumers (beneficial products/services)	18	N/A	N/A	N/A
Total Score	142	117	109	80

The most significant reductions in scores related to workers and community.

Some of the reduction in community score comes from the removal the “beneficiary business model” designation in exchange for community practices, but there is also a dramatic drop in the diversity, local, civic engagement and suppliers and distributors ratings. The organization is scoring below the median for compensation, benefits and training, which seems significant in an organization that claims to be fair trade centered. The firm is performing below the median at the environmental impact of their land, office and plant (-3); use of local community (-4); civic engagement (-1) and transparency (-1) in addition to compensation of employees (-7).

Data Use

The data is collected predominately to meet the requirements of funders and certifying agencies. This information allows the company to advertise their social mission and adds legitimacy to the social impact claims the organization makes. Interestingly, the executive director shared that the act of collecting this data is challenging, but it forces the company to uphold their commitment to fair trade certification and is worth the effort to help them maintain their ideals.

Challenges and Future Goals

Challenges Faced by the Social Enterprise

Indigenous Tea faces a unique set of challenges, predominately because of the complexity of their organizational structure. These challenges relate largely to determining best courses of action and how to appropriately utilize funds, but also speak to some tension between the best interests of the company and the best interests of farmers.

As a multinational, mixed-entity hybrid organization Indigenous Tea has for core legal entities. Determining which of these entities is the correct vehicle to conduct a transaction or accept a donation is a complex process that often requires input from the leaders of different divisions, and in some cases the Ecuadorean Government because the government holds an equity stake in the Ecuadorean for-profit. This complex legal structure is the result of an early challenge the organization faced because the founders did not understand the legal context in Ecuador. The executive director of the foundation explains:

*So the structure before I came on was there was a non-profit fundación set up in Ecuador, which was originally thought that that non-profit could handle all of the exportation of guayusa. And then quickly learned that that was not possible and that in Ecuador, non-profit organizations cannot sell things, which is a very different distinction than we had in the United States. Non-profits **can** sell things in the United States. They cannot sell things here in Ecuador. So basically the non-profit, even though it was started, it was quickly sort of just discarded and put aside for a while, while the for-profit export company was created in Ecuador. (C12.I03)*

The foundation was revived about a year later to ensure that farmers interests were best being cared for. When considering which of the four legal entities should be utilized to complete a project the organization has to make a decision as to whether it is in the best

interests of the business or farmers and then task and fund it accordingly. The executive director explains:

*We have safeguards to ensure that we're not offsetting costs of the company. And so that's our number one check and so that's part of our conflict of interest policy, basically saying—and the way that we test for that conflict of interest is to say, "Are these funds primarily being used to benefit either people or the forest ecosystem?" And if the answer is yes, and if that is the primary benefit of the use of those funds, then **if** there is a secondary benefit that might benefit the company, that's okay. But it can't be the reverse. You can't say, "Okay, is the primary function of these funds to offset costs or to benefit the company?" Then that can't happen. That's sort of an overarching rule that we have. (C12.I03)*

Multiple employees of the foundation spoke of tension arising between the for-profit and non-profit entities at different points. Some of this tension comes from trying to signal the differences between the two entities and some comes from the foundation pushing the for-profit entity to their commitment to social impact. The Director of Monitoring and Evaluation shared:

We were trying to demonstrate to grant makers and to our board of advisors, that we're separate and independent and therefore able to kind of stand up for the farmers in the case that we had to because of potential tensions that can arise between the buyer, [Indigenous Tea] in this case, and a cooperative. So in negotiations or in—we often would come in sort of as a third party mediator. (C12.I01)

Another employee of the foundation shared:

Some people on the foundation might have personal disagreements with the way the business might run some things. But I think the idea of the foundation is to...sit on the side of the farmers to make sure that like the business isn't taking advantage of them or not giving them a fair price or maybe not giving them the capacity or workshops that they should have. And so yeah, I mean sometimes we have to step in or the foundation has to step in and kind of be like, "That's not a good idea." (C12.I02)

While employees of the foundation alluded to these tensions, they did not give any specific examples beyond those in the quote above.

Future Goals

The company is also now expanding into Peru, to try and build long-term sustainability of the company in case it was to lose favor with the Ecuadorian government, which is known to be fickle in its support of foreign companies. In addition to supporting the production of Guayusa the Runa Foundation is supporting the development of an indigenous healing research center to try and uncover other indigenous products and practices that can be commercialized to offer income to the indigenous communities that don't encourage rainforest destruction.

APPENDIX 4:

FARMCO. CASE SUMMARY

Background Information

In 2004 the organization began as a local food guide with the intent to inform consumers of the locally produced foods in the area. Since then they have added seven additional services to “connect farmers to eaters” (C03.I01) including a network of 15 farmers markets across the state, a restaurant distribution service that serves as a middle man between small local farms and restaurants, allowing local farmers to compete with nationwide distributors; a program that offers SNAP beneficiaries a 40% increase in their purchasing power at farmers markets; nutrition programs and cooking classes for individuals who may not have had previous experience with fresh foods; and a program that converts farmers’ surplus and lower grade crop into shelf stable products while serving as a job training program for teenagers currently on probation or incarcerated in a juvenile detention center.

Mission and Role of the Social Enterprise

One of the interesting things about this case is that there are multiple beneficiary groups that this organization serves. When asked about how they think about beneficiaries, one of the co-executive directors answered:

First and foremost, farmers, hoping that we're providing opportunities where they can be making profits that they can reinvest in their farms so that they can continue to be viable into the future. And then also eaters. However you want to break down that category. It's making sure that people have access to fresh, healthy, local foods. (C03.I03)

The organization makes decisions that support both classes of beneficiaries. One example of this is where to locate individual markets. Locations in financially stronger communities or in central locations sell greater volume of goods—which aids farmers and increases revenue for the organization. However, the organization continues to support markets in poorer communities, which allows “eaters” access to fresh foods in communities that might otherwise not. Their partnerships with SNAP, the Rhode Island Foundation and others allow this to be even more valuable because families in these communities receiving SNAP benefits get a 40% boost in the value of their SNAP dollars for purchases made in the markets.

Harvest Kitchen, a relational program that puts youth on parole and youth in the juvenile detention training school to work, is another example of this. In the words of one of the program managers:

“The idea was created by Farm Fresh, they were getting feedback from local farms that they had all of this excess produce that they didn't know what to do with it and they were throwing it away year after year, so Farm Fresh came up with the idea at the time to partner with juvenile justice at DCYF and create a program that employs youth. Gives them a culinary education, just job skills, for most of them it is their first job experiences” (C03, I01)

Harvest Kitchen purchases farm surpluses at a low cost and transforms them into shelf stable products. Some of these products are sold by youth in the program at Farm Fresh Markets and others are sold back to the farmers at wholesale cost. The program began making applesauce and has expanded into stewed tomatoes, pickled green beans and carrots, apple chips and other products dependent on what surpluses farmers have.

They also have developed a co-packing arrangement with a City Feed, a social enterprise in Jamaica Plain and make their pickled green tomatoes. While the program was designed first and foremost to help farmers, and the products sold reflect what farmers are trying to get rid of, it also focuses on training and paying disadvantaged youth and works to place them in internships as part of the program to keep them successful in completing their parole and moving on to productive lives.

Legal Structure and Funding Sources

All of the products and services FarmCo. offers are organized under one 501(C)3. Income from program and services accounts for 60% of the organization's revenue. The remaining 40% comes from grants and contributions. A significant portion of these go towards the subsidy offered to customers using their SNAP/EBT/WIC benefits. FarmCo. divides their program revenue into six categories in their financial reports. The financial reports show that all of these programs are growing in their annual revenues. In 2013 the Veggie Box program exceeded the Market Mobile program as the greatest revenue generator. Harvest Kitchen, the relational youth training program brings in the least amount of income, but is growing significantly each year. Below is the 990 financial information for FarmCo.:

990 Data on Revenue and Expenses: FarmCo.

	FY 2013	FY 2012	FY 2011
Sources of Revenue			
TOTAL REVENUES	\$1,568,774	\$1,110,015	\$830,340
Grants	\$93,234	\$96,627	\$157,046
Contributions	\$465,218	\$252,915	\$288,865
Programs (Total)	\$945,184	\$697,682	\$338,230
• Veggie Box	• \$393,718	• \$264,301	• \$36,372
• Market Mobile	• \$348,351	• \$253,773	• \$168,049
• Farmers Markets	• \$148,814	• \$145,765	• \$125,567
• Harvest Kitchen	• \$42,262	• \$33,843	• \$8,342
• Food System Modeling	• \$1,000	-	-
• Other	• \$11,039	-	-
Investment	\$215	\$268	\$315
Fundraising Events	\$64,923	\$54,723	\$27,394
Sources of Expenses			
TOTAL EXPENSES	\$1,539,285	\$1,148,586	\$683,558
Compensation for officers, directors, trustees	-	\$53,869	-
Other Wages	\$440,017	\$270,598	\$194,777
Employee Benefits	\$60,698	\$30,695	\$10,015
Payroll Taxes	\$48,791	\$31,743	\$20,163
Fees for Services	\$17,725		
Accounting	-	\$5,000	\$1,992
Advertising and Promotion	\$15,542	\$9,345	\$7,935
Office Expenses	\$25,935	\$16,914	\$8,133
Occupancy	\$77,381	\$4,915	\$5,200
Travel	-	\$6,111	\$397
Conferences	\$5,563	\$8,332	\$2,347
Interest	\$3,115	-	
Depreciation, depletion and amortization	\$17,089	\$11,746	\$5,541
Insurance	\$13,477	\$7,483	\$4,766
Food Expense	\$319,343	-	
Contract Labor	\$174,174	-	
Logistics	\$100,641	-	
Program Expenses	\$99,016	-	
Veggie Box	-	\$252,031	
Mobile Markets	-	\$176,030	\$186,346
Harvest Kitchen	-	\$103,626	\$84,773
Food Markets	-	\$57,176	\$43,696
Fresh Bucks/Bonus Bucks			\$39,035
All other	\$120,778	\$102,642	\$68,442

Goods and Services Provided

FarmCo. has two core beneficiary groups to which it provides goods and services—farmers and eaters. Most of these beneficiaries pay for services of some sort.

