



# NAVIGATING SOCIAL AND COMMERCIAL OBJECTIVES IN SOCIAL ENTERPRISE

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Hello! My name is.....



# Sustainable Prosperity

- What can prosperity possibly look like in a world of social and environmental limits?
- Prosperity as the capabilities that people have to flourish within the resource constraints of a finite planet



**How do you define a social enterprise?**

# Some definitions

- Organizations with a **social purpose** or **business** with a social mission (Bull, 2006)
- A social enterprise is defined as any **business venture** created for a **social purpose**—mitigating/reducing a social problem or a market failure—and to generate **social value** while operating with the financial discipline, innovation and determination of a private sector **business** (Alter, 2007).
- Double bottom-line organizations that practice both **altruism** and **commercial** discipline (Ridley-Duff & Bull, 2016)

# SE examples from my research

**Purpose: A cleaner environment**

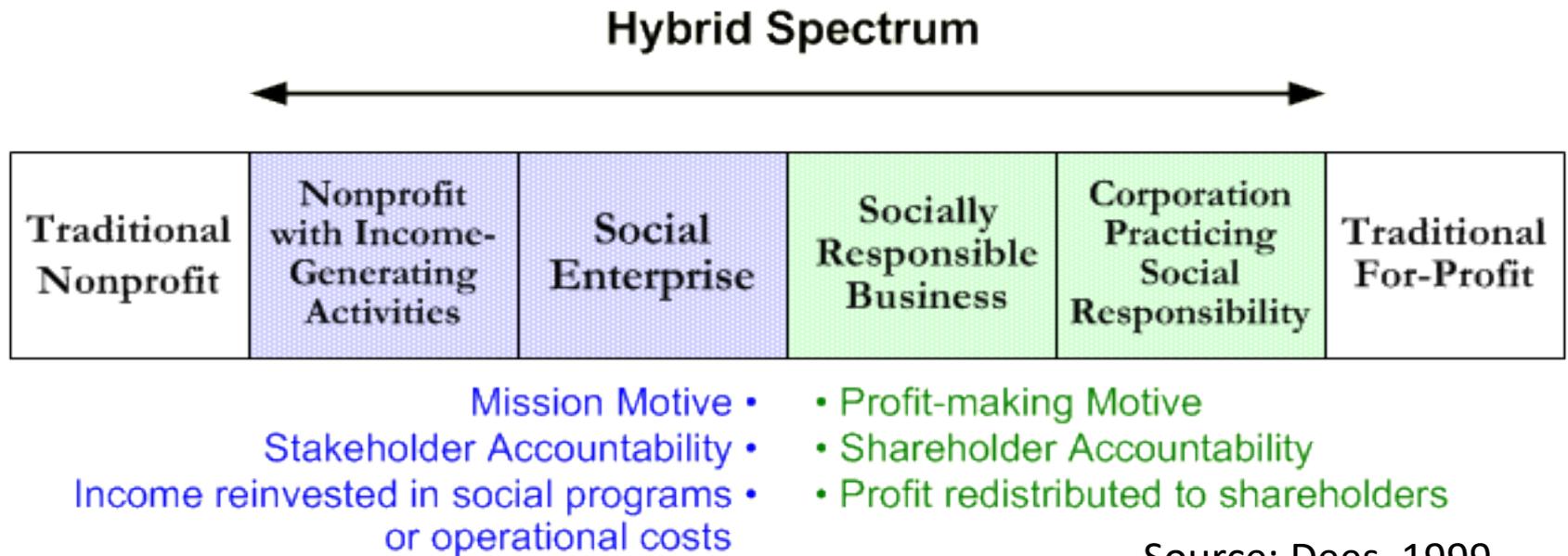
- **Wecyclers**
- **Recyclepoints**
- **Ecoprune**
- **Greenhill Recycling**
- **Harvest Recycling**
- **Pearl recycling**

