Social innovation as a contested term?
The role of social innovation and resource constraints in the work of social enterprise

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I certify that all material in this thesis which is not my own work has been identified and that no material has previously been submitted and approved for the award of a degree by this or any other University.

Signature: ………………………………………………………..

Abstract

Social enterprises have emerged as an alternative to existing business models focused primarily on profitability, as organisations pursuing a strong social goal operating at the intersection of public, private and third sectors. The thesis aims to understand the impact of resourcing on how social enterprises carry out their work. The research addresses the following questions: First, what outcomes do social enterprises seek to deliver in local communities and for whom? Second, how are social enterprises adapting in light of resource constraints? Third, what defines social innovation within a social enterprise context? Fourth, what is the perceived usefulness of social innovation for social enterprise actors? Twenty-two semi-structured interviews with UK social enterprise leaders were generated and analysed through a Grounded Theory approach. The study found that social enterprises typically face resource and capability constraints, and that social enterprise actors reconfigure the existing resource base to adapt to institutional pressures and ensure survival. This study develops the conceptual and theoretical understanding of social innovation, including the normative uses and mixed outcomes of social innovations. The thesis proposes a model of the strategies employed by social enterprise to overcome resource constraints, these include bricolage, social innovation, social capital and tactical mimicry. The thesis adds to existing knowledge within management theory in social entrepreneurship focused on the development of social enterprise (organisational hybrids). The implications of the findings for research and practice are discussed in the conclusions along with limitations of the study and avenues for future research.

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List of Abbreviations

CIC- Community Interest Company

CIO- Charitable Incorporated Organisation

RC- Resource Constraints

SE UK- Social Enterprise U.K.

SE- Social Enterprise

SI- Social Innovation

WISE- Work Integration Social Enterprise

Chapter I. Introduction

1.1. Background

The focus of the study is to explore how social innovation is framed in a social enterprise context, understanding the resource limitations of social enterprises and how these resource constraints can be overcome by social enterprise actors. Social enterprises, also known as hybrid organisations, are recognised as significant actors of the social economy by providing innovative solutions addressing societal needs (Ridley-Duff and Bull, 2015; Wilson and Post, 2013). Indeed, most social enterprises are recognised to be innovative in nature. According to UK research from the British Council (2014), 56 per cent of social enterprises developed a new product or service in a twelve-month period, compared with 43 per cent of small and medium enterprises. Social enterprises are commonly acknowledged in the literature as being innovative in nature and leading the way in providing social benefits in areas that might have been neglected by other actors in the economy (Nicholls, Simon and Gabriel, 2015).

There are a wide variety of definitions adopted in the literature that broadly defines social enterprise as businesses set up for doing social good. In the UK context, the British government over the last decade has adopted the following meaning: "a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners" (DTI, 2002). The literature recognises social enterprises as hybrid organisations that adhere simultaneously both to economic and social logics (Battilana and Lee, 2014). This makes the type of work they undertake and its associated outcomes complex and therefore difficult to measure. The social enterprise literature is in a 'pre‐paradigmatic' stage (Nicholls, 2010a) with competing schools of thought and is an emerging field of study. Many of the theories used to study social enterprise are borrowed either from entrepreneurship, sociology, politics, public administration or urban studies, as such this offers opportunities for new research to make a distinct contribution and strengthen the available theoretical frameworks of this emerging field of study.

First, in the literature social innovation remains a particularly fuzzy notion, despite numerous efforts to clarify its meaning. Social innovation has a wide variety of definitions and usually it is flexible in scope (Pol and Ville, 2009; Mulgan, 2012; Nicholls et al., 2015). Social innovation was dubbed a 'magic concept' based on a systematic review published in *Public Management Review* analysing decades of research in the field by Voorberg et al. (2015). Both Voorberg et al. (2015) and Brandsen et al. (2016) argue that in order to progress the field new researchers would need to establish the characteristics of social innovation, but also acknowledge that innovation can be context dependent and 'co-opted' based on the dominant agendas in its field (Newth and Woods, 2014). This strengthens the argument for developing further studies that take a critical view of social innovation and its perceived usefulness.

Second, a comprehensive review of the literature has revealed that outcomes related to social enterprise work and the type of impact they might have for different stakeholders is limited (Doherty et al., 2015). There is a need for studies to reveal a better conceptualisation of social and economic outcomes that hybrid organisations generate. Moreover, research needs to focus on the relationship between social and economic outcomes as social enterprises are recognised as a 'hybrid' organisational form where tensions are inherent due to competing institutional logics (Battiliana and Lee, 2014). Studying social enterprise work as an emerging field of study, there is a distinct opportunity to contribute to ongoing theoretical debates, such as the role of the state as an institutional actor in social enterprise development (Dorado and Ventresca, 2013), isomorphic pressures and legitimacy of social enterprise (Mason, 2012), resourcing of social enterprise through bricolage (Desa, 2012) and other forms of raising finance such as relational contracting and forms of social capital (Zafeiropoulou and Koufopoulos, 2013; Lin, 2017). These debates are unpacked in the literature review and are further addressed in the discussion and findings chapter.

Third, the connection between social innovation resource constraints has been left mostly unexplored in a social enterprise context to date. There have been some studies on the use of social bricolage as a tool for social enterprise managers to deal with resource constraints (e.g. Di Domenico, Haugh, and

Tracey, 2010; Desa, 2012) and this study aims to build on those. Theories on resource constraints and social innovations are ample in the literature dealing with innovation in a Bottom of a Pyramid context with over a hundred publications following the decade the term became popular in the late nineties (Kolk et al., 2014). An intended contribution of this study is to explore the ways social enterprises work both in terms of resource constraints and the use of social innovation with the hope of developing the existing knowledge. The data collected helps explore how innovating in light of resource constraints reinforces organisational goals or potentially hinders it.

By taking into consideration the complexities and ambiguities surrounding social innovation and social enterprises, the study aims to address the above-mentioned main research gaps. Chapter 7 demonstrates the originality of the research and briefly discusses how the thesis contributes to existing knowledge based on the identified research gaps. Further avenues for research and the limitations of the study are also included in the conclusion chapter, in Chapter 7.

1.2. Research aim, objectives and questions

The aim of the proposed research is to understand the impact of resource constraints on how social enterprises carry out their work, and in particular the role of innovation in responding to these constraints and enabling SE work. The study will gather data both from social enterprises in Scotland and social enterprises in England. There is evidence of a strong collaborative culture (Huxham and Vangen, 2000) and of a strong social economy presence in Scotland (Alcock, 2012). There is further literature to suggest that Scotland has one of the most supportive political and economic environments for the development of social enterprise activity within the UK (Roy, McHugh, Huckfield, Kay and Donaldson, 2014).

The rationale of this study is further strengthened by the fact that, social enterprises by the nature of their structure and work, commonly operate in resource constrained environments (Ridley-Duff and Bull, 2017) - and thus provide a valuable and relevant population in which to study innovation that emerges as a function of resource constraints.

The objectives of the study are:

1. - to explore the ways social enterprises are working to deliver social and economic goals
2. - to identify and understand the strategies social enterprises are using in order to adapt in light of resource-constraints
3. -to critically evaluate the concept of social innovation within a social enterprise context in relation to its perceived utility by organisational leads

This research will, therefore, intend to address the following research questions:

Research question 1 (RQ1). What outcomes do social enterprises seek to deliver in local communities and for whom?

Research question 2 (RQ2). How are social enterprises adapting in light of resource constraints?

Research question 3 (RQ3). What defines social innovation within a social enterprise context?

Research question 4 (RQ4). What is the perceived usefulness of social innovation for social enterprise actors?

1.3. Research design and the scope of the study

The research methodology is based on empirical research with primary data collection undertaken under an inductive research approach. The overall data collected has been done through interviewing managers, board of directors and other relevant stakeholders that are relevant to creating strategic organisational change. Interviewing, as a research method is useful in gaining exploratory data that seeks to understand some of the complexities of the phenomena under study (Silverman, 2016), namely social enterprises and the ambiguities surrounding the notion of innovation. The study adheres to an inductive research approach based on the use of semi-structured interviews in order to gain a critical understanding of sense-making by social enterprise decision-makers, the research focuses on the rationality of decisions taken to ensure enterprise survival within a context of limited resources. Decision makers are defined as managers, board of directors or employees who are part of the internal decision-making of the social enterprise and as key strategic actors deal with both external and internal changes impacting the organisation.

The research framework for the PhD for the initial data collection (between February- May 2016) was based on a grounded theory approach built on three sensitising concepts providing the theoretical foundation for the development of the PhD. The three sensitising concepts proposed are resource-constraints, social innovation and bricolage attitudes. During the second phase of data collection the sensitising concepts guided the interview protocol and aided data analysis via the use of constant comparative method (as detailed in the Methodology chapter). Within a grounded theory approach, the primary data collected was analysed, revaluated which in turn allowed to reconfigure the initial theoretical standpoints in light of how the findings were supported by the collected data (Williams, 2011).

Interviewing as a research method allowed for conceptualising the intended outcomes related to the hybrid nature of social enterprises, resourcing and social innovation outcomes. The average length of an interview was one hour and ten minutes, and all the data has been analysed qualitatively by using NVivo 11 software package.

1.4. Thesis structure

The thesis is structured into seven main chapters. **Chapter 1** is the introduction which offers the reader the background of the research, clarifies the research questions and presents the research objectives. In **Chapter 2** the literature review is presented in three parts situated in ideas emerging from social entrepreneurship and organisational strategy research addressing: the development of the term 'innovation' and 'social innovation'; the background for the social enterprise literature focusing on hybridity; and organisational decision making in light of resource constraints. **Chapter 3** covers the methodology, research approach, research design, data analysis, sampling decision, rigour and ethical considerations.

In **Chapter 4, Chapter 5, and Chapter 6,** the findings and discussion are presented together with quotations from the respondents and theoretical reflections. This part of the thesis explores emerging themes and challenges associated with social enterprise activity and utilisation of social innovation. The notion of social innovation in a social enterprise context is critically evaluated. A hypothetical model of how resource-constraints can be overcome in a hybrid organisational context is provided as a key contribution to existing knowledge. In **Chapter 7,** in the conclusion, a summary of the key findings and contributions are presented. In this final chapter, limitations of the research are identified, together with avenues for further research and recommendations for practitioners and policymakers.

Chapter II. Literature Review

2.1. Introduction

The literature review is structured in three parts. Part one is on the topic of social innovation within the broader context of scholarly research where social innovation is explored as a subset of innovation. Part two discusses the literature on social enterprise with a specific reference to social enterprise development, hybridity and the wider socio-economic political context social enterprises are operating in. Part three of the literature review brings together the first two sections of the literature review by discussing the capacity of social enterprise to be innovative and by addressing common challenges social enterprises face such as operating in resource constrained environments, scaling and maintaining a balance between social value creation and capturing financial resources. There have been several gaps identified in the literature which are discussed in turn across the three parts of the literature, the knowledge and research gaps are summarised in Section 2.2.8, and in the conclusion sections, Section 2.3.6 and Section 2.4.7. Innovation in the social entrepreneurship literature appears to be used simply as a ‘heuristic device’ to capture very distinctive sets of phenomena that appear to hold some promise of change relative to the status quo (Borzaga and Bodini, 2014, p.412) and therefore, there is a significant research gap of studying the merits of social innovation and its proposed outcomes.

2.2. Literature Review Part I. Exploring the concept of social innovation

The first part of the literature review will critically discuss social innovation within the broader context of scholarly research. It will include an exploratory analysis that emphasises the characteristics and nature of social innovation as a subset of innovation. Social innovation is not necessarily the most well-known ‘type’ of innovation in academic studies and technological innovation studies are more well-known (Larsson and Brandsen, 2016). Since the use of innovation as a term in the academic literature, following the work of Schumpeter (1934) on economic innovation, and Roger’s (1960s) work on the diffusion of innovation, the field has developed to include a wide variety of views from several disciplines including entrepreneurship, sociology, urban studies, and political studies. In fact, a systematic review done by Weerakoon et al., (2016) highlights that in the last decade there has been an increased focused towards open, locally embedded, networked and systematic innovation as opposed to economic technological innovation.

A key component of the literature review is to highlight the normative nature of social innovation (Nicholls et al., 2015) and its common usage as a buzz word both in the dominant academic literature and by practitioners (Osborne and Brown, 2011). The significance of perceiving innovation as positive will also be discussed, as well as the challenges new research will need to address to fill some of the existing gaps in knowledge.

2.2.1. Theoretical background- the development of the term 'social innovation'

The field of social innovation is heterogeneous as it includes a wide variety of disciplinary perspectives (Nicholls and Murdock, 2012). In order to understand the term social innovation and its development in the academic literature we will need to retrace work started in the 1930s, when the Austrian economist Schumpeter claimed innovation can be understood as a new combination of production factors. From the 1970s onwards innovation research was concerned with the effect of new technologies on economic factors, such as productivity and competitive advantage (Nicholls and Murdock, 2012). Drucker later built on Schumpeter's work by highlighting how innovation can be a specific instrument of entrepreneurship, an action that endows resources with a new capacity to create wealth (Drucker, 1985). More recently, since early 2000s, there have been attempts to look at innovation more holistically by taking an approach that looked at multiple disciplines and research traditions such as Baregheh et al., (2009) and Phillis et al., (2015). There were likewise attempts to combine innovation and sustainability to look at the positive impact business can have on society (e.g. Leach et al., 2012; Seebode et al., 2012).

Ogburn (1969), as a sociologist, theorised innovation based on cultural development and defined it as the combination of the interplay between invention, accumulation, exchange and adaptation. Howaldt et al. (2015) building on Ogburn's work argued that social innovation does not manifest itself via technological artefacts but rather at the level of social practices. As such, social innovation is socially constructed (Howaldt et al., 2015), and according to the authors should be analysed as a social phenomenon representing a mechanism of change that resides at the micro level (individual) and mezzo level (organisational).

2.2.2. Theoretical background- From innovation to social innovation

2.2.2.1 The traditional view

Innovation theory has been transformed and reconceptualised over the last decades depending on the context and the sector it has been applied to (Osburg, 2013). We can see a progression of innovation studies along the years with various theories being more popular than others. What we see today as the traditional view on innovation is associated with the Schumpeterian view on innovation and it was conceived under a goods dominant logic associated with manufacturing (Shaw and Anne de Bruin, 2013). The traditional or dominant view of innovation in the past few decades has been driven by an economic rationale in pursuit of productivity, similar to Schumpeter's initial theorizing on innovation that ought to be disruptive (Galindo and Méndez-Picazo, 2013). The implication is if much of the past innovation research was concerned with economic factors it fails to properly acknowledge other factors as well. For example, social factors such as homelessness and concern for individual wellbeing can act as drivers of innovations within local communities (Nicholls et al., 2015). In addition, the literature fails to consider incremental innovation, the process of innovating based on small adaptations, can also act as a driver of organisational productivity.

Innovations can also be informal in nature and can take place through practices that are not subject to financial measurement. Theories and existing knowledge on innovations concerned with economic large-scale technological innovation neglected to consider the 'social' aspects of innovation and as a result the area of social innovation remains somewhat under-explored. Nevertheless, there are some studies aiming to understand the human element of innovation such as soft-systems innovation (Geels, 2010), social movement theories (Seyfang and

Haxeltine, 2012) and citizen participation in collective action (Seltzer and Mahmoudi, 2013).

The concept of innovation can be broad in the literature as it can be understood as the creation and adoption of something new which creates value for the organisation that adopts it (Baldwin and Curley, 2007). Based on this definition it needs to be questioned how we conceptualise value when we analyse the socially constructed phenomena of innovation, whether it is social or economic outcome related. The suggested definition by Baldwin and Curley (2007) on innovation is ambiguous and does not clarify what is understood by the concept of value created.

Past research on innovation is predominantly technology and information systems focused and advocates the adequate management of the innovation process (see for example Tidd and Bessant, 2014). The traditional view of innovation describes ways and systems of identifying innovations, generating new ideas, managing the development and implementation of innovation, similar to managing a project (Conway and Steward, 2009). In contrast, social innovation would be characterised as emergent and localised, especially in contexts where social enterprises work is situated (Defourny and Nyssens, 2015).

2.2.2.2 The 'social' side of innovation studies

Social innovation, despite borrowing theoretical frameworks from diverse disciplines to explore the dominant form of innovation, that is economic and technologically driven innovation, still suffers from a lack of clear conceptualisation (Nicholls et al., 2015). The boundaries of this construct are evolving according to the literature (Borzaga and Bodini, 2014). To encompass a broad range of innovations that serve a social purpose, past studies have defined social innovations as the development and implementation of new and, or improved ideas in a specific context which aspire to create opportunities that enhance social and economic wellbeing for members of society (Philis et al., 2008). This definition highlights three main defining characteristics of social innovations: newness; applicability to a certain context; and increasing the wellbeing of the beneficiaries. The definition provided by Philis et al., (2008) is somewhat problematic as it offers broad definition of social innovation and does not explore the process of implementation of social innovation, nor does it consider the distinction between types of social innovation or the potential of social innovation for radical transformation by reshaping existing norms.

According to other definitions in the academic literature, social innovation can be perceived simply as a change process. For instance, as Goldenberg et al. (2009) highlight, social innovation is a change process that provides disruption within existing systems to tackle market failure, as well as address environmental and social needs. According to Nicholls et al., (2015), this is a rather simplified perspective as social innovation can not only disrupt but also provide changes to institutional logics, norms and traditions. Hence, it can blur boundaries between structures and agency as it socially reconstructs norms around public goods, social justice and fairness (ibid). The socially constructed nature of social innovation is one of the aspects the authors Nicholls and Murdock, (2012) have focused on and as such, social innovation is commonly used in reference to creating or enhancing opportunities to improve the wellbeing of the beneficiaries of the social innovation.

According to Jensen (2015) social innovation is a way to reconfigure market solutions and, as opposed to traditional notions of innovation, it has expanded to include social inclusion and social development. Social innovation cuts across all sectors- be that the public sector, non-profit sector and private sector (Murray et al., 2010). Similar to social enterprise, social innovation is boundary crossing across several institutional logics (Mulgan, 2012; Nicholls et al., 2015). In this thesis institutional logics are understood through the lenses of Thornton, Ocasio, and Lounsbury (2012) and institutional logics are defined as socially constructed sets of material practices, assumptions, values, and beliefs that shape organisational behaviour. For example, in cases where social enterprises are pursuing both economic and social goals, they are confirming to two distinct institutional logics, first one led by profitability and second one led by charitable aspects of the enterprises (Battiliana and Lee, 2017). The presence of multiple logics within organisations is common across a wide variety of academic fields, and this includes the context of social enterprise and social entrepreneurship development (Dacin, Dacin, & Tracey, 2011).

Social enterprises navigate complex institutional contexts in order to achieve both social and economic outcomes while managing diverse sets of expectations and stakeholders (Davie, Haugh and Chambers, 2018). The need for social entrepreneurs to simultaneously demonstrate their social and economic competence creates organisational tension, and as such further research should investigate how social entrepreneurs manage institutional conflict (Dacin et al., 2011). In simple terms, institutional logics in the context of social enterprise can be understood as on one hand social enterprises managing and conforming to financial goals (also known as economic value led institutional logic) and on the other hand, social enterprises conform to social goals with the aim of creating social value (Pache and Chowdhury, 2012). As such social enterprises draw from both for-profit and non-for-profit institutional logics (Battiliana and Lee, 2017).

Therefore, in the thesis a simplified definition of institutional logics in a social enterprise context is utilised which has been adopted based on the work of Doherty, Haugh and Lyon (2014) and defines institutional logics in the context of organisational hybridity. On one hand, social enterprises aim to conform to a market or commercial logic to achieve business success (gain revenue) and on the other hand social enterprises need to fulfil the desire to create social value, based on a social welfare/community logic (Doherty, Haugh and Lyon, 2014).