Primary Beneficiary: Farmers

The organization views farmers as its primary beneficiary and provides a cluster of services to them. The primary service is their distribution program, where farmers can supply directly to restaurants and FarmCo. handles the delivery and payment structures. The farms list their products and prices online and restaurants place their orders. The farms then deliver the ordered goods to the FarmCo. warehouse twice a week and the then FarmCo. handles the delivery to restaurants. FarmCo. pays the farms on a 14-day basis, takes an 18% overhead fee, and farmers don't have to make individual deliveries or negotiate payment schedules with individual restaurants.

The second primary service that FarmCo. sells to farmers is the farmers market as a platform to sell their goods—60 farmers take advantage of that service. The winter farmers market attracts over 2,000 customers a week to whom the farmers can sell. The platform not only allows farmers to sell directly to customers, but also gives them an opportunity to product test new ideas and garner feedback before entering into large contracts for production. Further, farmers have access to other farmers and some trade products—one example is a pizza company that sells at the markets and buys or trades for the toppings they use on their cart and in their restaurant.

The third service they offer is purchasing surplus crop to process into canned goods so farmers have an option to sell undesired produce. The organization has partnered with the Juvenile Justice Program at the Department of Children, Youth and Families, to train and employ youth who are on parole to turn this produce into shelf stable products. Some farms donate the goods and buy some of the shelf stable products at a significant discount to sell through the winter to stabilize their income. Others sell

their produce at significant discount to FarmCo. and FarmCo. sells the shelf stable products at their farmers markets. The primary products produced are applesauce, tomato sauce, pickled carrots and green beans, and apple chips. The youth are paid a stipend for their time spent in the program and run the stand at the farmer's market.

Secondary Beneficiary: Eaters

Eaters are the secondary beneficiary group. They receive access to locally grown produce and artisanal foods. Over 2,000 eaters visit their winter market to receive access to this service. 1,300 SNAP/EBT/WIC customers received a 40% subsidy on their goods last year. This was funded through grants and donations FarmCo. receives to allow lower income customers access to fresh, local food. The organization actively seeks to place farmers markets in low-income neighborhoods to spread this access. The winter market is located in an old mill in Pawtucket that was vacant prior to FarmCo. moving into the building. The mill has been turned into an artisan village, with a number of shops and studios throughout. The market is held on Saturdays and takes over the hallways between the studios.

Beyond the sale of local fresh foods, the organization offers cooking and nutrition classes to children in schools, families at the markets, and to the elderly in nursing homes. These programs help people learn the benefits of eating fresh food, what is seasonally available and how to prepare it in enjoyable ways.

Social Value Creation

Scale

FarmCo. works with approximately 110 farmers in different capacities. Their markets attract over 2,000 customers a week.. In 2013, 1,386 of those customers

received significant subsidies to purchase food at the markets that totaled over \$91,752 in sales. Their distribution program has 120 wholesale customers who it delivers to directly and their Veggie Box program delivers bimonthly produce boxes to an additional 1,600 customers.

Impact

The primary impact for farmers is the additional income that the sale of their goods provides—this was the first thing all farmer beneficiaries mentioned when I asked about the impact working with FarmCo. had created. The markets also give them the ability to reach new customers and experiment with the products they offer. There are two primary impacts for eaters—the first being access to fresh local food, and the second being knowledge about local food systems and seasonality of crops. This is something that was named by all of the eater beneficiaries I interviewed.

Diffusion

FarmCo. is engaged in some food policy work—mainly around finding avenues for more local food to be used in institutional settings like schools and prisons. This work is still emergent.

Performance Measurement

Each of the program's performance is tracked independently on key indicators of success. The executive director of FarmCo shared: *For each of our programs, the logic models that we have put in place have pretty distinct outcomes for all of the different activities we do. (C06.I03)* This has led to a wide range of performance metrics tracked.

Performance Metrics

Evaluating all the available data on FarmCo., the following performance metrics were developed:

Financial Metrics:

- Sales
- WIC/SNAP EBT Sales
- Rent generation per market
- Self sufficiency of markets

Input and Activity Metrics:

- Number of online database users
- Number of event guests
- Number of markets

Output Based Metrics:

- Youth engaged in training
- Number of customers served
- Food donated to food pantries
- Number of discounted customers served
- Number of beneficiaries engaged
- Number of boxes sold

Outcome Based Metrics:

- Participant recidivism rate
- Youth placed in employment/internships
- Number of families receiving education and discounted food
- Farmer income

Data Use

According to the Executive Director, performance measurement and data driven decision making is core to the organization:

If you can't demonstrate things showing the data of what you've actually done, it kind of diminishes the argument of what you're doing. So I think from the get-go [the people] who founded Farm Fresh really saw an important need for telling a story not only through anecdotal storytelling, but also through really data driven results. So I think it's just been part of Farm Fresh's DNA from the beginning. (C06.I03)

However, while I could find a wide range of performance claims, the organization did not share any information relating to how this information is gathered, how these metrics

were determined, or how it is used. This may be due to an access issue. Shortly after the organization consented to participate, the executive director became unresponsive to emails and requests for information or access to employees. I was able to still gain a breadth of interviews and observations, but had far less access to internal documentation and decision making processes than in other cases.

Challenges and Future Goals

Challenges Faced by the Social Enterprise

Members of this organization expressed concern about balancing the needs of their two beneficiary groups, farmers and eaters, and doing so in a financially sustainable way. The executive director explained his view on this:

Any non-profit can probably talk about the challenges of fundraising. But something we really believe in is that the reason that we run earned income programs is with the hope that that will help support our organization so that we do fundraise, it can go towards programs like the Bonus Bucks or Fresh Box programs where that's having a bigger impact in the community as opposed to our organization. So that's always the challenge is finding that balance and with a program like Market Mobile, too, it's like you want it to run on a very thin margin because it's not a for-profit entity. It does need to generate some profit each year to help pay down like capital loans that we have for like cold storage or things like that. But you want it to be something that's more beneficial for a farmer than just going with a place like Sysco or something like that. (C06.I03)

This means that they try to keep their fees to farmers low and make sure that their needs are being met, in addition to running their programs for low-income eaters. The Bonus Bucks program is the program that offers a 40% increase in spending power to individuals using their SNAP/EBT/WIC benefits at markets and the fresh box program offers free veggie boxes to low-income seniors and families.

This balance between farmers and eaters also plays out in renting space at the farmers markets:

For farms, we try not to saturate markets with too much of the same thing because we do want farms to be able to come to a market and make money. It's not like—we don't want to stack the deck unfairly, but we also want to give people enough of a choice as well. (C06.I02)

FarmCo. recognizes that there needs to be a minimum number of farmers in order to attract customers and there needs to be a base level of variety. FarmCo.'s youth program runs a stand selling their jarred sauces at all markets, but also sell some basic supplies (eggs, milk, apples etc.) at some of the smaller markets to ensure there is sufficient product mix. At the larger markets there is more competition and this makes it challenging for farmers to maintain their ideal prices—the competition often results in lowering prices on certain items. One farmer expressed concern because her farm is less than 2 acres and lowering prices means that she cannot afford to hire any employees to help her maintain the farm. She was one of the first farmers to work with FarmCo. and when first began selling through the markets and market mobile, she could price her goods at any level she wanted because there was no one else selling herbs and edible flowers, but now there is more competition, which is exerting pressure to lower prices. Currently she is able to maintain her prices at the farmers because she has built strong relationships with customers at the larger markets and is one of a few vendors at a small market, but has seen a reduction in commercial demand through Market Mobile.

The Executive Director also expressed concern for FarmCo.'s long-term sustainability if they are successful in promoting local food to the extent that large distributors start creating efficient services for local farmers. In his words:

The question with some of the activities you do, it's like, "When do you stop?" When has it gotten to the point where you have achieved the social mission of what you're doing, but that your organization might be like dependent on that revenue stream, but if there's not a real need for it, at what other point are you

just like a competitor in that environment? If broadline distributors were getting food directly from farms and getting it into schools and institutions and doing it on a really great scale that was respectful of farmers and also the schools and was at a great price, would we do that work? But right now the answer is no, but at what point does it get where that gets ingrained in like the work that you're doing where you can't back out of it because all of the other activities might be dependent on that. (C06.I03)

Market Mobile is their largest program and generates more than half of FarmCo.'s earned revenue. If this program was no longer needed by farmers and was shut down, the organization would have significant funding issues for its other programming.

Future Goals

Moving forward, the bulk of FarmCo.'s goals relate to their diffusion work. The organization is working to develop a coalition to lobby the state government to improve the tax structure on agricultural land and to require minimum levels of local food in government run institutions like prisons and schools. Further, FarmCo. is working to develop collaborations with broadline companies like Sysco to provide food to these larger organizations.

APPENDIX 5:

MAIL AND MUMS CASE SUMMARY

Background Information

Mail and Mums is a non-profit subsidiary of a behavioral health care system that provides services to over 13,000 Rhode Islanders through 40 programs. Mail and Mums was founded in 1988, renamed in 1998 and later changed to their current name in 2012, is one of those programs. The goal of Mail and Mums is to provide job training and short-term employment to clients of the behavioral health care system to help prepare them to seek and gain competitive employment. The organization began as a day activity for clients to receive a small wage for helping to prepare mailings for the parent organization and grew and formalized over time—taking on additional customers and creating a structured and time limited training program for clients who go through a formal application process and commit to work approximately 20 hours a week for 3-6 months. In 2012 Mail and Mums acquired the florist from another behavioral health organization and combined management the mailing center and florist under the umbrella of Mail and Mums. The social enterprise is currently seeking a third business with the goal of engaging more clients in the work-training program.