**For-profit**

- **MEDIC**
- **FABE**

**Non-profit**

# Types of enterprise along a spectrum



Source: Dees, 1999

But also in public sector and grassroots innovation movements outside the market

- **Where do you see your enterprise fall within this spectrum?**

# Issues in running a social enterprise

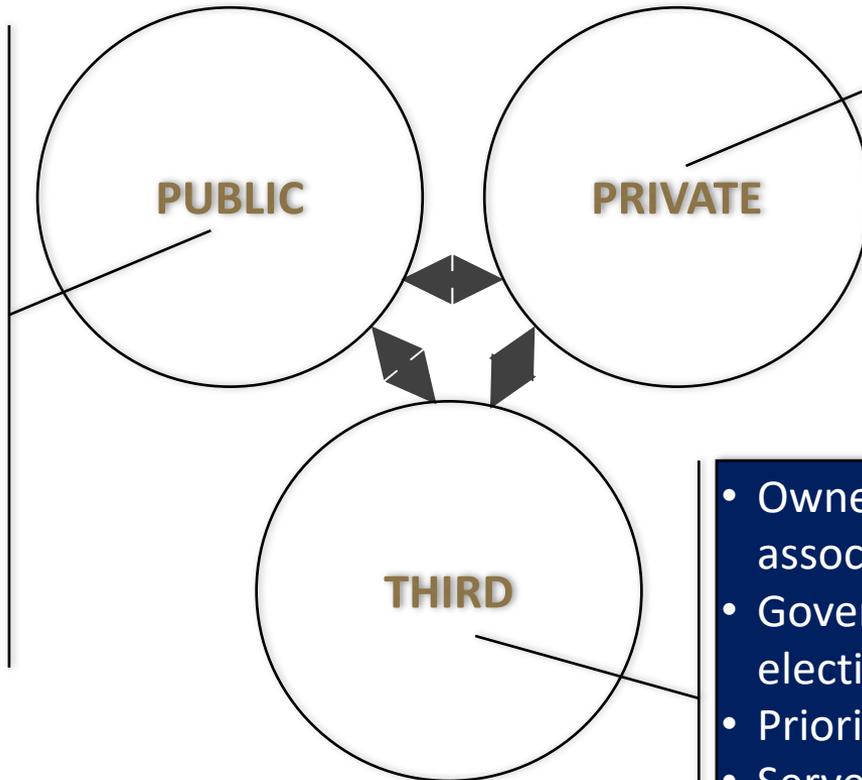
- Challenges and opportunities faced by social enterprises – ‘hybrid organisations’ with multiple objectives and diverse stakeholders e.g.
  - Staffing: commercially oriented vs socially oriented
  - Business decisions: Insuring facility vs paying sorters

## Key questions:

1. How to fulfil social missions and also meet business/commercial objectives?
2. What are the tensions involved and how can these be managed?

# Ideal Type Sectors as Non-Hybrids

- Owned by the citizens
- Governed by publicly elected officials
- Prioritizes public services & public choice
- Served by paid bureaucrats
- Income from taxes & revenue from state resources



- Owned by shareholders
- Governed by share size
- Prioritizes market forces & private choice
- Served by paid management & employees
- Income from trading goods and services

- Owned by associated members
- Governed by private elections
- Prioritizes mission
- Served by volunteers and members
- Income from donations & dues