Social innovation can also happen within the boundaries between sectors as it is often driven by a series of complex issues and is addressing multifaceted needs (see Table 2.2.2). The work in these sectors are met by innovations piloted by actors with varying organisational structures (i.e. charity, co-operative, private company, government and social enterprises). Social innovations are not often led by actors in one clearly defined sector, but instead social innovations are boundary crossing and cannot be clearly defined as belonging to one single institutional logic or sector (Nicholls and Murdock, 2012). These innovations are characterised by wide use of partnership working and social capital in order to deal with multiple institutional pressures.

Table 2.2.2. Institutional logics social innovation is addressing across sectors

	Civil society	Private Sector	Public Sector
Institutional logic	Public benefit	Profit maximization	Collective democracy
Ownership	Mutual	Private	Collective
Key beneficiaries	Clients	Owners	The public, citizens
Strategic focus	Social value creation	Financial value creation	Public Service
Accountability	Stakeholder voice	Published accounts, stock performance	Ballot box
Resources strategy	Donations, grants, earned income, volunteers, tax breaks	Debt, equity, earned income	Taxes
Dominant organisational structure	Charity, co-operative	Private company	Bureaucracy

Source: Adopted from Nicholls and Murdock, 2012

An orientation towards social goals does not mean that all aspects of social innovations are also socially desirable (Howard and Schwarz, 2011) or will result in increased benefit to the society. Providing a clear-cut normative definition of social innovation is problematic as even technical innovations can contribute to solving social needs and meeting social challenges (idem.). “There is no inherent virtue in social innovation” (Lindhult, 2008, p. 44) –the utility of social innovation is based on predicted outcomes and it will be ambiguous, as it must please a wide range of different stakeholders with differing needs. Hence, further studies in social innovation need to lend themselves to a research approach that is sensitive to the problematic nature of using the term ‘social innovation’ without discussing the meaning of the conceptualisation and its apparent merits.

2.2.3. Novel ways of looking at innovation

A 'new innovation paradigm' is presented by (Howaldt and Schwarz, 2011; p. 206) and the key feature of this new innovation is openness with respect to societal needs. Nowadays innovation should be co-produced with a wide variety of stakeholders (Voorberg et al., 2015; Pestoff, 2018) and the academic literature has discussed this aspect under innovation for public good (Hartley, 2005), networks (Pyka and Scharnhorst, 2009), service blue-printing and user integration (Pretlow and Sobel, 2015). Pestoff and Brandsen (2010) refer to innovation in the context of the third sector as a process of democratisation and where citizens come together to co-produce public services. More specifically, innovation can be understood as 'the ability to renew the collective structure of service provision, whether it be in terms of skill, activities or even the underlying paradigm' (Pestoff and Brandsen, 2010, p.6).

Lindberg et al., (2016) have written a paper on gender dimensions within innovation studies. In their paper they argue that social innovation has the potential to address complex societal challenges (such as the social inclusion of women in cases where they have been marginalised). It is empirically based on their case study of a Swedish network promoting women's employment, and they conclude that the field requires a comprehensive approach "to the identification and analysis of gendered norms" (p. 410) that could empower women to participate in socially inclusive innovation initiative. The article is unique in its approach to using a post-modern perspective that offers a nuanced analysis of innovation using Squires' (2005) typology. The typology consists of an analysis of three types of gender perspectives: inclusion, reversal and displacement. The strategy of inclusion seeks gender neutrality, the strategy of reversal seeks recognition for a specifically female gendered identity and strategy of displacement seeks to deconstruct political discourses on gender.

Despite of adopting Squires' (2005) typology, the work by Lindenberg et al., (2016) lacks sufficient data and empirical evidence, for example by taking into consideration only one organisation as a case study to argue how the field of innovation can be further developed by practitioners or policymakers. At a theoretical level their contribution highlights Squires' (2005) typology by looking at the potential impact the women's network is making or failing to make. The authors Lindenberg et al., (2016) identify difficult areas around gender subordination and empowerment limiting the transition from social exclusion to social inclusion. This, however, is not sufficient for engaging with other theoretical debates on the normativity of innovation, as well as with the gaps in the literature that claim innovation research needs a more solid conceptual base.

Grassroots innovation (Smith et al., 2014) is another novel concept that has made its way in the innovation literature along with responsible innovation (Owen et al., 2013), sustainable innovation (Zairi, 1998; Smink et al., 2015) and bottom of the pyramid innovations (Prasad and Ganvir, 2005). There's been more interest towards innovation that aims to address some of the questions related to sustainable, environmental and societal concerns (Schaltegger and Wagner, 2011). Smith et al., (2014) have noted some of associated the challenges in supporting a model of innovation that is enduring such as specificity, suitability and context (or project) based. Amongst the novel approaches within innovation studies a common pattern arises, primarily a concern with social benefits and not only economic benefits. The preliminary literature review revealed a focus of innovating not only at the mezzo (organisational) level but also at the micro (individual) level based on reshaping social interactions and social structures.

2.2.4. Modern innovation literature and effectuation theory

2.2.4.1. A modern innovation literature perspective

In the literature, innovation is widely regarded as a critical source of competitive advantage in an increasingly changing environment and capability to innovate is deemed as the most important factor of an organisation's performance (Crossan and Apaydin, 2010). Bessant and Trifilova (2017) highlight the necessity for absorptive capacity for the firm to learn, namely having the ability to identify, assimilate, transform, and utilize internally valuable external knowledge. Firms which have become adept at looking for information and knowledge as part of the process of value creation are also open to the idea of 'open innovation' (Chesbrough, 2006). Traditionally companies have developed new technologies and products internally by making use of internal knowledge and research (Lichtenthaler, 2011). Within an 'open innovation' orientation the organisation will seek ample integration with a variety of stakeholders to gain knowledge outside of the organisation. As such, ideas for open innovation originate externally from potential users of innovation through high involvement of the users in identifying and developing innovations to meet emerging customer needs (Baldwin and Von Hippel, 2011).

Tidd and Bessant (2018) have identified six main challenges in the process of innovating:

a. Identifying or creating opportunities
b. New ways of serving existing markets
c. Improving processes and operations
d. Creating new markets
e. Rethinking services
f. Meeting social needs

To address these challenges the authors recommend formulating a strong innovation strategy (ibid.). Modern innovation literature also suggests there are four main spaces where innovation happens (Tidd and Bessant, 2018). The first innovation space is related to product innovation, this type of innovation relates to making changes to the service or product offering of the firm. The second innovation space is related process innovation, which according to Tidd and Bessant (2018) process innovation directly refers to changes in the way products or services are created and delivered. Position innovation, as the third innovation space refers to changes in the context in which the products and services are introduced. Last, the fourth innovation space refers to *paradigm innovation,* this refers to changes in underlying institutional and mental models which frame what the organisation does (Tidd and Bessant, 2018).

According to Tidd and Bessant (2014) radical innovations are rare, most innovations will fall in the category of process improvement by “doing what we have done before but doing a little better”. Role of technology is often perceived in the academic literature as essential to the process of innovation, especially in building capability to innovate as via technology a wider number of possible users can be reached (Rush et al., 2007).

Quantifying, evaluating and benchmarking innovation capability is a significant and complex issue for many contemporary organisations looking to maintain competitive advantage (Tidd and Bessant, 2018). Within the literature on the management of innovation, measures of aspects of innovation management are frequently proposed, responding to the needs of both firms and academics to understand the effectiveness of innovation actions (Adams, Bessant and Phelps, 2006)

Innovation capability results from an extended learning process gradually accumulating processes, procedures, routines and structures, which, when embedded (Rush et al., 2007). Organisational capacity to innovate is dependent on knowledge passing through the phases of acquisition, assimilation, transformation and exploitation of available information. Thus, companies need to define mechanisms, process and paths for innovation by making use of existing knowledge flows and develop absorptive capacity (Matricano et al., 2019). Absorptive capacity is essential in enabling firms to recognise the value of new knowledge, acquire, assimilate and exploit this knowledge in tandem with existing knowledge sources to produce dynamic capabilities (Piening, 2011).

2.2.4.2. Effectuation theory- An effectuation perspective on innovation management

Effectuation in commonly understood in the entrepreneurship literature as a decision-making process used by entrepreneurs under conditions of uncertainty by utilising available means (Lingelbach et al., 2015). Effectuation theory has also been studied in the context of developing innovations and ensuring successful diffusion in the market (Reymen et al., 2015). Available means are attributes, knowledge, networks and financial resources –and focusing on a set of possible outcomes – such as new products or service – that can be created from resources or ‘means’ the entrepreneur has. According to Sarasvathy, Dew, Read and Wiltbank, (2008) effectual reasoning in contrast to casual reasoning focuses on conditions of uncertainty where the outcomes are not easily predictable.

Entrepreneurs applying causal rationality to innovation will begin with a pre-determined goal and a given set of means and will choose the most efficient way of creating a new product or service. In contrast those entrepreneurs applying effectual reasoning, will not begin with a specific goal but instead will focus on the available means (resources) and allows goals to emerge slowly over time.

The four principles of effectuation by Sarasvathy (2001) are:

a) The first principle is called 'Bird-in-Hand', it is a process where entrepreneurs create solutions with the resources available here and now.

b) The second principle is called 'Lemonade'. According to this principle. mistakes and surprises are inevitable and can be used to look for new opportunities.

c) The third principle is called 'Crazy Quilt': According to this principle, entering new partnerships can bring the project new funds and new directions. Therefore, for entrepreneurs working on innovation collaborations and working in networks is highly encouraged.

d) The fourth principle is called 'Affordable loss'. Entrepreneurs should only invest as much as they can afford to lose in any new or on-going project.

Berends et al., (2014) have found resource-constrained organisation tend to use effectuation reasoning early in the innovation process, but causation logic was increasingly used in the later stages. In addition, Lingelbach et al. (2015) have found innovations in resource-constrained environments need both the use of effectuation and causation logics. Resource constrained innovations are best developed in not in isolation but instead in teams, networks and communities (ibid.). Also, incremental innovations gradually developed are more likely to be successfully created rather than large scale projects that are pre-defined earlier on and are likely to adhere to the logic of causation (Matalamäki, 2017).

Cambell (2014) provides a strong criticism of using effectuation within developing innovation activities. According to Cambell (2014), applying an effectuation reasoning to innovation assumes entrepreneurs will collect feedback from their teams and wider stakeholders. However, effectuation theory fails to address how stakeholder feedback will be processed by management. Learning between iterations of innovation is also a lacking aspect of effectuation theory in the existing academic literature on innovation learning (Fisher, 2012) and there is limited knowledge of how innovation might fail (Vinck, 2017).

2.2.5. Politics, state and the promise of social innovation

Political ideologies are certain to have an impact on how innovations are created and later run (Shaw and Anne de Bruin, 2013). As the authors explain, the politics, policy environment and the socio-economic histories of nation states can facilitate or restrict some of the activities related to social innovation. Often state financing is the most important component for social innovation to come about even though most organisations draw from a mix of resources (Evers and Ewert, 2015). In the UK context government funding is allocated to address some of the wicked problems the welfare state has been trying to resolve for decades (Ridley-Duff and Bull, 2015). These problems provide the impetus for social innovation. Addressing areas neglected by the market or the welfare state represents opportunities for social innovation to emerge (Nicholls and Murdock, 2012). Delivering services to communities it also comes with challenges, as with boundary crossing activities actors innovating need to deal with conflicting institutional logics and maintain their legitimacy (ibid.).

Social innovation is not always positive (Larsson and Brandsen, 2016). As Osborne and Brown (2011) have stated before, innovation has been used as a ’buzz word’ especially in context that is related to solving market failure that the wicked problems of society that require large scale intervention. Social innovation, as a buzz word, is increasingly called upon by policymakers and governments as a tool that can improve welfare services. There is an underlying normative assumption that innovation is always good and can solve any problem. There has been some serious disregard towards cases where social innovation has failed or was not appropriate to be scaled, replicated and transferred to other contexts (Larsson and Brandsen, 2016; Evers et al., 2014). In addition, informal initiatives and innovations that are run by third sector organisations fail to be acknowledged as valuable, despite being embedded in local communities and delivering social value (Shaw and Anne de Bruin, 2013). Future research on social innovation would need to acknowledge this gap in the existing knowledge on social innovation and challenge some of the existing normative assumptions.

Social innovation comes with implicit normative assumptions, as we are encouraged by policymakers to consider only the positive aspects (Larsson and Brandsen, 2016). There is a risk that in the current enthusiasm for social innovations and novel social forms, that the value provided by past arrangements and ideas are discounted (McGowan and Westley, 2015). The promise of social innovation, similar to the promise of social enterprise (see McMurtry, 2013) needs to be carefully considered as it often disregards innovation failure or examples where innovation could not be appropriately replication or scaled.

It is often assumed that social innovation can lead to social change, but the field lacks sufficient empirical research to corroborate this (Howaldt, Kopp and Shwarz, 2015). As Grimm et al. (2013) have noted, theoretical frameworks used to research social innovation are weak and much research is prescriptive. Consequently, there have been several calls by academics for new research to strengthen the existing understanding of social innovation by providing better empirical evidence (Nicholls et al., 2015).

More positive voices in the field talk about the merits of social innovation, such as increased awareness for society and offering novel solutions to forgotten social problems. Phills et al. (2008) have contended that examining social innovation can be one of the best ways of understanding and studying lasting social change. In agreement with the positive side of innovation, Cajaiba-Santana (2014) have used the example of microfinance in developing countries. By furthering economic empowerment microfinance has gained the recognition of a powerful social innovation that enables the empowerment of its users. Despite the advocacy of proponents such as Mohamed Yunus, several critical voices have argued that microfinance can lead to long-term debt (Karim, 2011; Banerjee et al., 2017).

Social innovations are not new in the way technological innovations are perceived to be due to being applicable to a wide variety of contexts and being primarily dependant on human interaction (Huddart, 2010). Social innovations are new in the context they are applied to and offer an alternative for existing practices and structures that do not support individuals and groups in satisfying their necessities (Oosterlynck et al., 2013).

There are two broad conceptualisations of social innovation that have been identified by Nicholls et al., (2015) through the review of existing academic research: one based on how the process of change happens through adjusted social relations, and another conceptualisation focused on the outcomes of the process, such as addressing market and/or government failures through structural changes. These two broad typologies will be discussed in the next section as they allow us to differentiate between social innovation through society and social innovation for society.

2.2.6. Social innovation through society

Social innovations through society has a focus on individual social relations, volunteering, networks, embeddedness and knowledge exchange leading to social transformation though micro-level structures such as advances in local social innovations and citizen movements that can mobilise social innovation (Nicholls and Murdock, 2012). Citizen movements often provide corrective feedback and creative approaches to social justice (Ayob et al., 2016). A main contributor to civic societies formed through citizen movements is social capital that may shape intellectual production, dissemination and diffusion of innovation, and the forming of communities (Diani, 1998). Polanyi (1944) has written extensively about ‘counter-movements’ as a response to the rise of liberal market economies in the interwar period (Avelino et al., 2014). Polanyi (1944) maintained that counter-movements tend to include both ‘progressive’ and ‘regressive’ forces or ideas and are characterised by spontaneity. Similarly, contemporary counter-narratives also have embraced ‘progressive’ sustainability-oriented ideas such as renewable energy and social innovations aiming to reduce environmental risks and ecological scarcity. Additionally, ‘counter-narratives’ and ‘grassroots movements’ are not entirely distinct from policy discourses (ibid.) such as the 'solidarity economy' mainstream policy discourses on the 'Big Society' agenda (UK) and a focus on civil society.

Distinction is needed between the technological and social aspects of innovation, because social innovation does not happen via technological artefacts, but instead at the level of social interactions (Howaldt and Schwarz, 2011). When technological innovation is amalgamated under the concept of social innovation this becomes increasingly problematic (ibid). This means that a key distinction of what social innovation is immaterial and intangible nature by means of social interactions. Nevertheless, it needs to be mentioned technology can play a key role in enabling social innovation, acting as a means for diffusion of innovation (Rogers, 2010). For example, East and Havard (2015) present the innovative case of mental health mobile apps as successful enablers of improved wellbeing and mental health for users of the technology by offering users easy access to professional advice. Therefore, mental health mobile apps are an apt example of emerging technologies that showcase the potential of social innovation to lead to increased wellbeing and investment in technology allows for instant access for the users of the innovation to professional help. In terms of the classification of innovation provided by Tidd and Bessant (2018), the example of mental health mobile apps reshaping user relationships and interactions by East and Havard (2015) represents a strong example of paradigm innovation in practice.

2.2.7. Social innovation for society

Social innovation is also socially constructed, as the concept has not only emerged 'spontaneously' from the social field per se or from the practices of certain actors (Moulaert et al., 2013). Social innovation is a contested term which tends to be defined generically (Tracey and Stott, 2017). Social innovation emerged from the need for researchers investigating the phenomena to capture the essence of innovative initiatives, experiences and processes dealing with social issues that aim to help society at large (Pol and Ville, 2009).

Examples of past research in this category include structural change at the systems context (Nicholls and Murdock, 2012) such as dramatic economic and technological change affecting social structures. These types of social innovation processes focus on outcomes aimed to determine the performance of nations, regions, and industrial sectors and organisations (Howaldt and Schwarz, 2011).

According to Herrera (2015) innovation at societal level is most powerful when organisational systems and structures can institutionalize this innovation. In entrepreneurship literature, this is referred to as disruptive innovation and systematic innovation (Leach et al., 2012; Smink et al., 2015). The difference between the two being: structural innovation rearranges institutions and networks for social goods, whereas disruptive innovation changes cognitive frames, social networks and/or institutions (Nicholls and Ziegler, 2015). Such disruptive or "catalytic innovations" are able to address social issues with a fundamentally new approach, thus "creating scalable, sustainable, system-changing solutions" (Christensen et al., 2006). A key characteristic of social innovation for society is a focus on outcomes rather than the process of innovation in itself, as put forth by Howaldt and Schwartz (2011). Therefore, careful consideration is needed on the outcomes of innovation and how the value and values behind are conceptualised. Moreover, if social innovation needs to be institutionally embedded to be disruptive, we need to discover what the drivers of these social innovations are and the ways in which they are politicised (Shaw and Anne de Bruin, 2013).

2.2.8. Knowledge and research gaps

The preliminary review of the existing literature on social innovation was conducted through searches using Scopus and Google Scholar and also by looking at unlisted-articles (e.g. conference proceedings) and book chapters from 2010 onwards in two several disciplines, including, management studies, politics, urban studies, sociology and public policy. The search terms included innovation, social innovation, public innovation, responsible innovation, inclusive innovation, innovation for society, as well as innovation and public policy. The initial review of the literature has revealed some of the knowledge and research gaps that would need to be addressed in the interest of progressing the field. Some of the key research gaps have been summarised in Table 2.2.8.

Table 2.2.8. Critical perspectives on social innovation and theoretical development

Social innovation (SI) critical perspectives	Theoretical focus	Authors	Research and knowledge gaps
SI as a 'buzz word'	Normativity	Osborne and Brown, (2011)	Imprecise information on the nature of SI
SI as a 'magic' solution	Normativity and innovation failure	Voorberg et al., (2015)	SI outcomes need to be re-conceptualised
SI as a 'quasi – concept'	Public policy on social development	Jenson, (2015)	Consistency in knowledge is needed, as the nature and outcomes of SI is context-dependent
The 'dark side' of SI	Diffusion theory and stakeholder theory	Larsson and Brandsen, (2016)	Knowledge (both practical and academic) lacking on the negatives of SI

Source: The Author

As highlighted in Section 2.2.8 social innovation has been used as a 'buzz word' both by policymakers and academics. It has been increasingly seen by policymakers and governments as a tool that can improve welfare services and a solution to persistent social problems, such as homelessness, high rates of unemployment, significant levels of household poverty and so forth. With social innovation, there is an underlying normative assumption that innovation is always good (Osborne and Brown, 2011; Larsson and Brandsen, 2016) and can solve any problem.