Mission and Role of the Social Enterprise

The mission of the social enterprise is to provide meaningful work experiences to clients of the parent organization to ready them for competitive employment opportunities. The website for both the florist and the mailing center contains very little information on the social mission of the enterprises. It does however state:

As a vocational program of [the parent organization], [Mail and Mums] provides employment services to disabled individuals – people who are working hard to overcome mental illness and addictions. Through productive employment, employees strive to rise above major life challenges attaining the highest level of independence, skillfulness and self-esteem (C03.website).

Legal Structure and Funding Sources

While Mail and Mums maintains an independent board of directors, they are predominately made up of employees and board members from the parent organization. The financial goal of Mail and Mums is for the organization to be self-sufficient with the exception of salary costs for 4 management employees. Any additional funds left over at the end of the fiscal year are contributed to the parent organization to cover as much of the salary costs as possible. According to the general manager, FY2014 was the first year that the businesses have been able to contribute towards salary costs. Combined the businesses of Mail and Mums earned over \$1 million in revenue during FY14. This financial information fails to account for is the 5 full time staff employees whose salaries are paid for by the parent organization that founded Mail and Mums. Below is the 990 financial information for Mail and Mums:

990 Data on Revenue and Expenses: Mail and Mums

	FY 2013	FY 2012	FY 2011
Sources of Revenue			
TOTAL REVENUES	\$958,065	\$713,680	\$866,269
Grants	\$51,810	\$5,000	\$7,500
Contributions	\$13,988	\$5,000	\$10,000
Programs (Total)	\$892,267	\$703,680	\$852,077
Sources of Expenses			
TOTAL EXPENSES	\$934,266	\$630,165	\$750,752
Other Wages	\$110,202	\$114,745	\$101,458
Payroll Taxes	\$13,679	\$12,663	\$11,414
Fees for Services	\$25,828	\$9,176	\$9,244
Advertising and Promotion	\$10,137	\$20,734	\$15,917
Office Expenses	\$456,994	\$353,921	\$469,570
Occupancy	\$55,502	\$41,879	\$53,002
Travel	\$9,407	\$5,425	\$4,937
Conferences	\$89	\$3,763	\$2,247
Interest	\$2,392	\$3,831	\$4,053
Depreciation, depletion and amortization	\$37,051	\$38,127	\$43,755
Insurance	\$10,554	\$7,038	\$7,014
Personnel Reimbursement	\$145,000	-	-
Temporary Help	\$36,949	-	\$2,472
Maintenance and Rental Equipment	\$16,370	\$17,084	\$19,658
Misc.	\$1,884	\$874	\$821
Books, Publications		\$905	\$5,190
All other	\$2,228	-	-

In order for the program to break even, the parent organization contributed \$216,000. This relationship between the parent organization and the enterprise is one that the general manager is very concerned about. She frequently discusses how she can either make more money but automating more of the mailing process, or hire more clients by having more mailings done by hand. She actively tries to strike a balance between the two. At any point there are typically 5 temporary client positions open between the two businesses. Mail and Mums recently secured a contract to maintain a gift shop at one of the local hospitals and anticipates being able to take on more clients as well as increase revenues.

Goods and Services Provided

Mail and Mums provides predominately services to their beneficiaries and sells both goods and services to their customers.

Beneficiaries: Individuals facing mental health challenges

The primary service that Mail and Mums provides to beneficiaries is supportive employment to help build their confidence and professional skills prior to their entry (or reentry) into competitive employment.

Clients are referred by their caseworkers at the parent organization and then undergo a formal work assessment and interview at the mailing company headquarters. The vast majority of those who are referred get offered a spot in the training program and there rarely is a waiting list. The parent organization struggles to make referrals to the program because of the fear many of their clients have of returning to work. This fear comes from two sources, previous negative experiences within the workplace and a fear of losing disability benefits if they earn too much income. In the words of the chief strategist of the parent organization:

“A lot of the folks we serve are very legitimate like risk adverse. They don't want to mess up those benefits. Often their housing is tied to those benefits. They might've tried employment and it didn't work. All of this is very much tied into the cyclical, chronic nature of a lot of the diseases that our clients have. So it's perfectly typical you work for a little while, something happens and you lose that job. One of our clienteles told us some time ago, 'look, getting a job has never been a problem for me. It's keeping the job is the problem.' So this has been one of the hardest pieces of the social work to grow” (C03.I03).

Clients are given the choice between working at the mailing company and working at the florist. Most opt to go to the florist if there is an open position because they perceive it to be “more creative” and the work is more predictable. At the florist, clients predominately ensure that the retail areas are clean and well kept—with most of

their time spent stocking shelves, sweeping—or assisting in deliveries. Two clients have had opportunities for more specialized positions at the florist, one spending more time in the small greenhouse caring for and propagating plants and the other working in floral design. In both of these cases the clients had previous experience in these areas. The mailing company has three different temporary client positions, mailing preparation, delivery driving and custodial duties. Clients are paid minimum wage for the hours they work. The number of hours worked is determined each week (and sometimes daily) dependent on the number of jobs that the mailing company has on hand or the tasks needed to be completed at the florist.

During their time within the organization, the permanent employees of Mail and Mums work with the clients to build their confidence, professional skills and skills at the tasks they are assigned. The client's caseworker is supposed to meet regularly with the client to be working on a competitive employment plan for after graduation from the program. The clients graduate from the program 3-6 months after they begin. Three clients have been made permanent employees, one running accounts payable, one as an administrative assistant, and one as a permanent member of the mailing team.

Customers

The goods and services sold to customers depend on whether they are customers of the mailing company or florist. The mailing company offers professional processing of bulk mailing projects for external clients, including political candidates, universities, nonprofit organizations, and for-profit organizations. They also have engaged in fulfillment services for an online bookseller and for Hasbro, selling special edition

games. The florist sells flowers and small retail goods as well as offers event design services.

In either case, goods and services are sold at market price. The mailing company has a professional sales person (one who is not a client) and the organization does not advertise its social mission when seeking new customers for either business. The websites of both businesses contain one sentence that mentions that the business employs individuals with mental health challenges, but that is the only reference to mission that either makes.

Social Value Creation

Scale

The enterprise operates on a very small scale, employing no more than 5 clients at a time across both business. Between May and December 2014 they had a total of 17 clients referred to the program, 5 withdrew before beginning, one resigned during the training and 11 clients actually completed the program. The income earned ranged from \$145 to \$400 a month per client, dependent on the number of hours worked.

Impact

Examining impact at Mail and Mums seems less complicated than with the other relational social enterprise, Soup and Support. This is in large part because it seems less entwined with all aspects of the client's life, a conscious decision by the enterprise to help clients transition to competitive employment. While Mail and Mums is supportive of the challenges clients face there is a distinct work-life separation and clients are encouraged to talk about topics other than their illness and treatment when at work. The General Manager explains why this policy is in place:

It's really a fine line between our mission and our business, because they can't be coddled because the real world does not coddle you. So we'll be there to listen if you have a bad day. We're here to understand you. Go see a therapist, get that resolved. We're not going to hold that against you for your attendance. But it's always a fine line that you want to be very firm with them while they're here and teach them as much as you can so the next employer, if they have one that's a little demanding, they know how to deal with it. (C03.I01)

When interviewing clients, the impact of the program appears to be temporary—when they are working for the organization they report a higher sense of self esteem, less concern over their conditions and a sense of being productive. However, if they do not gain competitive employment shortly after their completion these impacts seem to go away. All interviewed clients are very favorable when evaluating their experiences, they report enjoying working, that they are more comfortable with seeking competitive work after its done and that the organization did a good job of balancing their medical needs with their work tasks. The challenge for many is finding that next position and not being allowed to continue to work for ProMail was described by at least one client as being painful. One of the things I noticed when interviewing the clients and their employment specialists who support their transition is that both the client and the employment specialists have trouble communicating the specific responsibilities the client had during their training program and the specific skills they gained.

The impact level most frequently reported by beneficiaries was at the endowment level. Beneficiaries most frequently reported a sense of confidence instilled through the work experience. The beneficiaries also noted a sense of purpose and belonging as a result of their time spent working in the social enterprise. These, plus the letter of recommendation that each graduate of the program receives are endowments.

In the words of one beneficiary:

“This is a good place to start having all those things – fix up that you build yourself that you know you have something to give. So if you can learn it in a place where you can learn that you have something to give, it’s really good. And that’s the first thing they teach you here, you do have something to give and they can receive from you... Yeah, we all say that we are capable of doing, but we don’t know until we get our hands on the job. So it built up, so I’m sure I’m not the only one who thinks we have nothing to give. So if you can learn that you do have something to give that builds you to have a future that you can have a job and you can become somebody in the community who can give and take. And these are things you’re supposed to have. You’re supposed to have those if you really need to be feeling like you are part of this planet, in my opinion you need those. You need to know that you can give and you can take and you can learn. If you don’t know you can always learn and that’s the number one, you can always learn” (C03.I05).

At the capabilities level, beneficiaries receive the opportunity to work in a safe environment and build a more structured life. For one interviewed beneficiary, it was the first time she had been given the opportunity to work within the US. She is a Iraqi refugee who was severely injuring in an explosion that destroyed her home and killed her husband. She came to the US with six family members and was settled in Providence where she underwent many surgeries to repair her extensive injuries and to restore as much of her sight as possible. She worked with the program for 6 months and then was not allowed to continue so that new clients could enter the program. In the two years since she participated in the program, she has not been able to secure competitive work, but has gotten her GED and is continuing to search for employment. Beyond the opportunity to work in the social enterprise, the experience has created a bridge to potential employers for other clients. One beneficiary I interviewed discovered a company that he wanted to work for following the completion of his program. The company was a floral distributor and he spent much of his interview discussing how

excited he was about the application he was preparing to submit. His caseworker was supporting this process and helping him ensure that his resume and materials were prepared and that he would have strong recommendations when he left the program. Without the social enterprise, this opportunity would likely have been unknown to him.