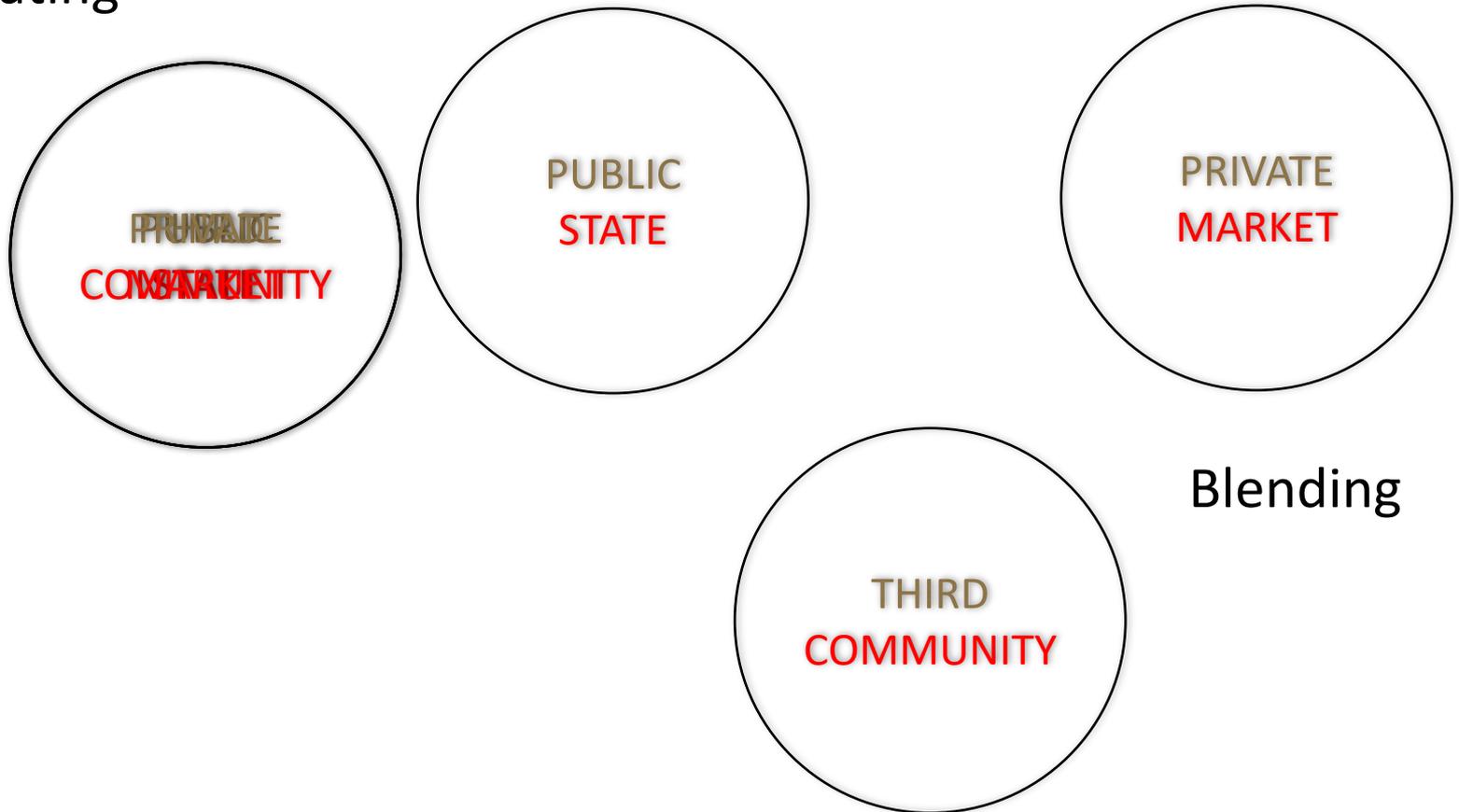
# Institutional Orders & logics

## Categorical Elements/Variables

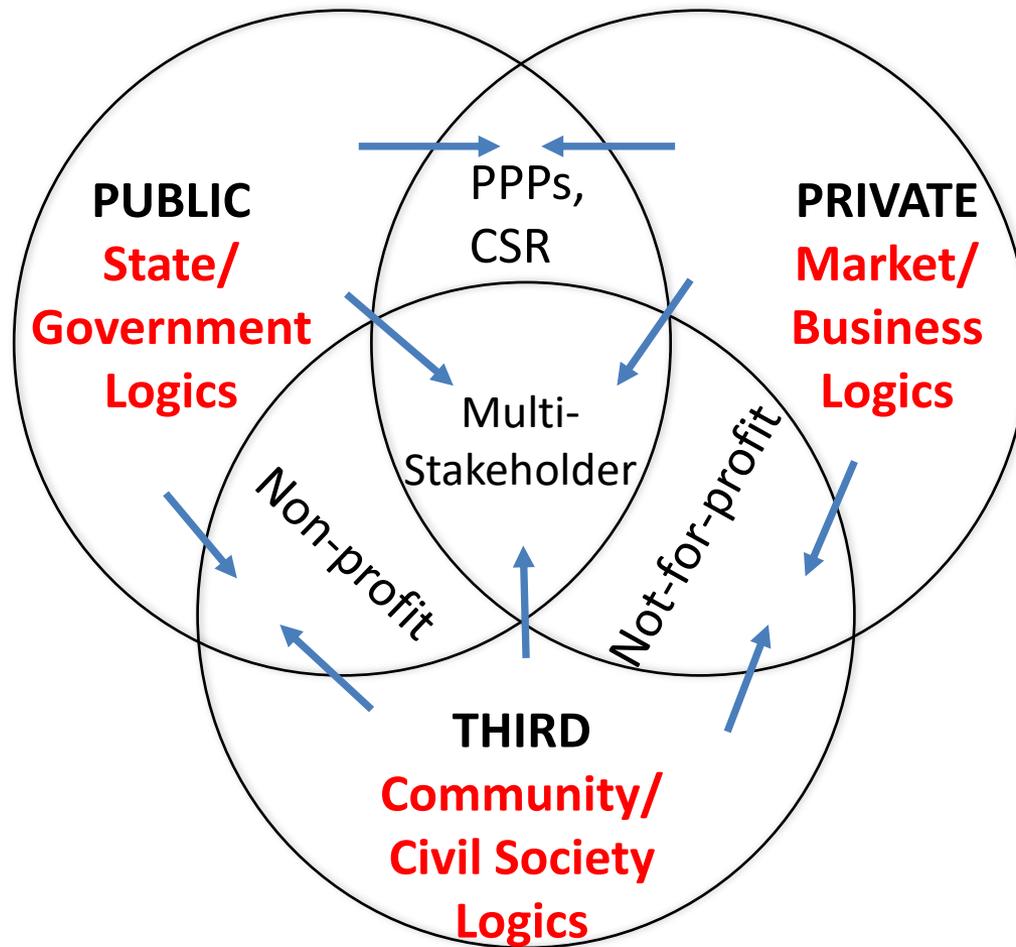
Institutional Order	Source of Legitimacy	Source of Authority	Source of Identity
Family	Unconditional loyalty	Patriarchal domination	Family reputation
Community	Unity of will; trust and reciprocity	Commitment to community values and ideology	Emotional connection; reputation
Religion	Faith and sacredness	Priesthood charisma	Association with deities
State	Democratic participation	Bureaucratic domination	Social and economic class
Market	Share price	Shareholder activism	Faceless
Profession	Personal expertise	Professional association	Association with quality of craft
Corporation	Market position	Board of directors/top management	Bureaucratic roles