Social innovation was dubbed a 'magic concept' based on a systematic review published by Voorberg et al., (2015). This key study by public management scholars has identified that new research is needed in two areas. First, attention is needed on the definition of social innovation and the conceptual framing.

Second, research needs to acknowledge that innovation can be context dependent (Huddart, 2010) and ‘co-opted’ based on the dominant agendas in its field (Newth and Woods, 2014).

A further gap in the literature is the lack of clear conceptualisation of the processes and underlying phenomena behind social innovations (Mulgan et al., 2007; Seelos and Mair, 2012). As such, social innovation is not looked at holistically in the existing literature rather it is a general term commonly denoting a change initiative. The social enterprise literature is in a ‘pre-paradigmatic’ stage (Nicholls, 2010a) with competing schools of thought and the field has seen slow progress.

Social innovation is a 'quasi-concept' based on academic research and is indeterminate enough to be understood as context dependent and flexible enough to adopt in policy and ideology (Jensen, 2015). As mentioned earlier in Section 3, research about social innovation is still largely based on anecdotal evidence (Cajaiba-Santana, 2014). There has been some serious disregard towards cases where social innovation has failed to fulfil its proposed outcomes or did not achieve the expected growth levels as expected (Larsson and Brandsen, 2016; Evers et al., 2014). Future research on social innovation would need to acknowledge these gaps and challenge some of the existing normative assumptions by improved empirical evidence.

Given the emphasis on social relations (especially on social learning, collective action and mobilization), social innovation is admittedly a local and institutionally embedded process (Nicholls and Murdock, 2012). Practices that are innovative and successful in one context are not necessarily innovative and successful in another (Jensen, 2015). The local embedding of socially innovative actions needs to be considered in research and also by policymakers as this can influence the success of social innovations in achieving successful social outcomes.

2.2.9. Conclusions

Social innovation has been much disputed by academics and in recent years there has been an increase in popularity of social innovation as a research topic (Teasdale et al., 2015). A thorough examination of past papers, however, has revealed that it is a practice-based concept and very much context dependant (Weerakoon et al., 2016). This is in line with Jensen's (2015) recent work emphasizing how social innovation is a problematic concept to study, as much of the existing research is prescriptive and flexible. It is flexible enough as a concept to mould the outcomes of innovation by satisfying the requirement of policy and, or the ideological context the innovation is created in.

According to Moulaert (2009) social innovation can be traced back all the way to the eighteenth century to the industrial revolution, as this period was characterised by significant change both economically and socially. Yet the term innovation is still considered ambiguous and context dependent. More critical voices are calling for further exploration on the dark side of innovation (Larsson and Brandsen, 2016) and refining critical perspectives on innovation as a 'magic concept' (Voorberg et al., 2015) that has become a normative tool for policymakers. The academic knowledge on innovation is heterogeneous and academics have called the notion of innovation a quasi -concept which needs further development (Jenson, 2015).

Further research should reflect on the differences between innovation processes according to the level of analysis (micro, meso or macro level as put forth by Nicholls et al., 2015), influencing factors such as how it is framed by different stakeholders, and outcomes across differing contexts as the field is still very much heterogeneous. There is no one definition adopted of social innovation in the thesis, but instead for data collection purposes social innovation is defined broadly according to the literature review in order to encompass a wide range of innovations that serve a social purpose. As such social innovation can be understood as the development and implementation of new and, or improved ideas in a specific context which aspire to create opportunities that enhance social and economic wellbeing for members of society.

The purpose of conceptualising social innovation as broadly as possible in the thesis was to allow for the respondents who participated in the research to give their own views and definitions of social innovation. This has been done with the purpose of not imposing my own views as a researcher on how the respondents would frame and define social innovation in the field as they have the lived experience of acting as social enterprise practitioners. Adopting a broad definition of social innovation is in line with an inductive research approach (Woiceshy and Daellenbach, 2018) and fits well with a research topic that is in a pre-paradigmatic field (Nicholls, 2010a) as well as exploring social innovation outcomes within the context of social enterprise which are still yet unknown.

2.3. Literature Review Part II. Exploring social enterprise research: theoretical background and future research avenues

2.3.1. Social enterprise research: definitions and contexts

2.3.1.1. Introduction

Social enterprises have gained a central place in research focusing on public policy and the social economy. Policy wise social enterprises and social innovation have been at the heart of the coalition government's agenda as part of the Big Society agenda (Evans, 2011). The government defines social enterprises in the UK as social businesses that predominantly reinvest their profits into the social cause they are serving (Teasdale, 2012). However, there are several definitions of social enterprise put forth in the literature that are associated with different schools of thought. In the American tradition, social enterprises are associated closely with social entrepreneurship and the lone entrepreneur or the 'entrepreneurial hero' who is there to offer much needed solutions to deep rooted social problems (Defourny et al., 2014). In the European tradition, to which the EMES working group on social enterprise also belongs, there has been a history of research focused on defining social enterprise in the context of collective social actions and community-based networks (Defourny and Nyssens, 2010). The paper will discuss the different research traditions by distinguishing between the European (EMES), the American and the UK approach.

Social enterprises are described as a 'hybrid' organisational form in the literature (Battilana and Lee, 2014; Doherty et al., 2014). According to Battilana and Lee (2014), the number of articles published on social enterprise has grown, going from 37 in 1997 to 529 in 2000 to 14,264 in 2012. Social enterprises are creating social value in local communities (Zahra et al., 2008). Over the last few decades social enterprises as hybrid organisational forms have gradually challenged the boundaries between the social and the commercial (Wilson and Post, 2013, Lee, 2014). The influence and perception of social enterprises, both in academic work and at a policy level is often based on the value created through providing services to their users (Santos, 2010). As a result, it is essential for research to assess the impact that social enterprises have in serving their beneficiaries.

This chapter on the theoretical background of social enterprise research is structured as follows: first, in the introduction several research traditions to social entrepreneurship and social enterprise are presented. Second, discourses and the heterogeneity of existing research are discussed. This is followed by an exploration on theories related to hybridity, legitimacy and organisational tensions. Next the chapter addresses critical perspectives on neoliberalism, public sector debates and institutional theory within the existing literature on social enterprise. Lastly, some of the relevant debates are summed up within the social enterprise literature and public policy, together with research gaps in the existing knowledge on social enterprise, and avenues for future research.

2.3.1.2. The European and American traditions

In the United States, there has been a rich tradition on research related to social entrepreneurship and the third sector (Defourny and Nyssens, 2012). In the American tradition, there has been a diversity of concepts, which have been used since the early 1980s related to entrepreneurship and innovation (Galera and Borzaga, 2009). Dees and Anderson (2006) have proposed to distinguish two main streams of research in the American tradition: the earned income school of thought and the social innovation school of thought.

The first stream of research within 'the earned income school of thought' is concerned with economic sustainability, mainly regarding how non-for profit organisations can pursue commercial interests. The earned income research stream focuses on strategies that were profit orientated but with the focus of supporting a social mission and diversifying the availability of financial resources. The second research stream, concerned with social innovation, is characterised by individual entrepreneurs who act as change makers by re-combining or bringing in new combinations of resources to deliver social outcomes. This perspective is also related to the hero entrepreneur literature within the social entrepreneurship literature (Anderson and Warren, 2011).

According to Defourny and Nyssens (2012) the US tradition has held a stronger influence upon the European tradition than the other way around, despite European research offering more critical perspectives on the phenomenon.

The B-Corp model was developed in the United States in the beginning of 2006 by B-labs, a US based non-profit (Woods, 2016). It is based on providing certifications for companies based on social and environmental performance and allows them to become more socially accountable (Stubbs, 2016). For alternative businesses such as social enterprises, the B-Corp model provides an opportunity to better communicate their commitment to society and to the environment (Kim et al., 2016). Over thirty countries have taken up the model and increasingly large companies are applying to be certified (Woods, 2016). For alternative businesses such as social enterprises, the B-Corp model provides an opportunity to better communicate their commitment to society and to the environment (Kim et al., 2016). By allowing larger, commercial, corporations to join and obtain certifications raises the question of the validity of the model and whether these newly certified organisations are truly socially responsible or are motivated by other reasons (Woods, 2016).

There are several models for social enterprise activity, and they can be placed on a continuum from non-profit, grant dependent, to self-sufficient organisations (Nicholls, 2006). There are also theories related to resource dependence theory and bricolage, which are closely associated with the ‘earned-income’ stream in the literature (Dees and Anderson, 2006). A more critical perspective on social enterprise can be found in works related to public policy and papers evaluating the merits of neo-liberalism. These critical perspectives of the phenomena of social enterprise are closely related to state failure and the inability of the state to deliver public services (Dey and Teasdale, 2013). Section 2.3.4 and 2.3.5 of this chapter will discuss some of these critical perspectives in more detail.

2.3.1.3. The EMES perspective

EMES European Research Network is a well-established research network, which has been present since 1996. It has research centres all across Europe and offers social enterprise related research for most European countries (Defourny and Nyssens, 2012; Ridley-Duff and Bull, 2015). According to the EMES perspective social enterprises have underlying economic and entrepreneurial dimensions in order to be classified as a social enterprise (Borzaga and Defourney, 2004): the organisation produces goods/ sells services, a high degree of autonomy, a significant level of economic risk, an explicit aim to benefit the community, limited profit distribution and participatory nature. EMES scholars have synthesised the main contribution of social enterprise, which is to transform existing welfare systems, the creation of employment, local development, and building of relationships across sectors via the use of social capital (Defourny, 2014).

2.3.1.4. Social Enterprises in the UK

Social enterprises are boundary-crossing organisations that belong neither to the not-for-profit sector nor the private sector (Defourny, 2014). There is little uniformity within existing research on social enterprise. According to the countries social enterprises are embedded in and their socio-economic history social enterprise conceptualisations and discourses are highly divergent (Teasdale, 2012). A rich literature has developed in the 20th century on co-operatives working across the world (Defourny, 2014). Based on the UK wide accepted definition, an organisation to be classified as a social enterprise must also have its profits principally reinvested into the organisation serving the needs of the community rather than being driven by the need to maximise profit for shareholders and owners (Teasdale et al., 2013).

In 2004 the UK government approved a new organisational form called ‘community interest company (CIC)’ to support social enterprises being set up as an alternative to a charity (Defourny and Nyssens, 2012). CICs were introduced with aim to provide a legal structure that would make the organisations attractive to investors but would impose limits on the rights of investors to a return (Ridley-Duff and Bull, 2015). The CIC, as a new organisational form, was designed to provide a balance between the needs of investors for a return on investment and the needs of social enterprises to deliver value to users of their services. Although there are tax incentives for investors there are no tax benefits for CICs (idem.).

Amongst other reforms, the UK the government introduced a set of reforms to welfare and public services, for example, the Localism Act (2011) and the Social Value Act (2013) that were orchestrated under the rhetoric of the Big Society agenda (Williams et al., 2014). The UK model of social enterprise has been influenced both by the European (EMES) model and the American perspective, yet it remains distinct due to its grounding in its own socio-economic history. The hero entrepreneur often takes focus in the existing literature especially in the American tradition (Anderson and Warren, 2011; Zahra et al., 2008; Lee, 2014). Within the European tradition, according to Nicholls, (2010a) there have been more critical perspectives on social enterprise, incorporation institutional theory and the collaborative efforts of these organisations. Moreover, the EMES perspective has had a focus on research incorporating cooperatives, mutual help societies, and associations (Kerlin, 2010) rather than a focus on the individual. The development of theoretical approaches to conceptualising social enterprise within the EMES research tradition often has drawn on economic and social theory (Doherty et al., 2014).

2.3.2. Hybridity, legitimacy theory and paradoxes

Powell and DiMaggio's (1991) institutional theory has focused on external actors that impose values and expectations on organisations, as opposed to classical institutional theory where organisations as institutions are permeated with meaning that needs to be made sense of by their members and managers (Selznick, 1957). Thus, the shift has been from what goes on inside the organisation to the external field and networks. The consideration of norms and practices across organisations are central to this later shift in institutional theory (Lounsbury, 2007; Thornton and Ocasio, 2008). When facing competing external demands, organisations can engage in one of the following strategies, namely compromise, avoidance, defiance, combination or compartmentalisation (Pache and Santos, 2013). At an individual level staff can be faced with multiple tensions especially in a complex environment such as hybrid organisations.

Examples include prioritizing financial goals on the long term, having to deal with too many simultaneous goals (ambidexterity), tensions around identity and scaling (Sheep et al., 2016).

Social enterprises do not fit a single, established form, and thus face the challenge of establishing their legitimacy (Battiliana and Lee, 2014). Hybrid organisations combine institutional logics in a complex institutional environment, and they face unintended consequences of that institutional complexity such as conflicting external demands, and competing internal claims (Jay, 2013). Legitimacy is more likely to be granted to organisations that fit institutionalized expectations, and resources are often awarded on the basis of their acceptance by other actors (Kraatz and Block, 2008; Haveman and Rao, 2006). Thus, in addition to the challenges that all new types of organisations face in gaining the attention and approval of resource providers, social enterprises face further challenges, or tensions, due to not confirming to the boundaries of the established social categories of for-profit-business or not-for-profit charity.

Hybrid organisations, such as social enterprises, have a high risk of failure due to their limited resource base and they struggle for legitimacy as they increasingly pursue commercial goals (Garrow and Hasenfeld, 2014). Nicholls (2010a) have found that some social enterprises engage in social rituals to reaffirm their social mission even as they become more commercialized. These efforts include selecting appropriate organisational narratives selectively from a stock of norms around what it means to be a socially inclusive organisation (ibid.). There are several organisational strategies aimed at influencing legitimacy perceptions, for example the use of donations, forming partnerships, obtaining external endorsements which hybrid organisations might use (Phillips et al., 2004). Hybrid organisations face challenges as they compete in the market, experience success and face competition while growing and for their survival (Cooney et al., 2016).

In order to attain needed resources, social enterprises may respond to institutional demands stemming from a commercial logic while failing to attend to those associated with a social welfare logic (Smith et al., 2013). A number of organisations initiated as social enterprises, for example, over time have prioritised revenue creation over their social mission (Grimes, 2010).

One of the challenges that social enterprises face therefore is around the balancing act between social and commercial values in light of a limited resource base (Ebrahim et al., 2014). Social enterprises need to balance a dual value system and make sure to avoid mission drift, otherwise, they are at risk of losing sight of their social missions in the effort to generate a profit. Besharov and Smith (2014) highlight the importance of clear organisational goals in light of conflicting organisational demands. Clashes over issues such as organisational mission, strategy, structure, power, and resources, amongst others are likely to develop and persist if there is a lack of clear guidance and information (ibid.). Lack of clear guidance and information makes it difficult for to maintain organisational stability and may threaten the organisation's survival (Besharov and Smith, 2014).

The paradox of choosing between stability over change is something social enterprises also need to deal with (Smith et al., 2013). Exploration and exploitation are recognised as necessary but competing aspects of business strategy. For example, new knowledge acquisition and the development of new services (exploration) and improving current capabilities and services (exploitation) are both necessary and present decision makers with a paradox (Sheep et al., 2016). Paradoxes around exploration-exploitation are explored by focusing on conflicting institutional logics, for example in the context of creative organisations (Knight and Harvey, 2015). Resolving the paradox of exploration-exploitation can include adopting a contingency approach where managers can choose between exploration or exploitation efforts (Farjoun, 2010) and keep a distinct separation between the two. Nevertheless, there are also cases when the response to organisational pressures is not so simple. There are instances where the organisation might switch between exploitation and exploration or pursue them simultaneously (Knight and Harvey, 2015). In the case study presented by Knight and Harvey, (2015) employees could choose autonomously how to act and deal with competing demands to explore and exploit. The management responses extended to balancing demands simultaneously rather than cumulatively over time in the organisation studied by the authors. This proves how multiple, paradoxical tensions might emerge, interrelate, and as a result, organisations need to decide how to cope with competing demands simultaneously rather than cumulatively over time.

Social enterprises often need to be practical about the decisions they need to make in light of the pressure to survive, and as such they might be pragmatic in their decisions (i.e. they will not show their authentic self but will perform in a certain way that meets the agenda of other more powerful actors). Tactical mimicry (Dey and Teasdale 2016) is one of the concepts used to describe organisational decisions to conform to the norms put forth by organisational funders, but meanwhile the organisation's way of working remains the same. Public sector might co-opt social enterprises that are reliant on large grants and public sector partnerships to fill the gap in welfare services (Wagenaar and van der Heijden, 2015; McMurtry, 2013), and this should be considered as well by new researcher in the field.

2.3.3. Hybridity, outcomes and tensions

The theory of value measurement of the outputs of social enterprises by Santos (2012) has been used as a conceptual tool to evaluate outcomes related to a hybrid organisational form. Santos' theory of value measurements it is based on measuring value created and value captured by measuring value from an economic, utilitarian perspective. Value creation happens when the "aggregate utility of society's members increases after accounting for the opportunity cost" (Santos, 2012, p.337). Whereas value capture from an activity happens after deducting the costs, organisational leaders will appropriate some of the value created, similarly to commercial organisations. In most situations, organisations will prioritise one of the two processes, either value capture or value creation (Battiliana and Lee, 2014). According to Santos (2012) and Borzaga and Bondini (2014) the ideal type of social enterprise will prioritise value creation, as opposed to value capture in order to assure that the social mission is met on the long term.

Schroeder, (2008) offers a conceptual framework for understanding value or 'something good' by distinguishing between intrinsic value and instrumental value. For example, if something has intrinsic value if it is good "in and of itself"; in contrast, something has instrumental value if it is good because it provides the means for acquiring something else of value (ibid). For instance, money can be instrumentally good but not intrinsically. In the case of social enterprise, commercial values such as obtaining funds or revenues, can be instrumentally good as it allows for the hybrid organisation to pursue its social goals. Similarly, if a social enterprise is pursuing value capture with the aim of creating value long term, can also be considered instrumentally good and not necessarily judged as something negative.

The word value is being used ubiquitously according to Miller (2008). In the entrepreneurship and management literature the most widely acknowledged source of value in based on maximising shareholder outcomes. Values are not reducible to something that can be quantified (Miller, 2008). This is the distinction between value and values, as value is often monetized and easily quantifiable. Value is commonly perceived as financial value, or capital, and it tends to colonise other forms of value. The concept that has become prevalent in the current world of capitalism is financial value, as with the pursuit of profit and shareholder value maximisation stand at the centre of western economic policy, including the UK (Sepulveda, 2015). As Sepulveda (2015) and Bland (2010) highlight, neo-liberal ideology came to dominate the debates on public policy during the mid-2000s and there has been a shift in the provision of public services, following the principles of New Public Management, through seeking efficiencies and contracting out to the private and third sector (Dowling and Harvie, 2014). Arguably, later on, the support towards market efficiency created a competitive market for service providers incorporating public-private partnerships and so assisting the government's agenda for social welfare reform.