At the functioning level, beneficiaries who are engaged in the social enterprise had to act professionally and responsibly during their tenure in the program. Both clients and caseworkers reported that the sense of purpose the work gave them made them get up in the morning and actually come to work—something that is very challenging for some people struggling with mental health challenges. The Iraqi refugee spoke of how working allowed her to function more fully as a person and silence her thoughts:

“When I wasn’t working or just sitting, everything was on my mind, “Why did this happen to me?” I was always thinking. But when I was busy, I was just doing my job and like a regular day” (C03.I11).

This woman discussed how challenging it was for her to function on a daily basis and how the program allowed her to move past that, even for a few hours. In order to keep their place in the program, clients must also maintain their visits with their therapists and maintain their drug regimens, if necessary. Three clients have been able to secure permanent positions with Mail and Mums and continue to function as professionals within the space. One had a mental health incident that required she be temporarily hospitalized and the program was able to make accommodations for her and she returned after the episode.

I spoke to two former clients, the Iraqi refugee and a man who left the program and found competitive employment. He was trained by the mailing company as a driver, and they paid for him to get his CDL. After graduation he found another job as a delivery

driver. He did not keep the position long, but is still in competitive employment—now working at a doggie daycare center—and functioning successfully in that role.

Diffusion

There was no evidence of diffusion practices within the enterprise. In fact, in many ways the enterprise seeks to keep their mission quiet. They are worried that if they publicize it too widely, it may attach a stigma to their employees. Mental health is poorly understood and the social enterprise is working to help their employees function more effectively in competitive employment. It is up to each client whether they want to disclose their illness to their employers or potential employers. If the social enterprise was widely known for its work with clients of the parent organization it would be much more challenging for clients to seek employment without disclosing their illnesses.

Performance Measurement

The does not have a formal performance measurement program, but is in the process of establishing a more formalized process for monitoring the progress of clients within the program. The organization defines success on how many individuals completed the training program. Here is the general manager's explanation of how that became their clear metric:

“Because when the economy was really bad, there were no jobs to be found, so we had to redefine what we thought success was. And success couldn't always be, ‘Did people find jobs?’ Success was, ‘They haven't done work in 20 years and for four months, they came in, they did what they were supposed to do, they were very good employees.’ So we had to start defining success on how many completed the training program and not what happened after, because I can't control the job market.” (C03.I01)

This is a basic outcome metric. Its simplicity is due, it appears, in part because the general manager lacks a clear understanding of what she wants to measure, as well as the

training to do so. During our initial interview she shared how she is struggling with the concept of what success for clients actually looks like. She acknowledges that completion

“...is not a definite reflection on the training program. There’s just so many variables, so it’s trying to figure out how to pull that in a concise report. And that one of the things my board is looking for and I’m kind of the spokesperson and I am very positive. Everything is ‘Rah, rah’ and I try to explain to them. I understand they want a system, but what is success? It’s so subjective and that person who was terrified to come in here for an interview, came in for an interview. So they succeeded at that and flipped out before they came in. So what is success and what isn’t? That’s what I’m struggling with... I’ll have people that will come in and we work full week. And then whatever the situation is, they—taking the bus is too much stress, and then they leave and I always—we have the exit interview that, “This was not a failure. You did two weeks. That’s great. Maybe next time you’ll do four.” So we try to always encourage people that it’s not a one-shot deal and you can come back and work on some things.” (C03.I01)

The general manager has been with the organization since the early 1980s when it was just starting as a mailing company. It was her second job after completing her associates degree from Bridgewater State Community College and began in an entry level position supporting job placement and has grown into the role of general manager, with no training on how to run a business, or how to lead a social enterprise. She is interested in going back to school and getting a degree or certificate in social entrepreneurship or nonprofit management, but doesn’t feel she has the time, especially now that she is running two businesses.

Performance Metrics

After evaluating all of the data relating to Mail and Mums the following metrics were identified:

Financial Metrics:

- Sales
- Cost of production

- Cost per intervention
- Input and Activity Metrics
- Number of customers
 - Number of Jobs
 - Number of Referrals
 - Number of clients on waiting list
- Output Based Metrics:
- Number of clients engaged in program
 - Hours worked
- Outcome Based Metrics:
- Number of graduates in traditional employment

The organization tracks the number of referrals, beneficiary participation and completion on chart board paper in their main conference room. It appears that this is the extent of their formal tracking methods and only takes up 5 sheets of paper. The reason the enterprise was tracking the participation of clients on chart board in the conference room was for a grant—the first the organization has ever applied for. For the application they wanted to know 1) how many hours were worked each month, 2) the cumulative hours worked to date, 3) the number of clients actively engaged, 4) the number of new clients working for the enterprise, 5) the number of clients placed in traditional employment, and 6) the number of clients on the waiting.

Client experience is measured through an exit interview and through monthly assessments. Each client completes their exit interview with the general manager of the enterprises, but this isn't recorded in any formal way. The enterprise just instituted a monthly evaluation program where the manager of either the mailing company or florist sends a report to the caseworker of each client and these are shared with the clients. These evaluations do not have a specific form, and are either a short verbal report or email.

Each client's level of proficiency to work within the mailing company is assessed prior to their interview. This is supposed to give the client a sense of what the work environment is like as well as give the enterprise a sense of their capability. There is an opportunity to measure growth of each client if this assessment was given at the end of the program, however the organization does not utilize that opportunity. The mailing company can measure the efficiency of each client based on the number of pieces they complete and the number of hours they work. However, this practice is not done, unless there is a suspicion of someone not working at his or her highest capability, which is rare. Clients are given little specific feedback on their performance, which only seemed to concern one client who had more work experience, but was limited in his ability to work since his wife had a severe stroke a decade earlier. He seemed the most capable of those I spoke with to obtain and retain competitive employment and was the one looking to work for the florist distributor.

Data Use

There is not much data gathered within the organization, which also limits its use. Applying for this grant seems to have sparked an interest in data collection, but even in this there appears to be little interest in analysis and instead the focus is on summarizing the impact of the program to highlight its value to outsiders.

Challenges and Future Goals

Challenges Faced by the Social Enterprise

The general manager of Mail and Mums identified three core challenges. The first is balancing generating income with beneficiary needs, the second is the relationship

between the enterprise and its board and parent organization, and the third is determining how to best measure success for beneficiaries.

Mail and Mums does not currently receive any grant funding and is sustained predominately from the income generated from their sales. The parent organization pays the salaries of 5 employees and covers any unexpected expenses if they arise. Mail and Mums is just starting to be able to cover the expense of some of the salaries traditionally covered by the parent organization. However, in order to do so they have had to automate some of the tasks that traditionally were completed by beneficiaries. In the words of the General Manager:

The biggest challenge here is it is a fine balance between being a profitable business and having a mission. It's always a conflict of interest and I don't care who you are. It always is. Because do I put it on the equipment and make a lot of money to the bottom line or do I have people come in and do it by hand, which I know I'm going to lose money? Because sometimes customers don't want to pay the price to mark up hand assembly. (C03.I01)

Not only are beneficiaries more costly than automation, but they also are more costly than the model employees the organization hires. When communicating with the parent organization, the General Manager finds herself having to defend the costs associated with the work and the limited ability to take on beneficiaries. This is because:

It is very expensive hiring people with disabilities just because they need a lot more one-on-one, depending on where they come and what their diagnosis is. And a lot of times their productivity because they don't have a long, lengthy work history, if we're paying them \$9 an hour, and they're only producing \$4 an hour worth of work, well, who makes up that gap? It comes right off of the profit. (C03.I01)

This becomes even more challenging when there is not a lot of work, such as in the summer when mailing production declines. If there are not jobs to be completed, clients are called and told not to come to work, or are sent home early. This lead to some clients

slowing down production to maintain their hours. When the General Manager noticed this happening she:

had to do an entire culture change to let everybody know that we are shifting. We told them, “We have to be a responsible business financially and with our mission. And you no longer can have work and save it for your six hours and go really slow because you don’t want to go home early.” (C03.I01)

The solution to this problem is to bring in more business. Traditionally, the sales representative sought customers who were willing to pay a premium to have their mailers hand packaged by a non-profit organization and Mail and Mums developed a niche market. Now the enterprise is seeking to expand and broaden this customer base by not advertising their social mission and merely focusing on the quality of their work. This is an attempt to overcome any stigma attached to individuals with mental illness.