# Institutional logics and hybridity

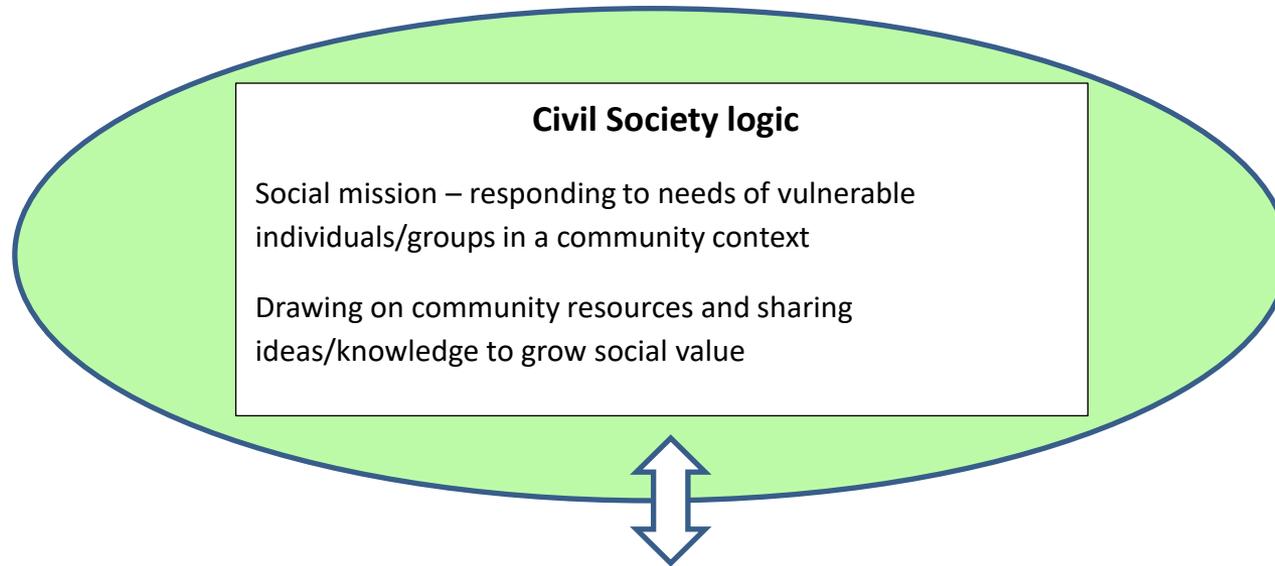
Segregating



# Hybrid Zones & Types



# The interplay of logics in design and delivery



*Social/community enterprise strategies and service innovations*



## **Market logic**

Competition between multiple providers

Diversification of income streams and business growth

'Patients as customers'

## **State/public sector logic**

National policy/regulations, bureaucratic systems and governance / public service ethos

State neoliberal logic - including outsourcing and personalisation

# Navigating the tensions between social and commercial objectives - key challenges

- **Generating income:**

- *Mission integrated model* – combines social and commercial strategy, with trading activity that directly meets the organisation’s social objectives - eg contracts with public sector, wellbeing services paid for by individuals
- *Cash cow or cross-subsidy model* - predominantly commercial activity used to generate surplus that is reinvested to support social mission – eg letting rooms/facilities