According to Diochon and Anderson (2011), in a social enterprise context, the pursuit of economic activities usually provides the means for achieving social well-being. Traditionally entrepreneurs have generated social value as a by-product of economic value, whereas in the context of social enterprise for social entrepreneurs the reverse is true. This brings about a unique identity representative of social enterprise (Diochon and Anderson, 2011). Challenges can be also in terms of the markets social enterprises operate in, as there might be a focus on economic value rather than social impact, and thus poor financial performance might be penalised more readily rather than poor social performance (Doherty et al., 2014). Overall, despite the existence of various frameworks (such as social auditing, social return on investment, sustainability reports) that seek to conceptualise value and values within hybrid organisation there has not been much progress on clearly measuring outcomes associated with hybrid outputs (Battiliana and Lee, 2014; Defourny et al., 2014). Future research is needed on the outcomes that social enterprises produce that also considers the irreducibility of outcomes these types of organisation generate, such as engagement with their beneficiaries, contributing to social care, social well-being, social inclusion and so forth.

Under value creation for social enterprise as part of their business model six forms of wealth are created: natural wealth, human wealth, social wealth, intellectual wealth, manufactured wealth and financial wealth (Ridley-Duff, McCulloch, and Gilligan 2018). Natural wealth can be understood in the forms of land, air, water or our environment (ibid.) Some enterprises (such as those based on eco-entrepreneurship, eco-tourism or social agriculture) actively seek to steward and improve the physical environment. For example, social enterprises devise projects that seek to improve land use, air and water quality or through other environmental initiatives that seek to protect our environment and natural resources such as actively supporting food waste reduction, recycling and managing carbon footprint in the production cycle of various products.

Human wealth produced by social enterprise can be understood in the form of workers' health, skills and abilities (Ridley-Duff, McCulloch, and Gilligan 2018). A good example of social enterprises creating human wealth are WISE, a form of social enterprise which provide work placements to maintain or improve skills, qualifications and technical abilities.

Social wealth also known as social capital, it is present in networks with high level of trust and is based on building relationships with contacts. According to the authors, Ridley-Duff, McCulloch, and Gilligan 2018, an individual or entrepreneur, who has social wealth and high levels of trust has access to one or more social networks which enables them to find out information, access resources and further contacts.

Intellectual wealth is the product of human endeavour that once written down have an existence and influence separate from their creators. Intellectual wealth also sometimes called intellectual property in the context of social enterprise is created by as a product of the employee's designs and ideas (ibid.).

Manufactured wealth “is generated when human endeavours turn natural and previously manufactured wealth into new goods (machinery, tools, buildings) and services (Ridley-Duff, McCulloch, and Gilligan 2018, p. 2)”. As such, when counting manufactured wealth social enterprise actors should refer to manufactured goods that are in the possession of the enterprise and how accessible they are to primary stakeholders.

Financial wealth in a social enterprise context is referred to as revenue or profit, in simple terms it represents the money spent and generated (idem.). Financial wealth it is easy to measure as there are well developed accounting practices that track income and expenditure of financial wealth and as such most social enterprises will have a well-developed way of tracking financial wealth as opposed to other forms of wealth.

Table 2.3.3. The Six Forms of Wealth

Category	Description
Natural	Access to land, air, water and minerals and natural processes (chemical reactions)
Human	Workers’ health, skills and abilities
Social	Networks of people in high trust relationships
Intellectual	The number, quality and availability of workers’ ideas and designs
Manufactured	The quality and accessibilities of manufactured goods (tools, machinery, premises, services)
Financial	The money used and/or generated by an enterprise/project

Source: Ridley-Duff, McCulloch and Gilligan (2018) Six Forms of Wealth

The six form of wealth model is a useful analytical tool to explore how social enterprises create and destroy different types of wealth and by association value (Ridley-Duff and Wren, 2018). Therefore, this analytical tool is used in the discussion chapter as part of analysing the qualitative data collected on how social enterprises create social impact, what enables them to do so (such as the resources at hand) and the type of wealth created be that financial or other forms.

2.3.4. Social enterprise and institutional theory

Social enterprises in some cases are similar in nature to SMEs (Defourny et al., 2014) and they do not always have the capacity to innovate. Their resource base is limited to minimum required amount of funding and key staff that is needed for the day-to-day working of the organisation with little organisational slack remaining.

Social enterprises are facing increased economic and social pressure to maximise social benefit (Mason, 2012). In the UK political context political and policy initiatives are not only sources of opportunities but also a source of tension, such as maintaining legitimacy in light of competing agendas existing at the boundaries of public-private- third sector. Mason's (2012) work uses DiMaggio and Powell's (1983) mimetic, coercive and normative typology. With social enterprises further integration into the public sector over the past decade, multiple isomorphic pressures on social enterprises exist and these organisations are adapting to respond to them. Isomorphic pressure refers to organisations based in a similar environment facing similar challenges, pressures as well as institutional norms and conform to these norms by adopting similar characteristics (Wooten and Hoffman, 2016).

Some of the structural responses to competition are copying, complying, adapting or resisting (Mason, 2012). Pedersen and Dobbin (2006) classify the resistance of social enterprise to isomorphic changes, according to low level and high-pressure legitimacy shifts (i.e. institutional to strategic). The framework presented by Pedersen and Dobbin (2006) demonstrates how legitimacy becomes an operational resource for social enterprise to satisfy multiple stakeholder demands (such as the integration of third sector actors into public sector). This is not without issues, however, as often there is normative pressure towards professionalization, potential coercion to comply with legal reforms, or imitation through copying more entrepreneurial rivals in the market with the aim of maintaining competitive advantage (Mason, 2012). The implication for social enterprises could be that if they are copying more entrepreneurial rivals, they risk losing sight of the wider benefits they are providing to their beneficiaries and social mission.

According to resource dependence theory, organisations are dependent on their external environment for resources, but attempt to shape this environment to suit their own purposes, or in other words, actors will try and ‘manipulate’ their organisational field to serve their own aims (Nicholls, 2010a). Thus, non-profits are becoming more market orientated to derive commercial revenue needed for their survival (Teasdale, 2012). Institutional theory is used to explain the marketisation of the non-profit sector by Dart (2004), who argues that the legitimacy of social enterprise derives from a society’s wider fixation with business ideology and a belief that the market knows best (Teasdale, 2012). Hence non-profits and social enterprises are adopting commercial practices not because they necessarily offer a better way to meet revenue shortages or the needs of client groups, but rather because it is the accepted way of doing things. Institutional theory predicts that organisations in a given industry will adopt the dominant practices of the field rather than maintaining a distinctive identity (Huybrechts et al., 2014), leading to isomorphic pressures shaping organisational identity.

Normativity and the institutional nature of innovation are problematic as well for social organisations. This can be seen for in the case presented by Seelos and Mai (2012) at the Aravind Eye Care Hospital, where the prevailing innovation discourse pushed the organisations toward adopting innovation at a large scale. Innovating represented a difficulty as more incremental developmental practices would have produced more value over time, rather than trying to quickly expand. The model of innovation presented by Seelos and Mai (2012) could not be fully replicated with new partners and as such the innovation was not recognised successful as it did not produce the envisioned outcomes.

2.3.5. Critical perspectives: public sector, neoliberalism and social enterprise agenda

Neoliberalism, as defined in the Oxford Dictionary of Social Sciences, refers to the goal of reducing the role of the state in favour of free market capitalism. A version of neoliberalism introduced in the Thatcher years in the UK, stresses the primacy of free-market principles (Nicholls and Teasdale, 2017). Neoliberalism in this sense has been translated into a range of policy initiatives incorporating the social philosophy of individual responsibility. The New Labour government as part of the Third Way and continuation of New Public Management – moved to promote an asset-based welfare and encourage citizens to save and become more invested in capitalism (Finlayson, 2009; Entwistle et al., 2007). In pursuit of Third Way the new Labour government created the infrastructure for commissioning and public–private partnerships. More recently, the Localism Act (2011) was adopted by the UK government with the aim to shift power from central government to local communities (Greaves and Romice, 2015).

Deregulation and localism do not guarantee adequate performance by the social economy or democratic engagement according to Wagenaar and van der Heijden, (2015). The idea of localism represented the attempted reconciliation of norms and empowerment through a socially inclusive society (ibid.). Garrow and Hasenfeld, go even further, and argue social enterprises dealing with work integration (WISE) are dominated by a market logic as they commodify their clients as production workers. In the cases presented by Garrow and Hasenfeld (2014), social enterprises contributed to the marketization of the third sector as social outcomes such as beneficiary well-being were not adequately prioritized.

Marketization of the welfare services provided by the state also provides a useful lens to critically analyse the emergence of social enterprise (Dowling and Harvie, 2014). Marketization can be defined as governments turning to the private sector to help deliver public services, partly to access new sources of financing but also to encourage greater efficiencies and accountability (Birch and Siemiatycki, 2016). The marketization of the non-profit sector has led to the creation of hybrids, such as CICs, to instances where non-profit organisations are encouraged to focus on generating commercial income from service delivery contracts (Mullins et al., 2012). The move towards Big Society within the welfare system in the UK represented a short cut in welfare provision and a further transfer of responsibilities (but not necessarily resources) to independent service providers (Sepulveda, 2015). Considering the growing social and economic needs that the state should be meeting, the phenomenon of social enterprise is highly controversial as the state is diminishing responsibility towards delivering essential services to its citizens (ibid.). The UK government has also been creating a social investment market to support the development of the social enterprise sector. Dowling and Harvie (2014) argue that social impact investment is the continuation of the Big Society agenda as local communities, including charities, self-organised groups and volunteers to take responsibility in delivering public services. These social welfare services, however, now can be harnessed for profit and indeed are required to make a return for investors. In agreement with this, McMurtry (2013) points to capitalism as the dominant economic logic in western democracies.

The promise of social and solidarity economy is in individuals being empowered, planning together and pursuing their goals as a collective. Critics have rejected the promise of empowerment of individuals and named social enterprise as a liberal ‘Trojan horse’ (McMurtry, 2013, p.8). The reason for this is that despite empowering individuals to act, the structures that are supposed to be supporting them are not engaged, but instead have been hijacked by profit seeking behaviour (Dowling and Harvie 2014). Similarly, Poulantzas (1985) argues that the state’s role was related to providing the conditions for the reproduction of capital over longer periods (Wright, 2016). Therefore, individual class members do not have direct control over the state as their instrument.

2.3.6. Conclusions

It has been argued in this section focused on literature and theories in social enterprise that the origin and development of social enterprise in Europe is closely associated with the co-operative movement and collective initiatives (Defourny and Nyssens, 2012; Borzaga and Defourney, 2003). In the European context, direct intervention of public authorities in the development of social enterprise encourages community development, social innovation and collective intervention. In the US context, the belief is in private actors with public policy confidence in market forces to address social problems. The US context follows the logic of privatization and marketization of social services (Borzaga et al., 2012). The paper also explored critical voices that argue the phenomenon of social enterprises in not a panacea but instead a neo-liberalist tactic to save state resources and shed responsibility for delivering essential services needed by its citizens (Dowling, and Harvie, 2014; McMurtry, 2013; Garrow and Hasenfeld, 2014).

The Big Society agenda in the UK encouraged individuals in the community to come together and work together to take an active role in transforming society by solving some of the biggest social issues the nation was facing (Williams et al., 2014). The empowerment of local communities encouraged a break from centrally directed spending and the transfer of power to local authorities in order to more effectively respond to local concerns (Clayton et al. 2016).

Hybridity might not necessarily be bad but rather represents the unique selling point that social enterprise can use to address and meet the demands of a wide range of stakeholders. As Diochon and Anderson (2011) have put forth in a social enterprise context the pursuit of economic activities can provide the means for achieving social well-being. Their hybrid nature can also help them with their pursuit of legitimacy (Mason, 2012; Nicholls, 2010a), nevertheless future research needs to take into consideration that this often comes with paradoxes. Further data could show us how innovating under institutional pressures could change the nature of the work that is done by the organisation or whether it is reinforcing it.

Hybrid organisational outcomes are not easy to conceptualise as often the values they produce are not measurable. Future research is need on the outcomes that social enterprises produce should also consider the outcomes these types of organisation produce, such as engagement with the community, social well-being, social inclusion and so forth. It needs to be questioned if there is really an 'ideal-type' of social organisation as suggested by Borzaga and Bondini (2014). Regardless of the social enterprise’s financing form, from public funding to commercial income streams, all social enterprises equally need to balance value capture with value creation to preserve their social mission.

Last but not least, the point made by Dowling and Harvie (2014) needs to be reemphasized. If social investment is the next step in the Big Society agenda this might enable the increased marketization of communities coming together and of the third sector. Equally McMurtry, (2013) contends that elements of the social and solidarity economy can be perceived as a neoliberalist 'Trojan horse'. He argues that social enterprises were created by the government to allow for individuals to operate in the market but has not necessarily lead to the structural changes necessary for the empowerment of citizens. According to McMurtry, (2013) the idea of the rationale self-interested market-driven individual has been imported in the conceptualization of social solidarity sector as also Dowling and Harvie, (2014) agree with. Due to the lack of structural changes necessary for the empowerment of citizens, in order to continue their good work, social enterprises need to have a clearly articulated position on where they stand when operating in a market-based economy, with a clear formulation of their values and a good understanding of the impact they are delivering.

The next section critically reflects on the notion of scarcity and considers the resource base of social enterprises, including financial and non-financial forms of wealth. Frist, the role of social innovation in enabling or limiting long-term organisational planning is considered in the following section. Second, in Section 2.4 it will be argued bricolage is a lesser known tool for overcoming resource constraint in a social enterprise context, despite of this bricolage is a highly effective organisational strategy as the organisation can make last minute adaptations to their process and streamline its production and or service delivery.

2.4. Literature Review Part III. How do social enterprises work? Bricolage, innovation and resource constraints

2.4.1. Introduction

Refusing to see scarcity as an obstacle is at the core of bricolage (Davidsson et al., 2017; Baker and Nelson, 2005). Resources constraints or austerity is considered a starting point to the process of innovation. Austerity could be the driving point of innovation in order to make small incremental changes with the use of existing capabilities (Pansera and Owen, 2015). Bricolage could also be considered a tool for innovation, in contexts where there is a “recombination of pre-existing knowledge, often through the development, amendment and adaptation of technologies, products and processes, and social and managerial practices” (Pansera and Owen, 2015, p.3). In order to develop the PhD thesis this paper reflects on some of the consequences of resource constraints for social enterprises and possible organisational strategies to deal with it. It also highlights some of the risks associated with operating in a resource constrained environment and ‘caring’ nature social enterprises need to preserve in order to be able to deliver social value.

Social enterprises that are local and small are similar in nature to SMEs (Defourny and Nyssens, 2010a) and they do not always have the capacity to innovate. As Austin et al., (2006) note social enterprises have limited capacity to tap into capital markets in comparison to commercial organisations. They argue that locally embedded social enterprises are limited to acquiring the minimum required amount of funding and key staff that are needed for the day to day working of the organisation with little organisational capacity remaining. However, there are also some big players in the social enterprise sector with a significant turnover and have been well established in the market (see for example Devine Chocolate, or Cafédirect). More resource rich organisation will have more of a ready availability of managerial capabilities, capacity to development new products or services and human resources (Lawson and Samson, 2001).

In light of the differing and more ample strategic capabilities available within resource rich organisation the need for bricolage is less immediate. Hence, social enterprises that are resource constrained might be less equipped to deal with large scale changes than other actors in the economy that are more resource rich and with a better capacity for development.

This part of the literature review will progress the discussion by connecting the innovation literature with some of the relevant literature available in bricolage on how social enterprises operate. Offering a useful framing of how social enterprises might be influenced or aided by the use of bricolage and innovation, can be of help to understand the ways social enterprises work. Despite offering an exploration of the literature that emphasizes a type of social enterprise that is locally embedded, participatory and operating in resources constrained environments it is hoped this will allow for theoretical focus and richness in reasoning.

This part the literature is structured in seven parts. First part offers a brief introduction and helps the reader to identify the structure of the argument. Second part discusses aspects of innovation within social enterprises. Third part is followed by questioning the innovative capacity of social enterprises. Fourth part contributes to the discussion by connecting the participatory nature of social enterprise to its capacity to innovate. The fifth part is based on the literature on scaling, with some concepts being drawn upon from the entrepreneurship literature, some from the bottom of the pyramid perspective and some cases specifically from social enterprises aiming to scale and grow their impact. In the sixth part the reader is taken on a brief journey within the entrepreneurship, public management and social enterprise literature which have a focus on various aspects of bricolage theory. This section helps to bring together some of the relevant aspects of bricolage theory in relation to how social enterprises develop of new ideas to allow the organisation to move ahead and the ways social enterprises might reuse old ideas. In the last section, Section 2.4.7, the significant arguments related to social enterprise resourcing are summarised.

2.4.2. Innovation within social enterprises

The process of innovation is not always well-developed within the social enterprise literature, especially in resource constrained environments (Barnett et al., 2015). Social innovation can be considered emergent as social enterprises adapt and respond to changes within their internal and external environment. How social enterprises engage in the process of innovation would also need further work (Chew and Lyon, 2012). Innovation happening in the public and private sectors, along with some research of innovation in the social economy, has become an area of academic interest. However, more research is needed on the dimensions of innovation that would be specific to how social enterprises operate and the challenges they face.

Social enterprise literature is closely associated with research on the social economy (Defourney and Nyssens, 2012; Ridley- Duff and Bull, 2016). There is however a divergence of organisational forms that are part of the social economy, examples include cooperatives, mutuals, charities, public sector partnerships, community interest companies and even limited companies that contribute significantly. In the social enterprise literature, innovation is often referred to as a capability of the organisation to be able to deal with multiple institutional logics and boundary crossing activities. Social enterprises are innovative by nature as they deal with wicked, systematic problems of society, which due to social economic conditions are not easy to solve and need an integrated and participatory approach (Defourney and Nyssens, 2012; Chell et al., 2010). Not all social enterprises will be innovating in equal measures as innovation can incorporate a wide variety of process and activities that incorporate changes in product development, positioning, processes and paradigm shifts (Chew and Lyon, 2012). It is important to note that what distinguishes the process of innovation from simple change initiatives, according to the existing literature, is the aim of the innovation to offer improved and/or better results to the status quo (Borzaga and Bondini, 2014).

According to the scholars Borzaga and Bondini, (2014) if innovation in the context of social enterprise is used simply as a heuristic device to capture a very heterogeneous set of phenomena it undermines the effectiveness of the concept. Therefore, the thesis is concerned is with offering a localised view of social innovation that embeds narratives of what social innovation is based on a subjective and context- specific traits.

Arguably, social enterprises similar to other organisations delivering public services will not have the same view or understanding of innovation due to the flexibility of term and divergence of views (Harrison 2010; Nicholls and Murdock, 2012). Often social innovation, i.e. those innovations adopted with a social aim in mind is used as a buzzword (Pol and Ville, 2009). Moreover, in a social enterprise context social innovation is problematic as some organisations might be claiming to be innovative on the surface yet there is no evidence of innovation taking place (Gawell, 2013). To add to the phenomenon of innovation being hard to study within social enterprises, due to its elusive nature, scholars working in the social enterprise field have claimed that third sector organisations might mimic change to deal with institutional pressures (Tracey and Stott, 2017; Dey and Teasdale, 2016). Mimetic isomorphism in some cases can be perceived as a form of resistance to deal with institutional pressures to change existing work, including funders' requirements. On the other hand, a driver of mimetic isomorphism could be a way of preserving organisation identity in an ever-changing social sector that is often under serious political and economic pressures as suggested by Dey and Teasdale (2016).

A key challenge for social enterprises is operating in environments that are often constrained in resources (Desa and Basu, 2013). Social enterprises, similarly, to other organisations delivering public services are resource dependent (Doherty et al., 2014). According to resource dependence theory, due to the limited amount of resources available, social enterprises will need to prioritise decisions and stakeholders that will help them accumulate the key resources needed to allow them to operate. Moreover, social enterprises are locally embedded (Shaw and de Bruin, 2013) with the implications of relying on local support, good will, volunteerism and local partnerships. As smaller social enterprises tend to be localised, the key to be able to deliver their work is partnerships (Skarya et al., 2012) and abundant amounts of social capital (Eversole et al., 2014).