The general manager has no formal training in running an enterprise generally, and a social enterprise specifically. When she began working for Mail and Mums nearly 20 years ago it was her second professional role after attaining an associates degree. She began as a vocational specialist and was promoted into the role of production manager when the general manager suddenly left the organization. The parent organization told her to “*keep the place running*” (C03.I01) until they decided whether to shut down the program or to hire a new general manager. They ultimately decided to maintain the program and to keep the general manager running it. It was at this point that the organization became its own legal entity and a separate board was developed to oversee it. The board consists of 7 people, 3 employees of the parent organization, 2 clients, and 2 members of the parent organization’s board. This relationship has been strained from

the beginning and the General Manager is unsure of how to rectify it. She repeatedly noted that she doesn't know what the board wants and shared: *"I always have a goal and until I can cover all of the staff, I feel like that's my freedom. But I will never be free because they don't know what to make of us"* (C03.I01). She went on to say:

So sometimes I feel like they think their only purpose is to find something I'm not doing. So they'll focus on that and they use the salaries against me at every chance and that's why I really have to get a social impact and the program costs, so I have something to say, "Yes, you are paying \$60,000, but look [Mail and Mums] gave you \$150,000 in cash last year that you can use however you want. You can give it to us as salaries, you can use it for your expansion. And yes, we may have only had 12 clients, but this is kind of." So that's really important for me for the next year because this new board, they're very smart, which is great. Some of the people on it, the new ones, but yeah, they're kind of getting on me about the salaries again. So we had our—my new board met in July so our June financials were done. So I was so thrilled this was the first time ever we were able to give them enough cash to pay all our salaries and we had \$5,000 extra. I'm like, "Yes!" Because I'm always hearing about the salaries. "You can't cover your salaries. It's been 20 years. Why can't you cover your salaries." So I go in and I'm psyched. And for some reason it got twisted and it ended up being like this negative thing. And I just felt like all the air was sucked out of the room and I'm sitting there, "What in the hell?" Like, "I don't understand." And so after the meeting, I was talking to my boss, and I was very blunt and I said, "I don't know what you want from me. I just don't know. And you have to tell me what you think success is. Because what I think success, obviously we are not meeting on the same level. I am self-supporting myself. I am actually giving you cash every year. You gave me [the florist shop] and I haven't come to you once to help pay an electric bill. I don't understand why it's not enough." (C03.I01)

Part of the confusion seems to be that she is not taking into consideration the fully

burdened cost of the salaries of the support employees. Her calculations only include the actual salary paid, not the benefits and tax burdens associated with the employees. All of the detailed financial accounting for Mail and Mums is done by the parent organization and it seems as if the General Manager lacks key knowledge in understanding the budget of the organization she runs.

Beyond the relationship with the board and executive leadership at the parent organization, Mail and Mums is reliant on the parent organization to provide referrals of clients to the program. This can be challenging because many of the clients are not interested in gaining employment, even though it is considered to be a vital part of their treatment. The strategic director of the parent organization pointed out that clients have a rational risk aversion to going to work. In his words:

If you just got in disability and you're finding an apartment and got a roof over your head and you're paying 8% of your disability of your social security and you're in recovery and you're going to meetings a couple times a week or daily, they came out- getting back to work is...it's somewhere on the list. You know that it's one of the top ways we provide meaning to our life but you've put out all these other fires and you're going holy smokes, I'm not in the dangerous place I used to be and it's easy to get pretty risk adverse. It's really quite a rational response. (C03.I03)

While risk aversion to employment may be a rational response because of the structure of disability benefits, he also points out that work gives meaning to people's lives. Some of the counselors have concerns about the value of the three-month training program. One new employee shared:

I look at it as even a job for three months doesn't look-- I don't know if I would even put that on a resume, but I guess that's what we do. I guess, the rule of thumb is three months or more can go on a resume, but I am looking at, you know, with me I would never put a job for myself three-months on a resume. But I guess, you know, this is what we are going to do so we will see, we will see how it is. (C03.I12).

The goal is that the program will help clients gain some professional skill that will help them find and keep employment at other locations. The concern for many of these clients "isn't getting the job, but keeping the job" (C03.I08) and Mail and Mums has to structure their hours in a way that they gain meaningful work experience without risking their benefits it can help them build confidence to consider other forms of employment.

The board and parent organization is pressing the General Manager to more clearly define the social impact of Mail and Mums. Each client is different and is struggling with a different mental illness. Dependent on their diagnosis and previous history, success may look different for different clients. For some clients it is simply considering employment as an option is a success, for others it is coming in for an interview. For simplicity success is currently defined as completion of the program. The General Manager explains why:

Because when the economy was really bad, there were no jobs to be found, so we had to redefine what we thought success was. And success couldn't always be, "Did people find jobs?" Success was, "They haven't done work in 20 years and for four months, they came in, they did what they were supposed to do, they were very good employees." So we had to start defining success on how many completed the training program and not what happened after, because I can't control the job market. (C03.I01)

Currently, Mail and Mums focuses on one core metric: the number of clients served divided by the cost to the parent organization. However, the General Manager sees the numerator and denominator of that fraction as being at odds with one another. She shared that she asked the board:

Do you want a huge amount of clients or a huge amount of cash? You tell me and I can make it however you want. I am giving you a little bit of both. But if you want more cash, then it affects the clients. I can't have as many clients. Or you want more clients, that's fine, but it's less cash." And they can't answer the question because it's a hard question to answer. (C03.I01).

Her supervisor also recognizes this challenge, but sees it differently. Rather than clients served and cash earned being opposed, he thinks that they need to simply grow the businesses. This is challenging because:

The two businesses we have aren't growth industrious. [The general manager] and I have joked, maybe we would acquire a buggy whip factory next. The long-term future of mailing is not- you know, look at the United States Postal Service. There aren't as many retail florists as there used to be. These are tough businesses to grow. We think we can sustain both of those. We can only add more employees as we grow these businesses. So, just the work of getting more clients, getting more employees through here, it could be faster. Thinking about the acquisition opportunities we've looked at, they're not growth businesses, growth sectors, either and that's why people are probably interested in having them acquired. So we think we can grow this. We think we can stabilize these businesses and possibly acquire and stabilize another. (C03.I03)

In order to grow these enterprises the General Manager feels she needs to develop a cohort of peers to seek guidance from. There aren't many social enterprise leaders who are running established businesses with a similar model to Mail and Mums and she feels the social enterprise intermediary is geared towards much younger entrepreneurs and earlier stage ventures. She is searching for a way to connect with the leaders of more established programs and is also considering enrolling in a university program to get a certificate in non-profit management or social enterprise management, but this seems unlikely. Instead she continues to struggle on her own.

Future Goals

Mail and Mums is seeking to expand both businesses as well as acquire a third business to create more positions for clients within the enterprise. They have explored a number of opportunities but have yet to find one that they believe will be financially sustainable and prepare their beneficiaries for better careers. Ideas that have been explored include painting, cookie baking and moving services. These businesses have been rejected because they did not align with the experience of the general manager. This search is ongoing.

APPENDIX 6:

SOUP AND SUPPORT CASE SUMMARY

Background Information

Soup and Support is a non-profit that began solely as a soup kitchen in 1976 and has expanded to include wrap around services to help the incarcerated and homeless rebuild their lives to be able to live meaningful and productive lives. The organization has experimented with multiple businesses since 2002. These businesses help address *“the high unemployment rate of the men and women living in our shelter programs”* and are *“a natural extension of our mission” (C02.I04)*. The primary goals of these businesses are to hire as many guests of the program as possible. At the start of the study they were operating a catering company, and a café. They have since all but closed the café-utilizing the space for their culinary arts training program as well as for special events and private parties. They also have a small baking mix company, which they acquired from another non-profit, but is only seasonally operational. Previously they ran a carpentry business called Amos House Works, but it was shut down a few years ago after the manager left the organization. The staffs for these businesses are recruited from graduates of either the culinary arts or carpentry training programs. These programs

recruit participants from within the Amos House Community as well as from other agencies that work with the long term unemployed. They are funded by specific grants and from Amos House's operating budget and each program works with approximately 20 participants a session. Typically 3 sessions are run a year. The programs last 16 weeks and include 12 weeks of training and 8 weeks of an internship (there is overlap of the last month of training and internship to support a transition from classroom into a formal workplace).

Their website asserts that the best measure of success in their model:

is not how much profit we make, but the degree to which we create social value. Education, job training and development within our social enterprises provide every individual with a chance to be a better employee, family member, community advocate, role model... constantly exploring innovative ways for our businesses to provide opportunity to students and value to our customers.
(C02.website)

Mission and Role of the Social Enterprise

Initially the social enterprises were founded to be able to simultaneously employ people and make revenue for the organization, but the executive director acknowledges that was "naïve" (C02.I04) and the new goal is to be able to "control the costs" (C02.I04) of individual businesses.

In the words of the executive director:

There is a challenge when you are working with a new work force is that they need a lot of supportive work while they are working. They need intensive work on sort of the soft skills of how to be good employees. There's a dollar factor in that that in a straight-line business, if someone isn't a good employee, you get rid of them. Our model is, "we know you are not good employees, that's why we are employing you, to help you become a good employee." But, it costs more. We also have an intentional model that says we are going to work with you as a stepping-stone. So if we just hired people that stayed forever, then there is a dead end in what we are doing in terms of the social mission part of it. So we create

trainers, but then everybody else has to turnover, so there is a cost factor with that as well. (C02.I04)

The social enterprises were added to the organization to offer employment opportunities to members of the social service agency community. These positions are intended to be temporary and help beneficiaries build towards better employment. Unfortunately, when the costs get too high enterprises are scaled back, which is what has happened with the café. The costs associated with the café had grown too high and so they spent the fall experimenting with serving one lunch a week with two menu selections and utilizing the space for the training program, catering prep, and private events and functions. They have not restarted the lunch program since the holidays and it is unclear if it will start back up.

The catering company does slightly better than breaking even and the carpentry program was registering a consistent profit prior to the manager leaving. They are actively searching for a new manager to be able to reopen the carpentry program. I would also argue that their low cost housing could be considered an additional business. While More Than a Meal, Friendship Café and Amos House Works were all listed on the 990 of Amos House as individual income generating programs, the low cost housing program became a separately registered 501(c)3 in 2012, but shares 12 of 17 board members with Amos House and the Executive Director is listed as president of both. Interestingly, no one I have spoken to discusses program this as one of the social enterprises.