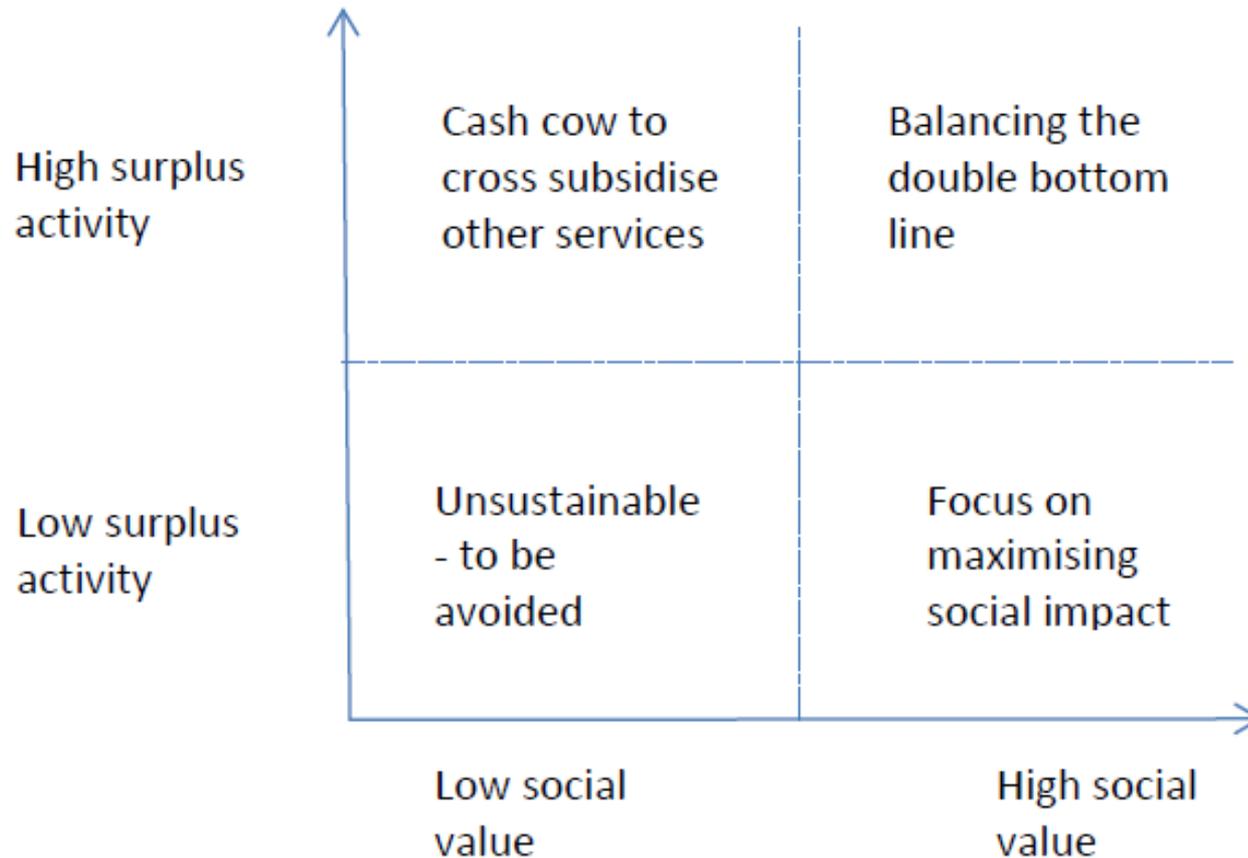
# NGOs seeking self sustaining models: Afrikids

- Since 2002, Afrikids Ghana has been delivering vital holistic services to children in Ghana's Upper East Region.
- The organisation tackles complex issues such as child trafficking, child labour and child abuse.
- Providing access to education and primary healthcare, vocational training and income generating activities, Afrikids ensures lasting solutions for the region's vulnerable children.
- [www.afrikids.org](http://www.afrikids.org)  
[@AfriKids](https://www.facebook.com/afrikids)  
[www.facebook.com/afrikids](http://www.facebook.com/afrikids)



# Navigating the tensions

## Generating income through mission integrated or cash cow strategies



## Navigating the tensions between social and commercial objectives – other key challenges

- **Managing staff and volunteers**
  - Employees who can combine social/environmental and commercial
  - Over-reliance on volunteers can result in a lack of stability and control
- **Managing declining income**

# The growth dilemma

- ‘Critical mass’ or selling out?
- Local community focus or reaching more people
- Growing and scaling-up impact:

# Navigating the tensions – Growing and scaling-up impact



Increasing potential scale of impact of innovations

***A - Growth  
within the  
organisation***

***B - Scaling  
through  
franchises  
and licensing***

***C- Open access  
sharing and  
disseminating  
good practice***



Decreasing control over how innovations are implemented

# Online course

- <https://www.futurelearn.com/programs/social-enterprise>

# Further reading

- Ridley-Duff, R., & Bull, M. (2016). Understanding social enterprise: theory and practice. (2<sup>nd</sup> Ed), Los Angeles : SAGE, 2016
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- I Vickers, F Lyon, L Sepulveda, C McMullin (2017) Public service innovation and multiple institutional logics: The case of hybrid social enterprise providers of health and wellbeing *Research Policy*, <https://doi.org/10.1016/j.respol.2017.08.003>
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- Vickers, I and Lyon, F (2014) Beyond green niches? Growth strategies of environmentally-motivated social enterprises. *International Small Business Journal* 32(4) 449– 470