2.4.3. Do all social enterprises innovate?

The role of social entrepreneurs in the social enterprise literature has often been amalgamated with the capacity of the enterprise to be innovative in the way social enterprises can operate both in the market and deliver services to beneficiaries (e.g. Chew and Lyon, 2012). Similarly, confusion around what innovation is within social enterprises stems from scholars and practitioners claiming the whole model of social enterprise is innovative as a departure from the capitalist way of doing business and by extension whatever work they might be doing must be innovative as well. This inconstancy might be clarified if we take a closer look at the work of Weber on capitalism and religion in 1905. Even since the eighteen hundred there have been cases of doing business that would be led by a moral dimension associated with religion rather than by profit seeking behaviour as noticed by Weber (Swedberg, 2000). Social entrepreneurs leading social enterprises that are selling services or products in the market in order to enable them to help their beneficiaries are ethical and caring in their nature rather than being driven solely by profit seeking behaviour. Their behaviour is similar to those early entrepreneurs Weber is mentioning, who were motivated by religion and charitable giving and are not necessarily doing something that not been done before. So social entrepreneurs within social enterprises are not necessarily innovative because of their hybrid nature, having dual logics but instead because of the solutions they need to find to be able to operate.

A worthwhile question to consider would be, if the dimensions of innovation in use and how social enterprises work combined might impact on the hybrid outcomes social enterprises are delivering. Is innovation integral to what social enterprises are doing or is it is just perhaps a hyped phenomenon that is commonly referred to? If innovation is often present in social enterprise work, does that mean that perhaps there could be a stream of innovation that is specific to how social enterprises operate? The thesis will aim to refine these questions by looking at the subjective and embedded nature of work social enterprises deliver in areas across the UK and the types of outcomes they deliver.

2.4.4. The participatory nature of social enterprise and innovation

According to the EMES perspective what makes social enterprise distinct from all other forms of organising it is their participatory nature and active involvement in collaborative networks (Defourney et al., 2014). Social enterprises by means of participation and integrating co-production with their beneficiaries can contribute to the lives of some of the most vulnerable groups and offer them autonomy (Hauge and Wasvik, 2016). Where vulnerable groups such as the homeless, unemployed or disabled become active in economic life again, this will lead them to take ownership of their everyday lives rather than become reliant on state funding (ibid.). In the case study presented by Hauge and Wasvik (2016) on disability allowances, it was found by giving more options to people on how to spend their allowance and organise their time gave them a sense of independence and self-empowerment. Work integration social enterprises (WISE) have been applauded for revitalising areas of the communities that have been neglected in the past as well as by providing employment increasing the welfare of the beneficiaries (e.g. Huybrechts et al., 2014). In the examples provided by Andersen et al. (2016), discussing social enterprise from a Nordic perspective, the benefits of social enterprise are brought to the forefront in two areas. The first area is related to WISE that have been successful in getting back to work vulnerable groups of people through integrating user views and solidarity for a shared goal. Despite public sector contracting common in the Nordic countries, the second area in which social enterprises have shown their worth have been as change agents in marginalised communities where through participatory methods have fostered social cohesion and economic growth.

Co-production (Pestoff, 2018) is another way social enterprises enable their beneficiaries to participate directly in the service delivery process. Co-production is also key in the process of democratic governance and in creating public service innovation that is lead both by the agenda of the service user and of the institution leading developing the innovation (Osborne, Strokosch and Radnor, 2018). Social enterprises actively engage in co-production and are encouraged to do so through strong participation in networks and partnerships with public was well as third sector actors (Brandsen, Verschuere and Steen, 2018). Co-production can aid social enterprises ambition of engaging citizen in service delivery and gives voices to the future users of social innovation on what the innovations characteristics and outcomes should be (Farmer, Hill and Muñoz, 2012).

In the case of public sector spin-outs, also recognised as public sector mutuals in the UK, local government and public managers of newly created social enterprises are asked by commissioners to play new roles and to employ a new ethos grounded in participatory approaches to engage citizens in service delivery (Myers, 2017). The dichotomy between public and private is no longer clear-cut, as with public sector spin outs (newly created organisational hybrid) there is a mix of alternative service delivery models, with a mix of ownership and control mechanisms being shared between public and private sector interests (idem.). It has been argued by Vickers, Lyon, Sepulveda and McMullin (2017), social enterprise act as an alternative way of delivering public services and serve as a vehicle for the state to extend competition and choice in the market, especially in the case of health and social care provision. Therefore, to discuss the value social enterprise are delivering collective benefit would need to be considered from a multi-stakeholder perspective as the outputs social enterprise create take place at intersectionality of the public-private and third sector (Myers, 2017).

Collective action and social movements theory are closely related to co-production of public services, democratic participation as these theories all share in common a concern for citizens serving as a catalyst for social change (Grassl, 2012). According to the academic literature, long-lasting social change will come hand in hand with the successful diffusion of social innovation, as social change will need reframing of existing social structures (Westley and Antadze, 2010). Citizen movements act as a catalyst for social innovation and when a social innovation will have broad or durable impact, it will be disruptive and catalytic by challenging social systems and institutions (Nicholls and Murdock, 2012). For organisations be able to challenge social systems and institutions its prerequisite to reach a variety of individuals and organisations linked across social networks (Westley and Antadze, 2010). As such social networks serve as a tool for social enterprises to foster partnerships, gain access to new resource and facilitate successful diffusion of social innovations (Moore and Westley, 2011).

Relational contracting goes beyond partnership work and collaborative initiatives (Zafeiropoulou and Koufopoulos, 2013). According to Rowlinson and Cheung (2004) relational contracting is based on a recognition of mutual benefits and win-wins scenarios through cooperative relationships between the parties involved. Moreover, relational contracting “embraces and underpins various approaches, such as partnering, alliancing, joint venturing, and other collaborative working arrangements and better risk sharing mechanisms” (Rowlinson and Cheung, 2004, p.5). In the context of social enterprise in the UK, relational contracting is common as part of public private sector relationship contracting also referred to as public private partnerships (PPPs) in the literature (Roehrich, Lewis and George, 2014). There is an assumption in the academic literature that PPP can provide a variety of benefits in terms of innovation, as by exploiting the private sector’s experience to manage risk, and provide quality, efficiency then PPPs as a form of innovation will improve the quality and efficiency of the public services delivered (Carbonara and Pellegrino, 2019). Relational capital or relational resources (Dacin, Dacin and Matear, 2010) and institutional capital (Leitch, McMullan and Harrison, 2013) are important tools in social enterprise efforts to compete and secure public sector contracts.

2.4.5. Innovation and the process of scaling

Scaling represents successful diffusion of innovations in the market (Foster and Heeks, 2013). Obstacles to scaling up include high financial costs, adverse institutional barriers, problems associated with the co-production of outputs by different actors, lack of adaptation to the local context, and lack of scaling-up logistics (Binswanger and Aiyar, 2003). A lot of the literature of innovations in bottom of the pyramid situations characterised by severe resource constraints, is shaped by dualistic views on how innovation is presented and analysed (i.e. innovation vs diffusion, pilot vs. scale-up, lead firm vs other actors, technical innovation vs social innovations). The existing literature does not challenge the understanding of how innovation can move from the lead firm via the pilot to the market. Case study research is widely used in this area of research (see for example Kolk et al. 2014; Nielsen and Samia, 2008) and it has provided opportunities for evidencing emergent aspects of innovation. Exploratory case study data has shown innovation in resource constrained environments is emergent in nature and in order to be successfully scaled it needs to be continuous in nature (Foster and Heeks, 2013). This would mean that incremental changes could help innovations to scale over time.

Seelos and Mair (2017) argue that there has been a rush within social enterprises to scale at a fast rate. The general trend has been to scale with a strong focus on how we can solve the problem, but not necessarily on the context the problem is within. Often by studying the context, the authors argue, we realise that environmental characteristics that can enable or act as a barrier to the scaling of innovations. Problem spaces can be characterised by four dimensions: economic, cognitive, normative and political. Economic factors, or barriers to scaling, range from the amount of savings, disposable income, missing infrastructure or limited access to markets. Cognitive barriers are related to outlooks on oneself and knowledge. Seelos and Mair (2017) closely associate cognitive barriers with a state of lethargy that can be described in situations with trust and skills are not enough to change the status quo. Normative barriers are ways of being, roles and behaviour that are seen as appropriate by individuals in society which are grounded in values and norms. Examples of normative barriers include religious beliefs, traditions and in some instances the roles of women or men in society that might propel or impede the successful adoption of innovations that aim to challenge existing norms. Lastly, political barriers refer to absence or weaknesses of certain rules as well as power asymmetries. In the case of disruptive innovations that are new to the context in which they are applied, the lack of legislation or formal support systems might impede their development and later scaling.

Innovation that it is continuous involves incremental changes and it relates to the ongoing, gradual evolution that occurs in our activities, operations, and creations (Boer and Gertsen, 2003). Foster and Heeks (2013) suggest that despite Roger’s seminal work on distinguishing the process of innovation at the focal, firm level, from other activities such as the diffusion of innovation within the market, there has been little understanding of how innovation and diffusion can happen simultaneously in a planned, systemic and dynamic manner.

The systemic view of innovation, advocated by Foster and Heeks (2013), is characterised by continuous re-invention or adaptation that is planned and aims to address local resource availability. An imperative for this type of innovation is bricolage (Anderson and Kupp, 2008), which will be discussed in detail in the next section.

Social entrepreneurs may resort to one of the following in order to scale their social impact (Moore, Riddell and Vocisano, 2015): diversification, scaling across, scaling deep and scaling up. Diversification means introducing a broader range of products and services, whereas scaling across refers to disseminating the knowledge developed by innovating with other actors. In contrast scaling deep refers to an approach whereby the entrepreneur aims to improve the already existing processes in order to maximise social impact with beneficiaries. Hence, there is a shift here towards quality over quantity. The last category, scaling up refers to reaching new beneficiaries in new geographies and abandoning the localised nature of the social enterprise. Most literature on scaling is concerned with a form of scaling that would be under scaling up (Andre and Pache, 2014).

As resources become mobilised in order to scale a social innovation, the creation of new revenue streams is essential, if that fails the entire organisations existence might be at risk. This is closely connected to resource dependence theory. As Battiliana et al., (2013) and Andre and Pache, (2014) have highlighted when a social enterprise is dependent of resources it is more likely to focus its attention on those stakeholders that provide new resources rather than consume them. So, this would mean that there is a risk for the beneficiaries to become neglected in periods of transition as the organisation aims to gain new resources for its survival and running. Another important issue to consider is if the demands of the funders or investors are aligned with the needs of the beneficiaries. In order to avoid mission drift and maintain their caring nature, social enterprises would need to closely monitor their own stance in periods of turbulence and transition. Through internal and external stakeholder engagement social enterprises successfully balance their positioning between financial wealth generation and social value creation (Ramus and Vaccaro, 2017).

2.4.6. Bricolage and resourcing within social enterprises

This study uses Barney's seminal paper in management theory, published in 1991 to help define resources and capabilities as bundles of tangible and intangible assets, including a firm's management skills, its organisational processes and routines, and the information and knowledge the organisation controls which can be used by managers to help choose and implement strategies. Within entrepreneurship theory, the process of resource acquisition happens through entrepreneurial initiatives and sustaining competitive advantage (Wernerfelt, 2011). Maritan and Peteraf (2011) have put a two-fold model of how organisations can get access to resource, first through external scanning of the market and second through resource accumulation. Critics of the resource based view have argued in some context sustaining competitive advantage it is not possible (Kraaijenbrink, Spender and Groen, 2010), and in other contexts the organisations face extreme complexity and as a consequence the identity of the organisation, values and identity must constantly change (Barney, Ketchen and Wright, 2011). As such, any competitive advantage the organisation may gain though resource acquisition or accumulation will be temporary (Kraaijenbrink et al., 2010).

Social entrepreneurship, specifically theory focused on social enterprises within the EMES tradition, has benefited by injection of ideas derived from a broad array of theoretical traditions and methodologies. These included theories taken from classical entrepreneurship literature that detail the tools that entrepreneurs can use to create social impact. One such tool is bricolage. Lévi-Strauss (1967, p. 17) introduced the original concept of bricolage to refer to the process of "making do with what is at hand", in other words entrepreneurs need to not only consider the end goal but also the resources that are already existent and utilising them to their maximum potential. In the literature on bricolage, "political bricolage" and "institutional bricolage", are both used to refer to the process of making do for the purpose of creating new institutions (Di Domenico, Haugh and Tracey, 2010). As part of political/institutional bricolage the categories and frames of reference in use are subject to a continuous process of social reproduction and elements of old institutions are reassembled to create new institutions. In the cases of social enterprises that are politically active, as well as encouraging advocacy amongst its members, in order to be successful in their work they would need to continuously negotiate the existing references of frame to create new ones.

In the entrepreneurship literature, bricolage has been used to analyse entrepreneurship in resource poor environments (e.g. Baker and Nelson, 2005); where entrepreneurs recombine elements at hand for new purposes and in doing so the actors resist environmental constraints imposed upon them. Thus, bricolage can be also construed as a form of resistance to constraints. The concept of bricolage has been used to denote resourcefulness and adaptability via a dynamic assembly of ongoing transformations and reconfigurations (Lanzara and Patriotta, 2001). In addition, the term organisational improvisation is used interchangeably with bricolage to denote instances of entrepreneurs making do with the resources available (Di Domenico, Haugh and Tracey 2010). Another noteworthy idea presented in Baker and Nelson's work is acknowledging the socially constructed nature of limitations that an organisation perceives and how can the organisation create new combination or re-combination of resources to create value. Bricolage can be closely associated with innovation, as it offers the chance for improvisation, and also the opportunity to utilise previously discarded or neglected resources to create value (Senyard et al., 2011).

Within social enterprise the development of new activities is often characterised by learning by doing in order to see what works rather than having a formal support system on how to approach change (Gawell, 2016). Therefore, the development and implementation of new ideas is often not linear but iterative. Gawell argues that this poses challenges for social enterprises as often their funding in not stable and there will be fragmentation in how well they are implementing their new activities. Hence, most social enterprise activities associated with experimentation or bricolage are supported by informal structures. As social enterprises are resource dependant, they also need flexibility to quickly adapt to unforeseen circumstances.

Bricolage behaviour, or attitude, can be understood as the behaviour of an organisation when faced with resource constraints (Davidsson, Baker, and Senyard, 2017). The notion of bricolage behaviour is closely associated with the concept of entrepreneurial bricolage and entrepreneurial resourcefulness in the academic literature Entrepreneurial resourcefulness is a crucial part of a bricolage behaviour, as it constitutes ways entrepreneurs attempt "to deal with problems or opportunities despite ostensibly inadequate resources" (Powell and Baker, 2014). We could look at bricolage behaviour from two perspectives, either from an instrumental or an emergent point of view. From an emergent perspective, bricolage is part of the agency of actors to deviate from a set plan and be entrepreneurial by reconfiguring existing systems and structures (Garud and Karnoe, 2003). Bricolage can play an instrumental role in the process of innovating as it allows for small adaptation during the process both by management and staff which later can be consolidated through routine and new working practices.

Baker et al., (2003) in their earlier work introduced the concept of network bricolage which refers to resource seeking behaviour with an organisational strategy that draws on resources at hand rather than seeking out new resources. Often these already existing resources at hand are associated with the existing networks of the entrepreneur (Baker et al., 2003). Moreover, in the entrepreneurship literature two closely related constructs to bricolage have been identified, namely causation and effectuation (Sarasvathy, 2001). According to causation theories, planning for a certain outcome can be achieved through resource seeking or through bricolage (by using what is at hand). Sarasvathy (2011) further elaborates that the principles of effectuation dictate that it is not necessary to go out to find new resources to achieve a certain goal, but we should maximise the competencies, skills, knowledge and resources that already exist within the organisation. New opportunities can be identified based on the means of the entrepreneur rather than sole reliance on external opportunities.

Baker and Nelson's (2005) work on bricolage contributes to our understanding on how resource-constrained firms, especially smaller sized firms try to get ahead. The largest firm their study had 20 employees. They theorise that at the organisational level there is a conscious rejection of the notion of resource constraints as well as of the norms that might hinder the growth of the organisation (Baker and Nelson's, 2005).

The organisations that have been the most successful in applying bricolage to further their goals have used it selectively and by using resources at a time within carefully selected situations. Moreover this 'selective' form of bricolage allowed the organisation to not become over reliant on the uses of bricolage and later even rejected its use (ibid.). Bricolage does not necessarily need to result in innovation but rather it can be applied as a quick fix or as an emergency solution. Nevertheless, some of the most successful cases of bricolage have been directly related to innovations (Senyard et al., 2011). The potential negative aspects of bricolage have been explored by Senyard et al. (2011) but require further development in the literature as they do not highlight some of the more controversial aspects of bricolage such as ethical dimensions. Not all examples of bricolage are ethical since they rely on 'rule breaking', might not consider those who are the least advantaged or negative consequences (as seen in the examples provided by Baker and Nelson, 2005). What we can learn from these papers, however, is that those organisations that are effective in using bricolage embrace new challenges despite of a limited resource base and resist the idea of limitations. So, as part of adopting a bricolage behaviour, entrepreneurial actors need to think about and frame the organisational problems differently by findings creative solutions.

Two highly cited papers on how social enterprises are using bricolage are by Mair and Marti (2009) and Di Domenico, Haugh and Tracey (2010). According to Mair and Marti (2009) the failure of the commercial sector to supply products and the breakdown of the government to distribute services to people in need has resulted in the institutional voids that social enterprises are working in. Di Domenico, Haugh and Tracey (2010) highlights via the use of multiple qualitative case studies of social enterprises, by engaging with stakeholders with the use of social bricolage also creates, extends and strengthens social relations among communities, and augments the legitimacy of social enterprise. Social enterprises are innovative by nature and are typically created in response to unmet needs (Di Domenico, Haugh and Tracey, 2010). This differentiates them from other organisations as they need to stay responsive to national and local context that can easily affect their financial resource base and the work they do. The dynamic use of social enterprise actors of resources in order to adapt to their environment and fulfil their social mission reflects a recognition and potential resistance to institutional pressure. Consequently, as these pressures are recognised and the social enterprises devise strategies to create and maintain their own resource structure this supports a more sustainable organisational form (as it becomes less susceptible to outside pressures). Social enterprises have a unique way of organising economically, including the use of bricolage in their work that strongly relates to social value creation (Di Domenico, Haugh and Tracey 2010).

Bricolage behaviour may affect attempts to bring social innovations to the marketplace to solve meaningful problems and challenges by social enterprises (Kickul et al., 2010). Social entrepreneurs evaluate their work in terms of their social impact, innovations and outcomes, not simply in terms of size, growth, or processes as it would be the case with commercial entities (ibid.). Bricolage can be the catalyst for change when it is used to facilitate innovation with purpose of creating social impact. Actors while pursuing certain goals and engaging in bricolage are involved in micro-learning (Garud and Karnøe, 2003). Hence, the dynamics of bricolage require learning and the application as well as reconfiguration of existing knowledge. In the context of innovation, bricolage can also help with the experimental nature of innovation as it is a process in which resources are recombined in novel ways to ensure improved outcomes in public service delivery (Fuglsang 2010).