The executive director has embraced the language of social enterprise and views the whole organization as following a work integrated social enterprise model in which

individuals who come to the organization seeking services are employed within the organization in a host of positions. She states:

Many of our folks have not had a lot of experience in managing crisis. Their lives continue to perpetuate crisis because of poverty, because of living in substandard housing, so a lot of our work is kind really trying to help people get out of that cycle and we do it through a lot of different ways. We do it through our financial opportunities center, where we are helping people start to think about their finances. So people get financial coaching, we help them look at their debt. All different pieces that are part of being a student and employee at Amos House. So its kind of a holistic approach to our employees. We have about 53 staff members, about 25 of them are formerly homeless men and women. So we use that social enterprise model, even not just in our businesses, but in our organizations. Our case managers, our house managers, our maintenance crew, our cleaning crew, our catering crew. We are intentional about hiring people who have come here for services. (C02.I04)

These individuals are in roles including: soup kitchen staff, catering staff, program manager, house manager, case manager, head of maintenance, maintenance staff. There appears to be a significant amount of turnover, both in staff who were formerly clients and those hired through traditional methods, and it is unclear if this is because of their goal for employment within the organization being a stepping stone to employment outside of the organization or something else.

Legal Structure and Funding Sources

The social enterprises are housed within the legal entity of the parent organization. As can be seen from the 990 information below, the income from programs—including the catering company, rental income, and construction company accounted for 14.5% of the revenue brought into the organization in 2013. There is a reduction in revenues from both the catering and carpentry company over the period shown below. This is the result of transitioning the catering company to catering and

café and the closing of the carpentry company in 2013. Below is the 990 financial information from Soup and Support:

990 Data on Revenue and Expenses: Soup and Support

	FY 2013	FY 2012	FY 2011
Sources of Revenue			
TOTAL REVENUES	\$4,234,769	\$4,203,536	\$5,121,954
Grants	\$986,743	\$1,080,221	\$1,686,484
Contributions	\$2,349,452	\$2,106,135	\$2,278,296
Programs (Total)	\$615,397	\$830,815	\$1,032,328
• Catering	• \$374,596	• \$414,799	• \$662,547
• Rental Income	• \$215,486	• \$205,965	• \$198,302
• Construction Income	• \$3,815	• \$136,332	• \$171,479
• Other Service Revenue	• \$21,500	• \$73,719	
Investment Income	\$1,219	\$1,217	\$5,680
Sales of Assets	-	\$1,715	-
Fundraising Events	\$246,348	\$156,625	\$17,887
Gaming	\$23,447	\$15,981	\$23,909
Other	\$12,164	\$10,827	\$7,020
Sources of Expenses			
TOTAL EXPENSES	\$3,669,212	\$4,048,630	\$4,718,891
Compensation of Officers, and Key Employees	\$277,590	\$282,701	\$176,294
Other Wages	\$1,436,668	\$1,669,189	\$1,832,105
Pension Plan Contributions	\$224,634	\$230,797	\$25,817
Other Employee Benefits	\$72,009	\$66,160	\$222,927
Payroll Taxes	\$181,414	\$209,342	\$200,059
Fees for Services	\$74,412	\$67,830	\$95,659
Office Expenses	\$17,008	\$20,832	\$21,450
Information Technology	\$18,766	\$13,871	\$16,577
Occupancy	\$220,008	\$199,627	\$238,874
Conferences	\$10,805	\$8,771	\$14,012
Interest	\$22,9924	\$31,550	\$32,872
Depreciation, depletion and amortization	\$201,673	\$194,745	\$203,803
Insurance	\$39,944	\$37,965	\$37,730
Food	\$391,482	\$436,656	\$692,340
Program Supplies	\$95,902	\$158,097	-
Repairs and Maintenance	\$103,881	\$87,289	-
Assistance to Individuals	\$61,465	-	\$189,703
Vehicle Expense		\$64,287	\$66,780
Public Relations	-	-	\$16,293
Capital Campaign Expenses		--	\$86,333
All other	\$218,627	\$268,901	\$549,263

Goods and Services Provided

Currently there are two groups receiving goods and services from the enterprise: beneficiaries and customers.

Beneficiary

The parent organization offers 17 programs including 90 day transitional housing, soup kitchen, literacy training, workforce training, substance abuse referrals, supportive housing, emergency financial assistance, employment assistance, parent-child reunification programs, ID and birth certificate assistance, housing referral assistance, prescription assistance, financial literacy, sexual and reproductive health referrals for street workers and the formalized training programs within the social enterprises. Beneficiaries can engage in one or many of these services.

Guest support services are divided into two phases—the 90 day transitional shelter and rehabilitation program are part of Phase 1 and the longer term low cost housing and training programs are considered Phase 2. Guests of the Phase 1 Program are required to escrow any income they receive so that they will have the necessary funds to transition into independent living during Phase 2 and guests of the Phase 2 Programs are encouraged to either escrow or save as much money as they can during their stay. There is a clear community that guests of the programs become a part of with daily meetings that guests are required to attend during phase 1 of their stay and weekly meetings that guests are required to attend during phase 2 of their stay. Because many of the individuals who become guests of Amos House have struggled with substance abuse, these meetings and other programming often use language and practices from the Alcoholics Anonymous 12 step program. When interviewing beneficiaries there was

clearly a shared language and understanding of addiction and the work it takes to overcome it. The organization claims on their website that “each year we help over 200 people move from homelessness to self-sufficiency” (C02.website).

Customer

Customers of the catering company purchase catering services, either facilitated at a site of their choosing or within the café. The catering company is willing to develop individualized menus for their customers in addition to providing a seasonal menu for customers to choose from.

Social Value Creation

Scale

The parent organization operates at a moderate scale while the enterprise operates at a low scale. The website of the organization boasts that:

“Today [the organization] is a leading social service agency in Rhode Island, managing the largest soup kitchen in the state, providing social services to over 15,000 people a year and housing nearly 165 men, women and children a night. More than 500 adults have graduated from its training programs” (C02.website)

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Each of the training programs works with approximately 20 beneficiaries a session and runs 3-4 sessions a year. As of July 2015, 550 individuals have graduated from the culinary arts program. The catering company employs approximately 20

graduates of the training program a year. These positions are contingent dependent on the number of catering jobs the enterprise is able to solicit. The catering company has a standing contract to provide 40 dinners each night to a local homeless shelter that provides consistent full time employment for 2 beneficiaries. The baking mix company trains and employs 5 beneficiaries at a time, typically during the holiday season.

Impact

Understanding the impact of this organization has been challenging for three key reasons. The first is access to beneficiaries. The organization has been unwilling to share a list of all previous participants because of concerns of privacy. Instead they are willing to reach out and gain consent from individuals to share their information. This has the potential to bias the data towards those who are viewed as good examples by the organization and I have seen some evidence of this.

For example, I heard a story about the impact the financial coaching program has had on one beneficiary from 3 different perspectives—the executive director was the first to tell me the story, then the director of the Financial Opportunities Center and finally I heard it from the beneficiary herself. There is also an issue with maintaining contact information after guests have exited the program—those that they have contact information on may be those who have been able to maintain more stable lives, also creating a bias in the data. All three of the beneficiaries I have spoken to were currently living in Phase 2 housing and had been receiving services from Amos House in some capacity for over 2 years. One of the 3 was scheduled to move out in the next week and offered a slightly different perspective than the other two. I was able to conduct a focus

group with current members of the culinary arts training group and gained some insight into immediate impact of the training, but less clarity on impact after completion.

The second reason understanding impact is so hard is because there are a myriad of services guests can participate in, leading to very different experiences and perspectives on the program. The three individuals I formally interviewed all expressed the sentiment that the organization changed their lives. In all cases they acknowledged that they had struggled with addiction and Amos House helped them overcome it in the 90-day shelter. During the 2+ years that they had been a part of the Amos House community they had rebuilt relationships with their children. It is challenging to parse out what impact is a result of the organization and what impact is a result of being sober—but also makes me wonder if that distinction is necessary. It also became clear that there is a difference in impact, at least for one individual I interviewed, between participating in the training program and being a member of the Amos House community. He had participated in the training program and had been hired immediately following the program by a restaurant for the summer season. After that he had been hired by a casino to work in the kitchen. After 18 months he was fired and had slipped back into negative behaviors including smoking marijuana and got arrested. It looked likely that he was going to go to jail for a minimum of a year when he ran into the director of the culinary arts program. She encouraged him to see if the judge would allow him to enter into Amos House's 90-day program instead of incarceration (at that time he didn't even know Amos House had a 90 day program). The judge accepted the deal and he joined the program. Three years later he is living in Phase 2 housing, drug free, gainfully

employed, paying child support for all of his minor children (a first for him) and maintaining custody of his youngest child. Trying to distinguish impact from participation in the training program and participation in the community would be very difficult. Also, it seems likely that tracking the culinary arts graduates will yield different impacts than those who have gone through the 90-day program.

The third impact complication that has arisen is how to account for time and comes out of this same story. Depending on the time frame, the story above could be considered a success story or a failure. For the first year or two following the culinary arts program it would be easy to attribute significant positive impact to the program. He was gainfully employed in the culinary field and utilizing the skills he gained in the training program. However, for a period of time following that he was not using those skills, was unemployed and engaging in illegal activity. Now, he is back to being gainfully employed and exhibiting all of the functionings Amos House tries to support their guests in reaching. This example raises the significant question of: When is the ideal time to measure impact? If I want to be developing comparisons between cases, do I need to measure impact on individuals at roughly the same point in completion? This will likely be difficult because of access to beneficiaries and the size of programs in some of the organizations.

Diffusion

The organization believes that their model works in aiding individuals struggling with homelessness achieve sustainable livelihoods and positive life outcomes, including sobriety, reunification with children and reduction in recidivism. However, the

organization believes that they need to empirically prove this impact in order to effectively spread the model. They expressed interest in partnering with researchers to diffuse the knowledge they have gained, but were unwilling, or unable to share the individual level data they have been tracking because of capacity issues within the organization. While this is an interest of theirs, it seems that they cannot justify dedicating time to the project unless it is externally funded.

Performance Measurement

The organization tracks a significant amount of data on the participants of their programs. Performance in each of their programs is measured and tracked differently, dependent on its source of funding and the reporting standards associated with each grant/contract. The Executive Director was very frank in discussing the challenges related to performance measurement within the organization.

We have 3 different systems we use, they don't talk to each other, but we are tracking all of that data. We have a staff person who probably spends 25% of her time entering the data, making sure it is up to date in terms of accuracy, in terms of employment benefits, because all of that money has to be tied to outcomes as well. And then it's a good part of the literacy...so I'd say, if I added up all of the money for those programs that's about a half a million dollars and maybe 25% of that half a million dollars is staff time. That's kind of a quick, down and dirty way of doing it. So for our department of health grants and we need to track every person that gets tested, every person that gets an intervention so we do a lot of tracking. But we track but we never—we evaluate, we are always evaluating specific program data, but we never get it to the level of “so what is the organizational 30 foot view of all of this?” (C02.I04)

They currently operate three different performance databases that track guest outcomes, and separate individuals maintain these databases and only the Executive Director has a sense of how all three overlap and interrelate. The current way that data is collected and utilized within these databases do not seem to be influencing the direction

and efficacy of programs. Instead the organization has developed less formal ways of gaining insight into the experiences of their guests, including evaluating notes of case workers and having conversations with participants about their experiences.

The organization has attempted to gain insight into the long-term impact of its programs by building incentive programs that encourage guests to maintain contact with the organization after the completion of the program. Amos House has devised an incentive program to assist them in gathering data on guests once they have completed the 90-day program. Guests who continue to meet with their case manager on a regular basis receive a small gift card. A similar program exists with the FOC—clients who meet individualized savings goals receive a certificate, community recognition and a small gift card.

Performance Metrics

Assessing all of the data, the following categories of performance indicators were identified:

Financial Metrics

- Sales
- Cost of training

Input and Activity Metrics

- Attendance at events
- % of staff who were clients

Output Based Metrics

- Number of beneficiaries engaged in enterprise
- Retention rate of students

Outcome Based Metrics

- Job placement after graduation
- % working in trained industry
- Salary
- Credit scores
- Net worth
- Educational functional level

- Diploma earned

Data Use

The motivation and practices related to the individual level tracking appears to be linked directly to the requirements of specific grants. When discussing the use of this data, the Executive Director was very focused on its funding potential. She stated:

looking at the long term outcomes which is harder to track—part of the other issue is that people who are poor tend to be very transient, if they are not physically transient it is hard to reach them because they get an Obama phone, and then they get the next Obama phone, so its hard to get a number to find them. All that kind of tracking can tend to be pretty difficult. So a lot of our knowledge is kind of anecdotal, without the kind of documented. So think that is kind of part of what we are trying to do. I can sit here and tell stories until the end of the day, a funder likes one story to demonstrate, but they want much more data. We track outcomes, we track housing/homelessness outcomes, we track an ETO financial gain, we do track all that stuff, but then how do I take all of that information and then how do I create a tool by which we can use it to generate dollars in order to continue to do the work we do. It's really what I am always thinking toward.
(C02.I04)

Funding is a major concern for the organization. The executive director has confidence in the fact that their programs are making a difference and does not seem to consider these tracking processes as containing valuable information, beyond what she can communicate to funders and donors.

The leader of the culinary arts program claims to utilize data she collects to shape her behavior when working with new students. When she was first hired she examined the data on job retention, and recognized that participants were struggling to complete their internships. She then looked at the existing training program and realized:

The way that it would happen before students may come in for an hour or two and assist in the café and then leave. And while it's a great experience and they learned a little bit it didn't really help them learn and understand the structure of an eight hour workday, of how you go into all the things you need to do, work through the boredom, work through the struggle, and then finish your day. Through that we were finding a lot of students were having real culture shock

when they went to their internships. So they would be here on campus kind of moving through our culinary program with a little bit of a lighter hand and then they get to internships where they would be at a restaurant three days a week eight hours a day and it would be like a huge shock for them. By the time they work through that shock the internship is over and it wasn't exactly like that places offering them a job. So we really need to look at the lab hours the students were getting and how they were set up and how it was allowing them to experience the kitchen. One little example is they used to come in and cook and leave and they didn't do dishes and so if you never do dishes during your learning process and then you go to an internship in there like welcome here's a pot scrubber--- it's a real jarring shock and they didn't know how to play that role. So that was really in the beginning why it was really important for me that they work a full shift beginning to end and they see it all because it allows them to kind of really feel out the job market and how it will look and how it will feel, so for us that was kind of the big push when it first came on. Through that we did see a really good increase in our job placement rate. So I came on we are right around 56% of students the graduated received jobs within three months, right now we're at 84% which is a huge jump and actually puts us that a level that would be acceptable for any national program as far as job placements go. (C02.I01)

This indicates that she is utilizing data to determine if changes made to the program are improving outcomes for students.

Challenges and Future Goals

Challenges Faced by the Social Enterprise

Two key challenges were identified by the Soup and Support. The first was related to beneficiary employment following completion of programs and the second is balancing beneficiary needs and financial costs in relation to their restaurant.

The executive director shared that:

One area we would like to sort of improve, is sort of retention rates in terms of employment. Part of the issue for us is that because the folks who are living with us really do have low skills, and barriers to employment, they tend to get entry-level jobs, and entry-level jobs people notoriously don't stay in. So we don't have enough staffing to do the intensive retention work. In terms of employment my belief is that nobody is going to stay in the first job they get and it's unrealistic to think that they will. But we want to reduce the space in between jobs, so if we can keep people coming back to employment then that economically makes a difference in their lives. The longer they are out of work, the deeper they go into poverty, so our hope is that if we can increase retention and help people begin to think that "I might get a job at labor ready at 8 or 9 bucks an hour, but I also

want to think about what I want to do with the rest of my life so what kind of training and education and skill building so that ultimately I get a job at \$20 an hour where I can really support myself.” That’s the challenge, its hard to do in Rhode Island because our economy sucks... Its hard to do because there are, the requirements for training for those kinds of jobs, our folks don’t have the capacity for that kind of training right now, they don’t have the education, often for a lot of those jobs, if you have a criminal background you are ruled out. There is just, there is not a kind of a, sort of a job place for folks. A lot of our folks, especially the men, have done a lot of under the table construction work. They have lots of skill. But there is no construction going on right now.

Beneficiary employment is the reason the enterprises were founded and continues to be a challenge. However, Soup and Support’s businesses aren’t able to hire as many beneficiaries as the organization hoped because they are not thriving, in part because of the economy and in part because of the challenges of meeting beneficiary needs and financial needs simultaneously.

Hiring beneficiaries is very expensive, even in low wage positions, especially when you are only hiring them temporarily to allow more beneficiaries an opportunity to work. In the words of the executive director:

There is a challenge when you are working with a new work force is that they need a lot of supportive work while they are working. They need intensive work on sort of the soft skills of how to be good employees. There’s a dollar factor in that that in a straight-line business, if someone isn’t a good employee, you get rid of them. Our model is, “we know you are not good employees, that’s why we are employing you, to help you become a good employee.” But, it costs more. We also have an intentional model that says we are going to work with you as a stepping-stone. So if we just hired people that stayed forever, then there is a dead end in what we are doing in terms of the social mission part of it. So we create trainers, but then everybody else has to turnover, so there is a cost factor with that as well. (C02.I04)

The catering manager highlighted the challenges of the location of the restaurant in attracting a steady customer base. Many people she feels would like the restaurant if it was in a nicer neighborhood, such as East Providence. In her words:

I kind of see a lot of people who like social enterprise to be kind of the cleaned up version of it. They want to come and eat a sandwich and feel good about it but it's funny because social enterprise is most effective in the neighborhoods that will benefit from it.

And so I mean it makes sense for the Café to be here. But our joke was always if we were to be on the east side our business would be completely different but then we are removing the benefit to the community that needs it and displacing it. (C02.I02)

Having the café just down the street from the greater Soup and Support complex provides jobs in the community where the students live and reduces their barriers to working because they don't have to figure out how to get to work. Also, having a local café in the neighborhood where there are many human service agencies provides a place for the employees of these organizations to gather and hold cross-organizational meetings. Further, the revenues earned stay within the community.

Another place where the enterprise has chosen to preference beneficiary needs over revenue generation is in their decision not to acquire a liquor license. Many restaurants make a significantly higher margin on liquor than food and not having alcohol may dissuade some customers from coming for dinner. However, many members of the community have struggled with addiction and the organization is “*committed as an alcohol and drug free community*” (C02.I04). They will serve wine and beer at catered events, but do not have alcohol on the premises.


Future Goals

Looking forward, Soup and Support is hoping to reopen their carpentry business, expand the hours the café is open and start a new business. They have utilized Social Enterprise Greenhouse's University program to engage MBA students in doing some feasibility studies relating to appliance and mattress recycling as well as appliance repair.

So far they haven't found something they consider to be sustainable enough to be their next business venture.