Social capital used by social enterprises has also been recognised as a form of bricolage (Bacq et al., 2015). Knowledge at the organisational margins can also create opportunities for innovation and value creation, through networking and boundary spanning that exploits the opportunity identification potential and weak ties (Valkokari et al, 2012). Weak ties, such as bridging are only one of the elemental parts of social capital and other types include bonding which includes a high degree of network closure between individuals in the same social group (Aldrich and Meyer, 2014). Baker and Nelson (2005) make reference to ties that allow for bricolage to emerge several times and often parallel to other activities. Hence the act of bricolage is not done by a lone individual or the bricoleur, but it is instead a shared activity by several actors within the organisation.

Another key strategy to deal with resource constraints is ambidexterity; this characterizes situations where organisations adopt their strategy to simultaneously pursue efforts of both exploitation and exploration (Farjoun, 2010; Kinght and Harvey, 2015). Managers need to decide how to deal with the risk involved in innovating and the associated benefits that might arise from successful innovation efforts. Within hybrids, such as social enterprises, this is a balancing act as they need to make sure they will not compromise on either social or financial values. Due to the careful considerations needed on how to manage innovations and the limited resource base that can be invested in innovation, these social innovations tend to be small scale.

2.4.7. Conclusions

In most cases, innovation in the social entrepreneurship literature appears to be used simply as a 'heuristic device' to capture very distinctive sets of phenomena that appear to hold some promise of change relative to the status quo (Borzaga and Bodini, 2014, p.412). Moreover, social innovation within social enterprises are characterised by tacit knowledge and informal ties. As such it would be recommended for those aiming to encourage innovations, such as policymakers to support social enterprises in developing partnerships and networks that can help strengthen organisational capability to innovate. Due to the predominance of resource constraints in the sector, and the rhetoric and policies in support of austerity (witness the Big society agenda), social enterprises do not only need to be encouraged to be autonomous and more entrepreneurial, but the state has to make sure that they have an adequate resource base at their disposal to survive. As Defourny and Nyssens (2010b) contend, to enable social enterprise work and to help beneficiaries by fulfilling their social mission, social enterprises need to be adequately supported by the public sector.

The lessons we can take away from Seelos and Mair's (2017) case studies are that learning is necessary between adaptations of innovation from one context to another. They recommend a systematic way of approaching innovation by mapping the environmental characteristics of the innovations and identifying early on any problematic areas. Furthermore, the cases by Baker and Nelson were relevant to explore not only as they show limitations can be re-framed and theorise how bricolage can take several forms such as (parallel, selective and embedded) but also it reminds us that despite thinking out of the box we should still be aware of dangerous of breaking rules such as causing harm to others.

Taking a more critical perspective towards scaling, Andre and Pache (2014) address the ethical challenges social enterprises face and how easily social enterprises can fall into mission drift. In their view, social entrepreneurs are those who care about specific issues and have a compassionate nature. Scaling by social entrepreneurs is the process that generally aims to maximise social impact (Dees et al., 2004). In the case of social enterprise, it helps organisations to reach a larger pool of beneficiaries. The risk within scaling is that social enterprises might focus too much attention on those stakeholders that can provide resources rather than those who consume them (Andre and Pache, 2014).

In addition, the process of scaling often involves shifting attention from individual solutions to the process of shifting resources to a larger scale and later put into place measures to evaluate the change initiative. One critical moral challenge remains; if there is shift towards a large-scale approach, do social entrepreneurs still maintain the same level of care towards the needs of beneficiaries while growing? The question is whether entrepreneurs can translate their care ethics into organisational ethics.

For deep and lasting change Coburn (2003) argues that we need to consider the multi-faceted nature of change and the uncertainty involved, rather than just be focused on the numbers behind the proposed outcome. It's important to remember the rate of new businesses starting out and failing has been very high, with social enterprises not being an exception either (Casselman, 2009). The reasons often associated with high failure rates are lack of structure, lack of funding or lack of external support (Rykaszewski et al., 2013). Consequently, we might need better structure to support social enterprise development in order to create long-term sustainability. Despite being encouraged by policymakers to become self-sufficient, social enterprises operationalise high levels of risk both financially and morally. Financially, it is a risk as social enterprises can lose existing assets and funding. Most importantly, morally, the risk associated with scaling can represent a moral dilemma for social enterprises. In case the organisation ceases to exist a significant pool of beneficiaries will no longer be able to benefit from and participate in services the social enterprise help deliver.

Lastly, social enterprises have the potential to use bricolage, social capital as well as innovation to maximise social impact but they should closely negotiate changes with those most affected by them. Typically, social enterprises do not have overly formalised ways of innovating or even using bricolage, although they do have the opportunity to work closely with staff, beneficiaries and other stakeholders to ensure the caring nature of the organisation can be preserved in periods of transition. As others have said the potential of social enterprise lays not only in its capacity to innovate but also in its inclusive nature (Huybrechts et al., 2014; Andersen et al., 2016) as well as empowering those voices that might not be otherwise heard.

2.5. A summary of the literature review

The literature review consists of three main sections, each in turn discuss key areas of the academic literature. The first part of the review addresses innovation and social innovation in the entrepreneurship literature and, specifically, debates related to public service delivery. A review of social innovation as a key theoretical concept has been significant in developing the scope of the study. Section 2.2.8 identifies four main research gaps and introduces the critical perspectives that the thesis aims to address.

The first research gap was related to the normative aspect of social innovation and its use as a ‘buzz word’ following the arguments of Osborne and Brown (2011). The second research gap consists of social innovation perceived as a magic solution in the context of public service delivery by policymakers looking for solutions for persistent socio-economic problems. Critical perspectives are needed when appraising the merits of social innovation and evaluating its outcomes, that is, the ability of social innovation to fulfil its intended purpose. The third research gap refers to the context dependency of social innovation. Specifically, as Jenson (2015) highlights, social innovation is a quasi-context and consistency is needed on the nature and outcomes related to social innovation. The fourth research gap is related to the ‘dark side’ of social innovation (Larsson and Brandsen, 2016). More research is needed into the merits of social innovation, including evidence of mixed outcomes, failure and negative outcomes. Therefore, the thesis is designed to include empirical examples of failure and instances where social innovation has multiple outcomes. The literature review shapes the research design and data generation process in light of the four gaps identified. It is vital that empirical cases of social innovation are explored in depth to obtain a better understanding of how social innovation outcomes are achieved and can be improved.

The second section of this literature review consists of an overview of key theories related to social enterprise development, such as the concept of hybridity, institutional and legitimacy theory, and a discussion of resourcing of social enterprise through an analysis of sources of wealth (see model by Ridley-Duff, McCulloch and Gilligan, 2018). The importance and role of institutional theory is highlighted, because social innovation is boundary crossing and spans across several institutional logics (Mulgan, 2012; Nicholls et al., 2015). Social enterprises operate across multiple institutional logics by taking on a set of material practices where they conform to both economic and non-financial goals (Battiliana and Lee, 2017). Moreover, as social enterprises do not fit a single established organisational form, they face the challenge of establishing their legitimacy (Garrow and Hasenfeld, 2014). Thus, how social enterprises navigate a complex institutional environment and seek to establish legitimacy represents a significant research gap. According to the literature, social enterprises do not conform to the boundaries of established categories of for-profit-business or not-for-profits, such as charities. Resourcing of social enterprises, including consideration of potential sources of earned income, is highly relevant to how social enterprises operate, notably, their capacity to serve multiple actors and fulfil their social mission.

The third section of the literature review highlights the theoretical concepts of bricolage, resource constraints and scaling. The review finds that resourcing is imperative for social enterprise development, including the successful adoption of social innovations (Seelos and Mair, 2017). Moreover, adequate financial resources are imperative as they can determine social enterprises' decision-making in prioritising either financial or social goals as well as long-term organisational strategy (Ebrahim et al., 2014). Refusing to see scarcity as an obstacle is at the core of successful bricolage and as such is a core component of entrepreneurial thinking (Davidsson et al., 2017; Baker and Nelson, 2005). The review finds that bricolage is a highly effective organisational strategy for enterprises, and it offers the possibility for social enterprises to make last minute adaptations to streamline their processes and service delivery. Therefore, bricolage practices and the adoption of bricolage mind-sets and attitudes by social entrepreneurs informs the research design of this thesis.

The literature review highlights gaps in knowledge and further areas for conceptual development in developing an understanding of social innovation, utilising the framing of institutional theory and focusing on the resourcing of social enterprises and hybrid outcomes. In the next chapter, the philosophy guiding the research is presented, together with a brief overview of the research design and research methods.

Chapter III. Methodology

3.1. Introduction

The presented literature review in the areas of social enterprise, social innovation and resource constraints has highlighted the current gaps in knowledge. The review of the academic literature had provided a platform to build upon and justify the need for the research.

The study explores social innovation within the context of social enterprise, the role of social innovation, bricolage and other mediating strategies in overcoming resource constraints. There have not been extensive empirical studies to date detailing how innovation works, or possibly fails to work, in a social enterprise context and the research aims to address this gap in the existing knowledge. The rationale of this study is further strengthened by the fact that, social enterprises by the nature of their structure and work, commonly work in resource constrained environments (Huybrechts and Nicholls, 2012; Ridley-Duff and Bull, 2015) - and thus provide a valuable and relevant population in which to study innovation that emerges as a function of resource constraints.

The research methodology is based on empirical research via primary data collection. The data collection has been done through interviewing users, managers, board of directors and other relevant stakeholders that are relevant to strategic organisational change from a resource-based perspective. The research methodology takes an inductive research approach and it is exploratory in nature with data analysis done through the use of thematic analysis. This chapter first provides a brief overview of the aims and objective of the research. Further on, the chapter discusses the philosophical perspective, the research design including methods, sampling, analysis of data as well as ethical issues to be considered. The rigour of the research is in the final section assessed and conclusions are provided.

The overall aim of the proposed research is to understand the impact of resource constraints on how social enterprises carry out their work, and in particular the role of social innovation in responding to these constraints and enabling social enterprise work. The study has gathered data from twenty-two social enterprises across the UK. The existing gaps identified in the literature review are complimented by the fact that, social enterprises by the nature and structure of their work, face complex environments that are highly resource constrained (Di Domenico et al., 2010; Shaw and de Bruin, 2013) - and thus provide a valuable and relevant population in which to study innovation that emerges as a function of resource constraints and developing needs. Table 3.1 illustrates the match between the research objectives and research questions aiming to address the objectives for the proposes of the study.

Table 3.1. The match between research objectives and research questions

Research objective (RO)	Research question (RQ)
1. - to explore the ways social enterprises are working to deliver social and economic goals	**RQ1.** What outcomes do social enterprises seek to deliver?
2. - to identify and understand the strategies social enterprises are using in order to adapt in light of resource-constraints	**RQ2.** How are social enterprises operating considering resource constraints?
3. -to critically evaluate the concept of social innovation within a social enterprise context and its perceived usefulness	**RQ3.** What defines social innovation within a social enterprise context? **RQ4.** What is the perceived usefulness of social innovation for social enterprise actors?

Source: The Author

3.2. Research philosophy

The philosophical foundation that underpins this research is critical realism. In this section, it is argued why critical realism is suitable for the research at hand, as well as why the epistemological stance taken is appropriate for the study. First, the two main philosophical research positions (interpretivism and positivism) are compared and contrasted. As an alternative stance to positivism and interpretivism critical realism is outlined, with its advantages and limitations are discussed. Finally, the relevance of adopting a critical realist perspective is explained and why it is suitable considering the research aim and objectives as well as existing research traditions in the field.

3.2.1. Interpretivism and positivism

Interpretivism is concerned with the socially constructed nature of social reality as opposed to looking for an ‘objective truth’ (Bryman, 2015). The philosophical research tradition of interpretivism is also based on complex social interactions, as people interpret and reinterpret their social reality (Roberts, 2014). Within entrepreneurship scholarship, researchers base their work on a diverse range of philosophical assumptions regarding ontology, epistemology, and belief, which has consequences for coherence, rigour and the selection of an adequate methodology (Jennings et al., 2005). There was an early tendency in management research towards positivism due to being influenced earlier on in the 20th century by economics, sociology, and psychology (Leitch et al., 2010). Under an interpretivist paradigm, doing research has been problematic. This is particularly the case as it is concerned with ‘‘capturing the actual meanings and interpretations that actors subjectively ascribe to phenomena in order to describe and explain their behaviour’’ (Johnson et al., 2006, p. 132). Interpretivism is often associated with qualitative methods which is challenging as according to critics, the data commonly is hard to observe, and it is not generalisable (Creswell and Poth, 2017).

Interpretivism as a meta-physical paradigm in order to be understood is often compared and described in contrast with positivism (e.g. Stahl, 2007; Aliyu et al., 2014). Interpretivism it is also commonly referred to as ‘constructivism’ and comes under a subjectivist epistemology (see Table 3.2.1).

Table 3.2.1. Competing paradigms in qualitative research

	Positivism	Post positivism	Critical Theory	Constructivism
Ontology	Naive realism- “real” reality but apprehendable	Critical realism- “real” reality but only imperfectly and probabilistically apprehendable	Historical realism- virtual reality shaped by social, political, cultural, economic, ethnic and gender values; crystallised over time	Relativism/ Interpretivism- local and specific constructed realities
Epistemology	Dualist/ objectivist Finding true	Modified dualist/objectivist Critical tradition/ community; findings probably true	Transactional/ subjectivist; value-mediated findings	Transactional/ subjectivist; created findings

Source: Guba and Lincoln, 1994

Whereas on one hand positivism treats ‘social facts’ or reality as existing independently of the activities of both participants and researchers, on the other hand constructivism encourages us to focus on the phenomena at hand to study how ‘social facts’ are constructed and re-constructed (Silverman, 2016). Thus, in positivism reality is simply out there and it is up to the researcher to study it in an objective and precise manner. As Guba and Lincoln (1994) put it, according to positivists there is a ‘reality’ out there that is apprehandable, but to do so, the methods for understanding it need to be objective (as illustrated in Table 3.2.1).

Moreover, positivism, is opposed to constructionism, it favours standardized questions and comparable answers that can be generalised to wider samples. Post-positivism, also known as critical realism, instead acknowledges that our understanding of the real world is limited and imperfect (Guba and Lincoln, 1994).

3.2.2. Critical realism

Critical realism acknowledges that knowledge is impartial and incomplete and that there is a separate reality to what we perceive, or respondents can perceive (Miller and Tsang, 2011). Critical realism further recognises that out understanding of our world is an amalgamation of our own views, ideas and beliefs (Fleetwood, 2014). Our own presence as a researcher influences what we are trying to measure and as part of the meta-theory of critical realism reflexivity also plays an essential part (Alvesson and Sköldberg, 2009).

A critical realist ontology of emerging relations and processes can be used with the purpose of delivering casual-explanatory accounts (Bryman, 2015). This is not to be confused with prediction, which is at the core of positivism and derives knowledge by observing and looking for patterns or event regularities.

Critical realists accept that the social world operates in a multidimensional system consisting of structures, processes and mechanisms with causal powers (Bhaskar, 1975). If processes, structures and mechanisms form reality, then we can often only see one facet of reality (Bhaskar, 2016).

A distinction needs to be made between what critical realism calls the transitive (the changing knowledge of things) and the intransitive (the relatively unchanging things which we attempt to know). If there is no such thing as ‘the real world’ what we must do, then according to Bhaskar is to understand our own ontology (Bhaskar, 1975). In line with positivism realism believes that there are casual mechanisms that can be studied regardless of our perception or experiences (Roberts, 2014). Reaching an accommodation between positivism and interpretivism, critical realists lean towards an understanding of social reality that is stratified and can be subjectively interpreted by actors when it comes to certain events or experiences (Miller and Tsang, 2011; Al-Amoudi and Willmott, 2011). It is up to the researcher to separate the mechanisms, events and experiences if interested in how casualty brings about the ‘real’ domain.

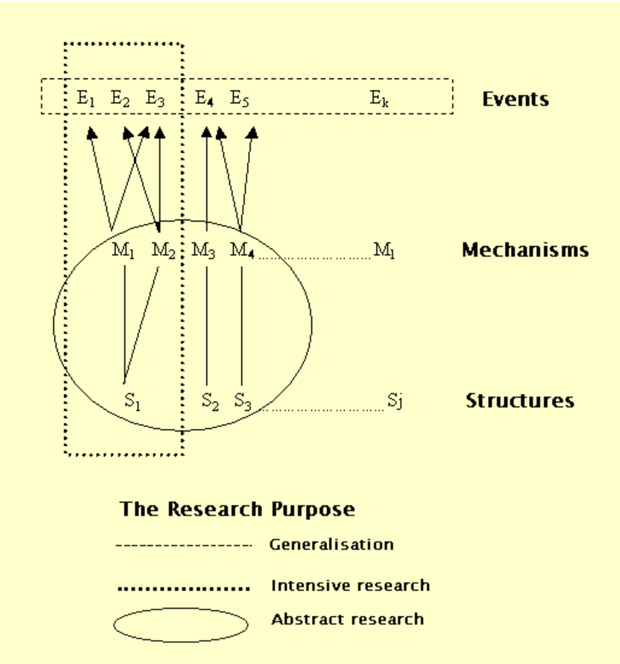
The criticism of critical realism is often related to it being a meta-theory that is nor ‘critical’ or ‘realist’ enough. The emancipatory nature of critical realism is not fulfilled through academic research (Roy, 2016; Sayer, 1997). As Sayer (1997) argues critical realists at times ignore the question of the feasibility of alternative systems and of structures, which generate both good and bad effects. Moreover, according to the author, critical realist scholars might in some cases also fail to recognise the need to address prior normative questions (Sayer, 1997).

3.2.3. Suitability of critical realism for the study and the match with a grounded theory approach

3.2.3.1. Suitability of critical realism for the study

Actors meanings and narratives are part of what Bhaskar calls *transitive reality* based on perceived events and experience (as opposed to *intratransitive reality* which is enduring). An understanding of social reality that is stratified and can be subjectively interpreted by actors when it comes to certain events or experiences, as mentioned earlier. Our perceptions of reality change continually but the underlying structures and mechanisms constituting that reality are "relatively enduring" (Dobson, 2002). The aim of realist research is to develop a better understanding of these enduring structures and mechanisms (ibid.). Ontological factors, such as the research problem and the degree of uncertainty surrounding a phenomenon should come first for critical realists (Bhaskar, 2016).

Figure 3.2.3. Structures, mechanisms and events



Source: Sayer, 1992

Critical realism would suggest (Layder, 1993) that to investigate a social situation one may need to examine each level: events, mechanism and structure (see Figure 3.2.3). The interactions between events, mechanism and structure identified at the different levels should be accurately accounted for and represented by critical realist researchers.

Critical realism is suitable for the study of social innovation within a social enterprise context as it aims to provide answers to how social innovation can be framed within social enterprises. The first level focuses on the experiences and events shared by the respondent with in-depth quotations of how events are constructed by the respondents as part of transitive reality. Level two, concerning mechanisms, and level three relating to structures are inductively analysed and presented as part of intransitive reality that can influence social enterprises. The study does not aim to generalise but instead it is exploratory in nature.

3.2.3.2. A grounded theory approach

The research utilised the constant comparative method developed by Strauss and Glasser (1970). Constant comparison is seen as an essential part of a grounded theory approach, the researcher shifts attention between data analysis, existing theory, empirical generalisation, back to theory and to developing new theories (Heath and Cowley, 2004). As part of the process of theory generation by identifying emerging patterns, the researcher must tolerate confusion, and the practice of constant comparison until data saturation is reached (Glaser, 1999). As part of the data analysis process, the researcher shapes the interpretation process as analysis gradually progresses from description to inductive elaboration (Heath and Cowley, 2004). A careful balance is needed in the data analysis process to balance drawing from the researcher's knowledge of the data and allow for ideas to emerge from the data with the view of creating new theoretical concepts or re-enforcing existing ones.