APPENDIX 7:

CODING STRUCTURE-PERFORMANCE MEASURES

1 st Level	2 nd Level	3 rd Level	Exemplar Quote	Cases
Inputs	Financial Assets	Grants and Donations	“we did \$128,000 worth of fundraising, and brought in about \$75,000 worth of grant money”	C09
	Human Assets	Volunteers	<p>NUMBER of VOLUNTEERS</p>  <p>28.85%</p> <p>603 VOLUNTEERS</p>	C09 C16
		Board members	“3 new board members to the Foundation including Mirko Serkovic from the World Bank, Andy Gavilanes from Global Citizen Year, and Robin Fink from Fundación Pachamama”	C12
		Interns	“[Our] internship program has had the pleasure of welcoming around 22 international interns, 8 national interns...to spend time with us and get to know our operations over the course of 2012”	C12
		Communities engaged	“Number of communities-189”	C09 C12
		Partnerships developed	“2 partnerships formed in 2012, 2 more proposed”	C12
		Visitors	“a major focus right now has been focusing on Friday lunch and building a following. That’s a really easy performance measure, if people come we’re doing good”	C12 C06 C02

Activities	Organizational Indicators	Store hours	“Increased store hours”	C09
		Time allocation	“we actually did a very big study on all of the staff members and where they spend their time”	C16
		Project milestones	“he breaks each house build into four parts and by like say by June he want to be at step three with the house or at least at step two”	C09
		Employees	“95% of the employees are clients. So only 5% are model workers. So that’s a huge thing to have that ratio. It used to be 50-50”	C03 C12
	Research Activities	Policies proposed	“Indicator: 3 public policy proposals and/or formal or informal agreements at the provincial level that benefit the project”	C12
		Research projects	“Indicator: 10 agroforestry plots planted, 3 multifactorial, 3 density, 3 agroforestry, and 1 production”	C12
		Labs built	“In the last year, we have built a state of the art crop science laboratory for our research on plant processing and production”	C12
		Needs assessments	“Runa interns and volunteers also...completed a survey of 53 communities to assess basic needs”	C12
	Financial Activities	Sales	“we judge success metrics by our sales records”	C06 C09 C16
		Application for grants	“I have a pretty ambitious schedule of 62 grants I want to write this year; 21 down”	C16
		Cost per intervention	“Jill and I have a pretty simple metric that we just want to focus on the number of people who get work and training experiences, divided by our costs”	C03
		Other financial indicators	“100% of donations go directly to mission projects”	C03 C09
Outputs	Workshops	Workshops	“Number of workshops given on sustainable Guayusa management– 127 (between January and August of 2012)”	C06 C09 C12
	Beneficiary Participation	Beneficiaries engaging with the enterprise	“400 low-income families made 2,775 visits to the HFHF tents”	C02 C06 C12
		Beneficiaries receiving training	“number of farmers in said workshops- 3184”	C03 C12
		Beneficiaries	“number of organic certified farmers”	C12

		getting certified		
		Discounted customers served	“1,386 customers used SNAP and received a 40% bonus, boosting their ability to buy fresh fruits and vegetables for their families”	C06
	Endowments Given Away	Social premium funds allotted	“As of Jan 1st, 2015, over \$70,000 has been invested directly from Runa into this community development fund”	C12
		Coats given	“we gave away 894 coats last winter”	C16
		Food given	“we gave away two cups of coffee for every one we sold, so we gave away 10,218 cups of coffee”	C06 C16
		Trees given	“Guayusa and native timber species donated to farmers= 15,000”	C12
	Production	Houses completed	“The lasting and quality homes we have constructed in southern Rhode Island now number over 50”	C09
		Volume of food sold	“16,400 total boxes to 1,600 people at 80 sites, including small & large companies, hospitals, government offices, healthcare organizations, and pre-schools”	C06
		Pounds of food produced	“For a program like Market Mobile that’s based more on like how much food goes through the system and how many farms are able to list product, how many customers are buying things”	C06
		Business and sustainable management plans	“investment and business plans written with associations and community enterprise”	C12
Outcomes	Individual	Income earned	“How much money are they making overall and also how much money they make directly due to guayusa production.”	C03 C12
		Employment gained	“we’ve had four trainees this past year. Two got jobs.”	C02 C03
		Recidivism	“measure things like recidivism rates and we try to track people as long as we can afterward”	C02 C06
		Educational gains	“We use another system that tracks educational functional level increase, diploma, all those kinds of things.”	C02
		Adoption of practices	“Percent of farmers who have adopted new farming methods–34%”	C12
		Gaining adequate	“we also had three families close on their new homes.”	C09

		housing		
	Community Outcomes	Women leadership	“Increase in participation of women farmers in cooperative decision making roles—from 1 woman out of 8 representatives (12.5% women) to 15 out of 36 (41.6%)”	C12
		Market access	“It’s market access partners. So how many partners are we engaging”	C12
		Cooperatives Developed	“Number of formal farmer cooperatives developed by Guayusa farmers– 10”	C12
	Environmental	Hectares sustainably managed	“Number of hectares under sustainable Guayusa management– 550 ha”	C12
		Hectares protected	“Number of hectares in formal conservation– 15,000 ha”	C12
		Waste diverted from landfills	“This year alone donated goods have diverted 1,447 tons of material from the landfill, a 25% increase over last year”	C09

APPENDIX 8:

CODING STRUCTURE-IMPACT

	Themes	Codes	Example
Endowments	Tangible Goods	Clothing	"It was really cold out and I asked if they had a sweater and they took me upstairs to let me try stuff on and they gave me a sweater and these boots"
		Food	"Soup, bread, basic sandwiches, water, coffee and tea are readily available. We do not allow people to order off the menu and expect it for free and for those who are hungry they do not care."
		Shelter	"once you sign the paper, it's your house."
		Letter of Recommendation	"they will give report about you, so if you behave here then you get good reports"
		Certifications	"we do national certifications so they have ServeSafe certification for safe alcohol, guest service gold from the hotel and lodging Association, and they get CPR and first aid certified."
		Plants	"to every family they have given 12 plants of guayusa because here it's a lot of us, they came to give it to the people but they have to give it little by little to everyone."
		0% loan	"we give 'em a 0% mortgage upfront with that when they needed the help."
	Income	From Goods Sold	"I mean and like I said, we do upwards of \$50,000 a year with them. That's good money."
		Hourly Wages	"I got paid minimum wage"
	Knowledge	Food Systems	"they can learn about proper nutrition also and learn that the best things and how in season things are the best."
		Technical Production	"Here what we want is that the tech workshops keep happening so we can work better technically, since we are now currently working traditionally we want to be more updated so that's how we wanted them to keep helping us."
		Profession Skills	"that's what we are working on right now, building the resume, working on interviewing skills."
		Financial	"So that was kind of like it was an educational thing that that's what I got out of it and how important it is to make

			sure that you have at least three months' backup or more in case something should happen to you."
		Community Planning	"supported these farmers' organizations through capacity building workshops to create investment plans and ensure that voices of all community members including women and the youth are incorporated into these project."
	Emotional Impact	Good Feelings/ Happiness	"it made me a happier person. And the guy that hired me for the job, he like kept saying to me, 'You're so happy and smiling. I need that here.' So I don't know if I would have smiled that way last year"
		Sense of Worth	"Yeah, we all say that we are capable of doing, but we don't know until we get our hands on the job. So it built up, so I'm sure I'm not the only one who thinks we have nothing to give. So if you can learn that you do have something to give that builds you to have a future that you can have a job and you can become somebody in the community who can give and take."
		Sense of Purpose	"it's getting towards the end of my time. I'm bummed a little bit, it gets me out of bed in the morning"
		Feeling Safe/ Comfortable	"The kids love having this new home. The neighbors are wonderful and the space is bright and sunny. I feel safe here; it's a friendly environment and a great place for us."
		Confidence	"My confidence is very low, I don't always think that I can do stuff and they believe that I can do stuff which is really good. So it works for me when they believe in me, I believe in me."
		Motivation	"you know, they give you something to keep going. You know, and they motivate you to keep going so that you can become a chef or own your own business that you're trying to."
	Community	Community	"you need a place where you can feel that even though you have problem, but you will be treated with dignity and they do that here. You still can have your problems and be treated like a normal person and this is the place to be."
Capabilities	Community Enrichment	Development of Fair Trade Associations	"Ten newly formed guayusa farmers associations have started...[we have] supported these farmers' organizations through capacity building workshops to create investment plans and ensure that voices of all community members including women and the youth are incorporated into these projects"
		Leadership for Women	"We have increased the participation of women from 11 to 42%"
		Utilizing Wasted Produce	"Otherwise, they are going to have to throw them out, so if they can get their same tomatoes back and they last all year then they have a chance to sell them off slower, at a higher rate."
		Access to Fresh Food	"Well, I think that in this particular community, it really opens the doors to healthy eating and maybe before they

			take the SNAP program benefit...And I think it really opens the awareness that most of the fresh produce that we eat really isn't fresh"
	Health and Emotional	Rehabilitation	"I think I saw the light of recovery. I wanted that feeling that everybody had"
		New Beginnings/ Second Chances	"We always say 'if you were in the real world, this would happen, but we are teaching you those steps, so the next time when you are in the real world you can do it differently'"
		Referral to Additional Services	"If we identify additional services are needed, we determine if it is something we can help solve in house or if we need to reach out to other service providers"
		Purchase Additional Supplies	"September there is a higher volume of harvesting...in order to cover the school costs and then other people that harvest for example, in April around the area of Archidona, they harvest because of the province's anniversary in order to get what they need, or to buy something"
	Economic Opportunity	Access to Customers	"I think we get a lot of brand awareness through the winter's farmer's market"
		Reduction in Bills	"And I already knew I could do it because I was already paying \$934 a month. I'm now paying \$732 a month. So it's kind of like, 'Oh, my gosh. I have that little extra dollar to save'"
		Job/ Internship Potential	"Some of the kids, if they get through the program, they are participating and feel comfortable, they get an extended 8 week internship"
Functionings	Behaviors	Positive Habits	"I am seeing them, you know, starting a routine getting up in the morning coming to work."
		Maintaining Sobriety	"But I don't know, I think I saw the light of recovery. I wanted that feeling that everybody had. That good friendship, that oomph, then I stuck it out and I stayed"
	Economic	Improved Employment	"So I mean the first month right now, my schedule is being altered to this course. Um, the job position and the places that they have actually put me in based on this course"
		Achieving Financial Goals	"I use it to buy things, computers, new furniture, and there is only so much money I spend, because money that is put away is put away"
	Family	Reunification with Children	"I got reunited with my daughters after 10 years its so much."

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