Initially, Glaser and Strauss (1967) put forth two levels of coding. First level of coding involved a focus on creating as many categories (initial codes) from the data as possible, which upon further exploration would be recoded into further categories. Later on, Glaser (1978) has further developed the process of data analysis within a grounded theory approach and dubbed the newly developed approach to coding as 'substantive coding'. Substantive coding is based on the process of theory development which consists of continuous comparisons during the data collection process as more information is collected, in order to develop refined categories around and a strong emergent core. Subsequently, Strauss and Corbin (1990) have advocated the adoption of 'open and axial coding' based on a strong use of reduction of and clustering in data analysis. Strauss and Corbin's (1998) further work on grounded theory has heavily focused on validation of emerging concepts, with a complex interplay between deduction and inductive elaboration, and creating a strong analytical stance that would result in a paradigm model (Heath and Cowley, 2004).

A critical realist grounded theory approach has been taken by the researcher for the purposes of the study, which has been commonly used in social sciences before, especially in the pursuit of theory building and in exploration of evidence and meaning to the individual (Oliver, 2011). Both critical realism and a grounded theory approach by are characterised a strong focus on abduction and the interconnectedness of practice and theory and ideally suited to be combined together (Birks and Mills, 2015).

As noted by Charmaz (2006) abduction entails "considering all possible theoretical explanations for the data, ramming hypotheses for each possible explanation, checking them empirically by examining data and pursuing the most plausible explanation' (p. 188). Initially, before researchers redeveloped grounded theory from their own philosophical perspective, grounded theory's ambivalence about utilising any preconceived analytical tool, conceptual frameworks or hypothesis was met by resistance by those working in the field (Glaser, 1998). In the last decades since the work of Glasser (1998) it has become accepted to use abduction as part of a critical realist approach (Oliver, 2011). As, the work of Charmaz (2006) shows, a shift from pure induction to abduction means within a grounded theory approach has meant that new studies typically accommodate the researchers' pre-existing theoretical knowledge, hunches and hypothesis. Therefore, researchers need to be transparent on theories they draw as part of their research design and carefully consider their position at the start of the research process (Corbin and Strauss, 2008). Through developing sensitising concepts grounded theorists are able to match the preconceived analytical categories valued by critical realists in their research design (Fletcher, 2017).

3.3. Research design

3.3.1. The research method

Interviewing, as a qualitative method it is useful in gaining exploratory data that seeks to understand some of the complexities of the phenomena under study (Silverman, 2016), namely social enterprises, and the ambiguities around the notion of innovation. I adhere to an inductive research approach based on the use of semi-structured interviews, to be able to gain a critical understanding of decision-making within the context of a limited resource base. Interviewees include decision makers, managers, board of directors or employees who are part of the social enterprise and strategically need to deal with both external and internal changes impacting the organisation. In order to explore the phenomenon of innovation and social impact from a resource-based view this study has likewise sought to interview users or other stakeholders who might be affected by the social innovation and how it is used.

Semi-structured, interviewing as a method is fitting for the purpose of gaining exploratory data (Bryman, 2015). Interviewing can reveal and deepen our understanding of some of the complexities associated with social enterprises and the ambiguities around the notion of innovation. Interviews provide rich information from respondents as well as contextual data. Moreover, interviewing offers the opportunity for respondents to tell their own stories in their own words (Taylor, 2005). One criticism of qualitative methods, such as interviews is that there are common concerns about the reliability and validity of the data (Lewis, 2015).

The key themes to explore through interviewing were based around bricolage, organisational learning, change, politics and development of social innovation, resource-constraints and innovation. The sample size for the semi-structured interviews with representatives of social enterprises were twenty-four UK wide.

The interview protocol was split into six sections:

- Section 1 ‘The context SE operates in’
- Section 2 ‘The resource-based view’
- Section 3 ‘Organisational change’
- Section 4 ‘Discovering innovation’

- Section 5 ‘Outcomes of SE activity and value measurement’
- Section 6 ‘The political landscape for SE and innovation’

Each section in the interview protocol contains several sub-questions for guidance (see Appendix E). The interview was semi-structured therefore most questions were included as guiding questions. The match between research objectives, research questions and interview protocol can be found in Appendix B. Table 3.3.1. Further on, an effort has been made to connect the literature reviewed in chapter two to with the interview protocol to address some of the issues, themes and gaps in the existing knowledge (please see Appendix C. Table 3.3.2. for a detailed break-down of the match between interview protocol and academic literature).

3.3.2. Sampling

The sample size for the interviews with representatives of social enterprises (organisations initially identified via a convenience sampling method) was twenty-two respondents across the UK. The social enterprises, as part of convenience sampling, have been mainly selected based on the criteria of working in the health and social care sector, as this is one of the biggest sectors that social enterprises engage with and partner up with other institutions (Social Enterprise UK Survey, 2015). Also, as part of the sample selection process, the researcher aimed to identify ‘innovative’ social enterprises that could constitute good cases. Online databases for social enterprises in the UK, company websites, published case studies, and online company documentation were consulted to find examples of innovative social enterprises to see if these organisations used the term ‘innovation’ or not.

A convenience sampling strategy was adopted to begin with and later as the research progressed snowball sampling took its place. With snowball sampling, the respondents recommended other social enterprises that would be suitable for the research. Many social enterprises interviewed were engaged in contract work with the public sector and there was little evidence of grant dependency (Meadows and Pike, 2010; Hall et al., 2012). In 2013, the Public Service (Social Value) Act came into force which requires commissioners to explicitly consider the wider value added to society for each contract and this has led to social enterprises engaging more in public service contracting (Harlock, 2014).

There is a good variability in the data collected (as illustrated in Table 3.3.2 containing the key characteristics of cases):

- 10 of the organisations interviewed were CICs;
- 8 were registered as a company limited by guarantee with charitable status
- 2 registered as a charity
- 1 was registered as a private limited company by shares
- 1 registered as a C.I.O

The predominant form social enterprises took in the study were Community Interest Company (CICs), often with less than 3 years since being constituted. In the UK context there has been a shift towards marketization of public sector services through privatization and creation of public sector spin outs (Hall et al., 2016). CICs are part of this trend and this type of social organisation will use market-based strategies in their pursuit for survival, growth and interactions with government (Han, 2017). According to a study by O'Dor (2019), CICs as a form of social enterprise in the UK are one of the privileged legal structures, as public sector commissioners are more likely to fund initiatives put forth by CICs as opposed to other legal forms. This can be problematic for sector, if institutional actors such as commissioners and governmental agents reward CICs compared to other forms of social enterprise, this leads to isomorphism in the sector as more and more social enterprises decide to set up and be governed as CICs (O'Dor, 2019). The problem of isomorphism in the social enterprise sector lies in the potential to overlook the cultural, regional and political-economic histories within conceptualisations of social enterprise, as well as neglecting to ideologically and operationally appreciate how different organisational hybrids are (Bull, 2018).

The second most common amongst the social enterprises sampled in the study were organisation that had two legal entities by being registered both as a charity and as a limited company by guarantee. Two of the organisations were registered as a charity and had public service level agreements to deliver contracts in social care or health within the locality. Lastly, the collected data also incorporates the viewpoints of a social enterprise lead managing a limited company by shares, and the lead of a Charitable Incorporated Organisation (C.I.O) both operating as micro- enterprises.

Table. 3.3.2. List of respondents with key characteristics (remit, legal form of registration and location)

Respondent number	Pseudonym assigned to social enterprise/ SE support agency interviewed	Remit	Organisational characteristics (Size[1], legal form of registration, location)
1	A	SE working in social care (elderly)	Micro-enterprise, **company limited by guarantee and a charity**, Scotland
2	B	SE working in social care (elderly)	Micro-enterprise**, CIC**, Scotland
3	C	SE in social care (mental health)	Micro-enterprise, **C.I.O**, Scotland
4	D	SE in social care (elderly)	Micro-enterprise, **charitable company limited by guarantee**, Scotland
5	E	Funder of SE in Scotland	Small enterprise, **charity**, Scotland
6	F	SE in social care (sight loss)	Medium enterprise, **charity**, Scotland
7	G	SE with a community food hub and café	Micro-enterprise, **company limited by guarantee and a charity**, England
8	H	SE in health care (hearing loss)	Small enterprise, **CIC**, England *A public sector spin-out*
9	I	SE network and business consultancy	Micro-enterprise, **CIC**, England
10	J	SE in social care	Micro-enterprise, **CIC** Scotland
11	K	SE in Social care (elderly)	Micro-enterprise, **CIC**., Scotland

[1] According to definition by the UK Parliament (2017) on the size of UK Businesses: https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06078 with micro-enterprises having 9 employees or less and turnover of under £2 million, small businesses having 10- 49 employees and a turnover of less than £10 million, medium size is less than 250 employees and turnover under £50 million, and a large size enterprise has over 250 employees.

Respondent number	**Pseudonym assigned to social enterprise/ SE support agency interviewed**	**Remit**	**Organisational characteristics** **(Size[1], legal form of registration, location)**
12	L	SE in Social care (elderly)	Micro-enterprise, **CIC**, Scotland
13	M	SE in health care (mental health)	Micro-enterprise, **CIC**, England
14	N	SE in sustainable energy	Micro-enterprise, **company limited by guarantee and a charity**, Scotland
15	O	SE in the criminal justice system (rehabilitation)	Micro-enterprise, **company limited by guarantee and a charity**, Scotland
16	P	SE in health care	Medium enterprise, **CIC,** England
17	Q	SE in social care (elderly)	Micro-enterprise, **CIC**, England
18	R	SE in social care (youth services)	Medium sized enterprise, **company limited by guarantee and a charity**, England *A public sector spin-out*
19	S	SE in health and social care (through creative arts)	Micro-enterprise, **company limited by guarantee and a charity**, England
20	T	SE in health care (mental health)	Micro-enterprise, **CIC**, England
21	U	SE agency in social and health care	Micro-enterprise, **company limited by guarantee and a charity**, England
22	V	SE agency in social and health care (digital)	Micro-enterprise, **Limited company by shares**, England

Source: The Author

If we consider the sampled social enterprise by size (see Table 3.3.2), there were in total three medium social enterprises, one small social enterprise and the rest of the sample consisted of micro-enterprises as they had staff of nine or less employees. As purposive sampling was used part of the research design (Robinson, 2014) to identify suitable social enterprises to participate in the study and this could explain the limited variability in the size of the enterprises interviewed in the data collected.

As CICs were found in majority in the sample collected the next section will briefly consider their history and role in creating social impact. CICs were first introduced by the UK government in 2004 under the Companies (Audit, Investigations and Community Enterprise) Act. "A community interest company (CIC) is a type of company, designed for social enterprises that want to use their profits and assets for the public good." (Department for Business, Energy and Business Strategy, 2017, p. 6). One of the main reasons for CICs being created was that in the past, social organisations which did not have charitable status found it difficult to ensure that their assets were protected for public benefit (ibid.).

Having an asset lock is a fundamental feature of CIC as opposed to other legal forms. An asset lock it is "a legal clause that stops the assets including any profits or other surpluses generated by its activities of a CIC being used for private gain rather than the stated purposes of the CIC" (Department for Business, Energy and Business Strategy, 2017, p. 16). Limitations on the assets and earnings distribution of a CIC are intended to preserve its social purpose and are enforceable by the Office of the Regulator of Community Interest Companies (Galera and Borzaga, 2009). Nevertheless, CICs have been criticised on the grounds of constraining the organisation's ability to attract private investment, particularly due to the limitations on returns (Katz and Page, 2013). CICs typically include provisions for gathering stakeholder input toward the community interest test and meeting the requirements of the regulator, however they do not need to report directly to stakeholders (Ebrahim et al., 2014). CICs face the same constraints as traditional non-profits and a risk towards mission drift, as pursuing sources of finance to ensure financial sustainability can lead to choosing a contract that deviates from the social mission (Cooney, 2012).

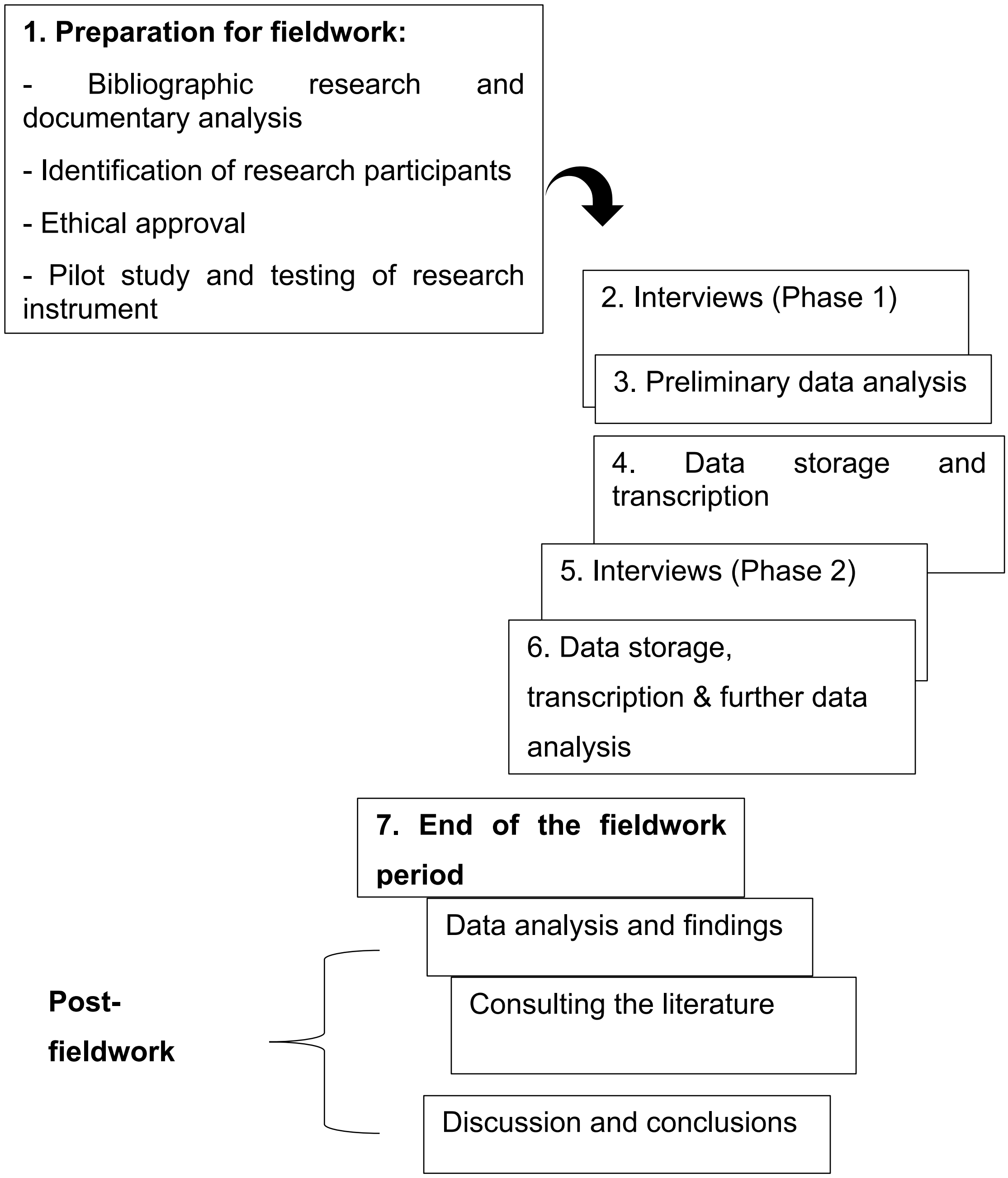
3.3.3. Data collection

The fieldwork took place in several stages (as illustrated in Figure 3.3.3). The first stage was preparation for the data collection and making sure everything was in good order for starting the interviewing process. This first stage included bibliographic research on some of the relevant topics the research questions seek to address such as how social innovation can be understood in a social enterprise context or how social enterprises operate in resource constrained environments. After some initial themes from the literature review were identified that would be of interest for the research, the interview sheet was put together, tested as part of a pilot study and revised. The interview questions were structured under five broad headings: the context, the resource base and other challenges, organisational change, discovering social innovation and exploring social value. Once the preparatory stage for the fieldwork was successfully achieved, interviewing was split into two phases (Phase 1 and Phase 2).

Phase 1 involved collecting data from social enterprise actors but also from some key players in the social enterprise sector to get more information on how they operate such as funders, social enterprise networks and potential representatives of local authorities. Phase 2 involved the second chunk of data collection and it further complimented the existing data by aiming to reach a wider group of respondents. The respondents were selected according their sector they predominantly work with or collaborate in, namely the social and health-care care sector.

The social enterprises included in the research were not solely selected upon their geographical location, but primarily because of the type of work they do, how they work (often facing severe resource constraints) and the ease of access to obtain the data. To assure reliability and validity of data all the interviews were recorded and transcribed. In terms of analysis when some of the themes emerging could be easily interpreted in more than one way the respondent was asked to check for meaning.

Figure 3.3.3. The fieldwork process



Source: The Author

3.4. Analysis and interpretation of the data

The average length of an interview was one hour and ten minutes, and all the data has been analysed qualitatively by using NVivo 11 software package.

The three sensitising concepts proposed were resource-constraints, social innovation and bricolage at the start of the study. The sensitising concepts can change over time as part of using the constant comparative method and theory building (Bowen, 2008). The data interpretation was ongoing throughout the analysis process to refine the research questions, but also to facilitate the sampling process for the data collection. In the process of analysing the interview data, a reflexive account through the use of direct quotation is provided (Easterby-Smith et al., 2015).

This research makes use of documentary analysis (Petty et al., 2012) with two main purposes: facilitating the choice of sample and in complementing the existing data collected from interviews. In the first stage of the data collection process documentary analysis was used to identify relevant respondents for the research though consulting databases and company information online. This was part of a convenience sampling strategy, the sample is chosen on the basis of the convenience of the researcher and commonly the respondents are selected because they are at the right place at the right time (Robinson, 2014). Further on, documentary analysis through the use of documentary sources (Houghton, Casey, Shaw and Murphy, 2013) was beneficial for data analysis purposes, as some social enterprises have provided extra information on how they work or measure social value, and these were utilised to compliment the information form the interviews.

The research utilised the constant comparative method developed by Strauss and Glasser (1970). When using the constant comparative method, it is usually recommended to continue with data collection, interpretation until there is a strong theoretical understanding of the phenomena, structures or processes under study (Williams, 2011).

3.4.1. A grounded theory approach to data analysis

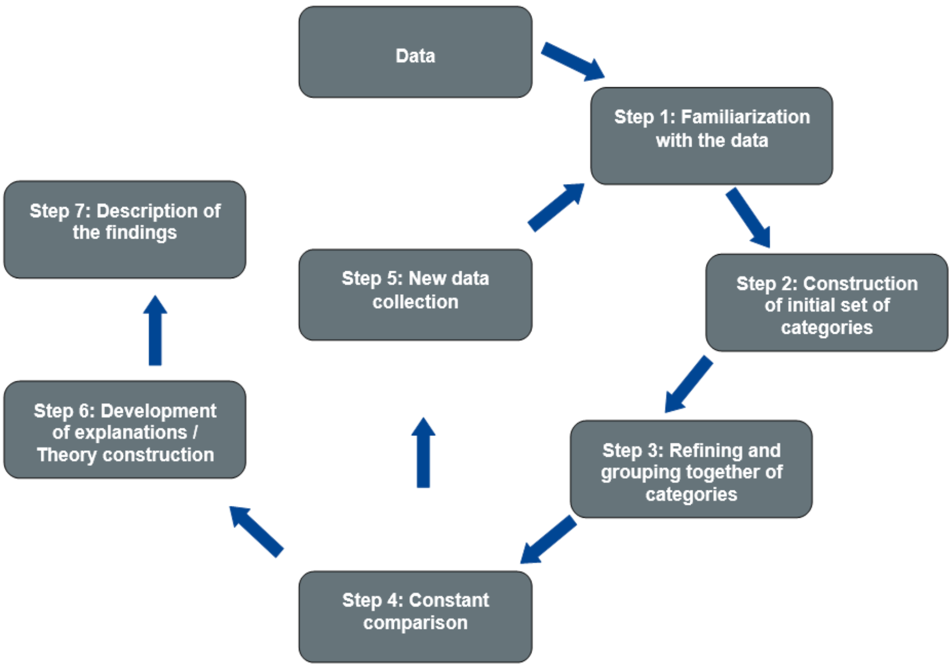
In the work of Glaser and Strauss (1970) and Glaser (2017) constant comparison is important in developing a theory that is grounded in the data (Boeije, 2002) and it often uses field notes, memo-writing and coding (e.g. 'axial coding' that also allows for the creation of sub-categories; 'open coding' which allows for tentative labels; and 'selective coding' that shows a storyline emerging across the data). As Marshall, et al. (2013) conclude as well, the point of data saturation in qualitative research, usually depends on adequately answering the research questions until no new themes, categories or explanations stop emerging from the research. The study at hand also followed the constant comparative tool for data analysis to closely ground the study in the data through the use of field notes, memo-writing and tentative coding to facilitate theory development (please find illustrated in Figure 3.4).

A partial completion of the literature review for the thesis and initial reading served to gain an initial understanding of the context of the research, namely how social enterprises operate in the UK context, including their history, socio-economic environment and political climate. This helped with establishing the research questions and creating a semi-structured interview protocol. The questions in the interview protocol have been included as guidance of topic of interests that would be asked of the respondent and they were adapted to each respondent/ later modified as the interview was progressing dependant on the questions, musings, narratives provided by the respondents. There has been a reflexive attempt made to not to limit the content of the interviews, as well as allow flexibility and space for the respondents to reflect on their answers and add information where they thought suitable. The process of data collection and data analysis happened in close connection as once a few interviews were collected the researcher reflected upon the data, before collecting further interviews and also consulted the literature on the significance/ possible importance of emergent themes (points of interest in the data). As more and more interviews were collected, the researcher referred to field notes as well as memos to allow for an iterative approach on how the data was collected, analysed and later presented. The benefit of analysing the collected data using the constant comparative method was to allow for a close exploration of the data and existing knowledge. In addition, the constant comparative method, simultaneously allows the researcher to shape question in the data collection process in a flexible manner that encourages the confirmation of emerging codes until data saturation in the data collected is achieved (Williams, 2011).

As initial coding of the data begun, memos represented a useful tool to keep a reflexive account of the decision-making behind how each category is developed, as well as what is included or excluded in the final presentation of the data. As recommended by Strauss and Corbin (1990) the initial data collected results in initial often simplistic categories, however memos and field notes facilitate keeping track of the data collected and a natural refitting of developing categories and assigning meaning to final codes. Rather than choosing between either substantive (Glaser, 1978) or theoretical coding (Strauss and Corbin, 1990) there was flexibility in the analysis of the data, and both data collection and analysis continued until there was a level of saturation in the overarching themes in the data collected that fitted a number of theoretical codes. Once more and more respondents made reference to the same phenomena, such as the predominance of resource constraints, the importance of earned income, struggle for long-term planning, similar uses of social innovation, therefore it was deemed by the researcher a desirable number of interviews have been collected.

The research loosely follows the data analysis framework recommended for qualitative studies in health and social care by Kohn and Christiaens (2014) as illustrated in Figure 3.4. The data analysis framework developed by Kohn and Christiaens (2014) has a central focus on constant comparison as a tool for data analysis and collection. It includes seven steps in the data collection and analysis process, starting with data familiarisation, construction of initial set of categories or codes, refining and grouping the together of categories, then collecting new data which is compared to existing categories and relevant literature till data saturation is reached (Hennink, Kaiser, and Marconi 2016).

Figure 3.4. The process of data collection and analysis



Source: Kohn and Christiaens, 2014

Data saturation in grounded theory-based studies can be achieved in two ways by reaching saturation in coding and saturation in meaning as part of the process of analysing the data (Hennink, Hutter and Bailey, 2020). Code saturation in a grounded theory approach is reached when the researcher recognises the same patterns emerging in the data collected from different sources, and meaning saturation is reached when the researcher has confirmed the meaning of the collected data from different sources (ibid.). The following strategies to achieve data saturation and rigour has been utilised by the researcher: prolonged engagement with respondents, use of thick, rich description, peer review and debriefing with colleagues of emergent themes, clarifying researcher bias, member checking, and triangulation in qualitative research. Section 3.5 further details how rigour in data collection and analysis process was maintained by the researcher.

3.4.2. Emerging themes during the initial data collection

The initial data consisting of six interviews, which were analysed by printing out all the interview transcripts, reading and re-reading them to find emerging themes. The purpose of the qualitative data analysis was to 'look for regularities' or patterns (Bernard et al., 2016). The use of visual aids, such as post-it notes, and highlighter was employed with the aim of deconstructing experiences into themes. In addition, some of the information from the interview transcripts was discussed in confidentiality with the supervisory team and at a qualitative data analysis workshop. Discussion of the initial findings allowed for being rigorous in how the data was interpreted.

After the initial data collection period, it was decided to follow the same interview protocol, which was semi-structured based on the questions in the interview sheet (available attached in the Appendix, Section E). The initial data collection, together with the pilot interview has been considered successful due to the richness of data obtained and the ability to test out the feasibility of some of the initial interview questions. The process of data collection and analysis started with the initial data collection (please see details of the respondents for the initial data collection in Table 3.4, attached in Appendix F). Once data collection was completed, this was followed by exploration and familiarization of the collected data. During the process of familiarisation, the researcher constructed an initial set of categories or themes (visible in Table 3.5). This was preceded by refining the data collection method, the questions asked by constantly comparing new information with the information already at hand. Table 3.5 also illustrates the initial categories that emerged between the first stage and second stage of data collection. Finally, in the very last step of the data collection and analysis process, the findings are outlined to fulfil the aim of the research of developing explanations (based on loose casual links) and construct new theories.

Table 3.5. Emerging themes during the initial data collection

Research Question	Themes emerging
(RQ1). What outcomes do social enterprises seek to deliver?	Beneficiary-led outcomes (related to social outcomes) Mission and value driven work Satisfying funding requirements Transparency Legitimacy Hybridity
(RQ2). How are social enterprises operating considering resource constraints?	Alternative forms of financing 'Firefighting' Reduced operating hours Collaboration and partnership work Bricolage
(RQ3). What defines social innovation within a social enterprise context?	The aspect of 'newness' (from one context to another) Making a difference Social enterprise model inherently innovative Normativity
(RQ4). What is the perceived usefulness of social innovation for social enterprise actors?	Drivers of innovation Outcomes unique to innovation Risk taking behaviour Localism (addressing local problems in local communities)

Source: The Author

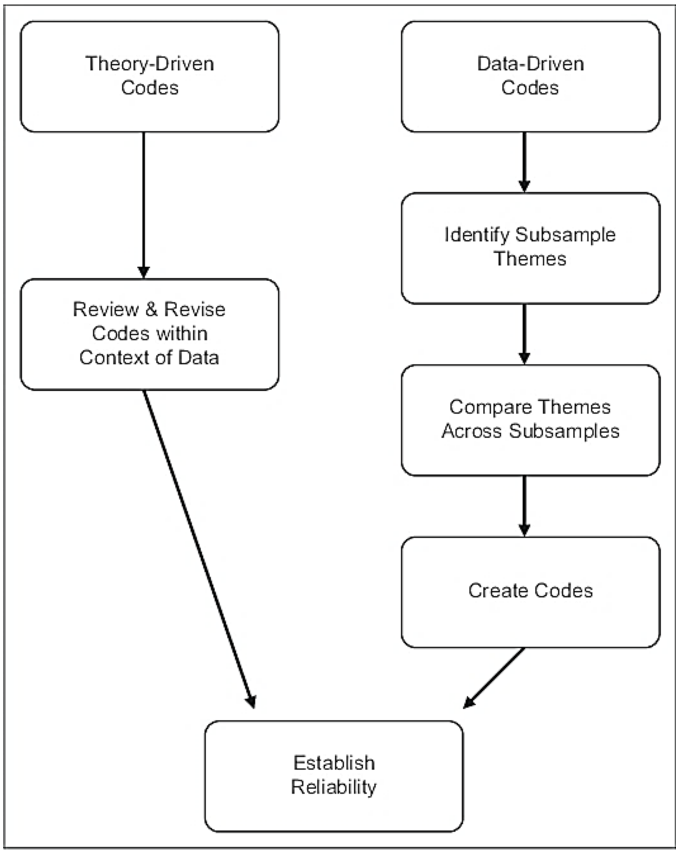
Themes and findings from the overall period of data collection are discussed in detail in Chapters 4-6, together with the already outlined themes from the initial data collection (as illustrated in Table 3.5). For the first research question the following themes emerged from the data, beneficiary-led outcomes (related to social outcomes), mission and value driven work, satisfying funding requirements, transparency, legitimacy and hybridity of social enterprise. For the second research question the following data-driven themes emerged: alternative forms of financing 'firefighting', reduced operating hours, collaboration and partnership work, bricolage. As part of the third research question regarding the characteristics of social innovation, aspects of 'newness', making a difference, social enterprise model inherently innovative and normativity where emerging themes as part of the initial data collection. Finally, as part of answering the fourth research question, the respondents talked about what the drivers of innovation were, any outcomes unique to innovation, risk taking and the idea of localism (addressing local problems in local communities though problem solving).

The next section presents the coding and coding structure used for the purposes of data analysis. A sample of the coding frame used for the research can be found in the Appendix under Section F, with theory-driven codes being included under Table 3.4.1.1 and data-driven codes for the data analysis are presented in Table 3.4.1.2.

3.4.3. Coding and coding structure

Most coding in qualitative studies is either theory or data driven (Miles et al., 2013). Another possibility is using structural coding where codes are developed based on research aims or research questions (Creswell and Poth, 2017). The thesis used both theory driven codes and data driven codes, as illustrated in Figure 3.4.3. Prior to data collection codes have been identified from existing theories discussed in the literature review. Subsequently, during and after data collection data-driven codes have emerged. Having codes derived from the data was expected as the study is exploratory in nature and aims to explore the nature of social innovation within social enterprises. The development of codes was iterative and time consuming as it required constant revisiting between the data, and existing theories associated with social enterprise, resource constraints and social innovation.

Figure 3.4.3. The process of selecting and developing codes



Source: DeCuir-Gunby, Marshall and McCulloch (2011)

With attention to reliability and validity of findings, the author constructed a coding frame (Marvasti, 2004). The coding frame should include codes, definitions, and examples used as a guide to help analyse interview data (DeCuir-Gunby, et al., (2011). The coding frame for the research can be found in the Appendix under Section F, theory-driven codes were included under Table 3.4.1.1. and data-driven codes can be found in Table 3.4.1.2. Some examples of theory-driven codes were hybridity, governance models; tactical mimicry; social capital and bricolage. Some examples of data- driven codes were the following 'social innovation within a social enterprise context'; 'firefighting'; 'political references'; and 'mission and value driven work'. The two tables in the Appendix offer good examples of why certain data fragments have been included in the existent coding frame and consequently included in the data analysis of the thesis.

The fragments of data that might have not been suitable for existing codes have been re-coded under a new data-driven code if they were applicable or were excluded from the data analysis if not. The data analysis was done partially by manual coding (by using print outs, highlighters and note taking) and electronically. Once some of the initial codes were derived manually these were later recorded in NVivo to contain an electronic copy of the manual records and facilitate further analysis of the data through pattern matching.

3.5. Rigour

According to Robinson (2014) there are four main criteria that need to be considered by researchers for qualitative research to be rigorous. These are the following: (1) define the sample characteristics; (2) decide upon the sample size and simultaneously address epistemological and practical concerns; (3) select a sampling strategy; (4) decide the sample sourcing, which includes matters of advertising, incentivising, avoidance of bias, and ethical concerns pertaining to informed consent.

The extent to which these concerns regarding sampling are met in the design of the qualitative study has implications for the study's coherence, transparency, impact and trustworthiness. As such, sampling decisions have been outlined and justified in detail in Section 3.4.

It is also recommended to use thick descriptions of the data, member checks, having prolonged engagement in the field and triangulation of the data in qualitative research (Finley, 2006; Cleary, et al., 2014). Data triangulation can be based on checking findings and connecting it to multiple theories, obtaining the same results by checking several sources, and triangulation in analysis by asking other researchers to double check to findings. The study has made careful use of checking the data from several perspectives, by asking other researchers to engage with the coding, used member checking and triangulated the data by connecting it to multiple theories from multiple sources when possible.

3.6. Ethics

Ethical considerations and issues are an important part of the research design (Creswell and Poth, 2017), as such the researcher has sought to closely assess any risk and follow strict ethical guidelines. The following essential ethical issues have been considered as part of the research design: informed consent, confidentiality and trust. These three key issues, of informed consent, confidentiality and trust need to be closely evaluated to ensure adherence to ethical guidelines (Silverman, 2016).

Under the issue of ‘consent’ all participants were informed in-detail about the nature of the research, how any information provided will be used and were offered the opportunity to participate. All the respondents were above 18 and older, hence they could provide full consent whether they wished to participate in the research or not.

Most of these ethical issues have been considered together with the supervisory team and other colleagues to make sure all possible risks and moral issues have been thoroughly considered. This also ensured best practice when conducting the research. The conducted research was not around any sensitive topics, such as the protected characteristics contained within the Equality Act 2010, therefore the respondents were put at ease. Moreover, no harm- be that emotional or physical-came to the respondents. All participants’ agreement to take part in the study was sought first.

Recording of interviews and transcripts was kept on an external computer and under password protection. This minimises issues related to confidentiality and data protection (Gray, 2013). All of the data was backed up online using OneDrive to minimise the risk of losing data. Transcriptions use pseudonyms for individual respondents and other identifying data has been anonymised where possible. All hard copies of the materials have been stored under a locked cabinet that is accessible only to the researcher. The research adheres to the Data Protection Act 1998 and the General Data Protection Regulation 2018, which contains (enforceable) principles of good practice applying to anyone processing personal data (and data pertaining to organisations), including the use of personal data in research. Obtaining the research subject’s consent is one of the essential principles of ethical research (Silverman, 2016) this study has upheld.

Protecting the confidentiality of data and speaker when conducting interviews in public places has been paramount. Therefore, when possible the researcher has arranged to book a room at the university or visit the respondent at their offices to have a quiet and safe space to talk. By behaving ethically, it assures trust (Israel, 2014) but it also ensures research integrity and minimises harm.

3.7. Trustworthiness

Shenton (2004) argues that when it comes to qualitative research positivist researchers have long been sceptical of qualitative research being rigorous. Nevertheless, Guba and Lincoln's (1985) framework based on four main constructs, has won considerable favour in recent years. The four criteria that need to be satisfied are: *credibility, transferability, dependability* and *confirmability*. The first criteria, credibility, means there should be confidence in the 'truth' of the findings (Elo et al., 2014). There are several ways to achieve credibility. Shenton recommends the following to assure the research is credible: the adoption of appropriate research methods that are justified and described in depth; triangulation either in methods, at theory level or participant level; using iterative questioning; providing reflective notes; background qualifications and experience of the researcher.

The second criteria, transferability refers to be able to show that the findings have applicability in other contexts (Tracy, 2010). In order to achieve transferability in qualitative research sufficient contextual information of how and where the study was carried out need to be provided by the researcher (Sinkovics et al., 2008). The third criteria, dependability, evidences that the findings are consistent and could be repeated (Guba and Lincoln, 1985). The fourth criteria, confirmability, focuses on the neutrality of the researcher or the extent to which the findings of a study are shaped by the respondents and not researcher bias, motivation, or interest (ibid.). A detailed methodological description, sampling decisions and data analysis explained enables the reader to determine how the data emerges. As part of the fourth criteria, confirmability in qualitative research, the reader should be able to see how the research reflects the respondents' experiences and views (Shenton, 2004). Hence, the researcher needs to be careful to maintain neutrality and under no circumstances influence the research results.

To evidence the thesis followed and adhered to all four aspects of trustworthiness the following section addresses issues related to credibility, transferability, dependability and confirmability.

3.7.1. Credibility

The methodology and methods chapter of the thesis explains the adoption of appropriate research methods which have been justified and described in depth. The two main research methods were semi-structured interviews and documentary analysis. Moreover, clarifications were given about the research design including sampling decisions, data analysis including frames for coding as well as issues related to rigour and ethics. This helps satisfy the criteria of credibility (Elo et al., 2014). The study used triangulation at theory level and participant level which is another requirement for the research to be credible (Shenton, 2004). As part of the process of analysing and presenting the findings there was extensive use of theories to confirm some of the codes and made use of iterative questioning within the process of interpreting data and creating themes.

During the process of interviewing the research created reflective notes on the participants respondents and how the fieldwork was developing. Reflective notes were beneficial in the data analysis process as they also contributed to the understating of the collected data (Berger, 2015). Shenton (2004) also recommends reflecting on the background qualifications and experience of the researcher to ensure the research is credible. The researcher has done a pilot study on the same topic as the PhD as part of the Master of Research in Management dissertation at the University of Exeter, which was based on two in-depth case studies on social innovation within a social enterprise context. In terms of the background qualification of the researcher, it can be noted that the researcher had previous experience in conducting research using both qualitative and quantitative methods.

3.7.2. Transferability

In terms of transferability of the research a fair amount of contextual information of how and where the study was carried out was provided by the researcher. The study was carried out in the UK, the sampling decisions were detailed in Section 3.3.2 and the data collection decision were detailed under 3.3.3. In Table 3.3.2 there can be found a list all the research respondents, by the type of social enterprise, where they are located and its size.

The number of participants involved in the fieldwork are detailed, including if there were any restrictions in taking part in the study. The data collection methods and the number of the data collection sessions were closely described in the Methodology and methods chapter. The period over which the data was collected for the PhD was February 2016 to November 2017. Despite best efforts to assure transferability of research, the researcher recognises that the way social enterprises work in the UK is unique due to their historical, economic and political background (Nicholls and Teasdale, 2017). Therefore, not all findings can be transferred to other backgrounds outside of the UK, as many countries have will have different legal frameworks and policies to support social enterprise.

3.7.3. Dependability

Guba and Lincoln (1985) state dependability means that the findings are consistent and could be repeated. Morse (2015) takes the argument further and explains that dependability could be easily replaced by the term reliability. The notion reliability is often used to describe the "dependability, consistency, and/or repeatability of the data" (Morse 2015, p.1213). Dependability and reliability are components of assessing rigour in research and commonly refers to whether the same results could be repeated or not. As per the recommendations of Shenton (2004) coupled with Rossman and Rallis (2016) work, to fulfil the criteria of dependability the following have been implemented as part of conducting the PhD research: (1) the research design and how the research was carried out are described in the Methodology and methods chapter; (2) the process of data gathering is described in detail and addresses what was done in the field; (3) a reflective appraisal of the research is provided in the conclusions chapter by evaluating the effectiveness and the limitations of the study undertaken.

3.7.4. Confirmability

Confirmability in qualitative research is closely associated with the credibility of research, making sure views of the respondents have not been influenced and the data is adequately reported (Schwandt, 2014). Some of the most useful procedures for establishing confirmability are triangulation (Shenton, 2004), audit trail (Tracy, 2010), member-checks (Schwandt, 2014) and peer-debriefing (Noble and Smith, 2015). As part of the audit-trail there has been a transparent description of the research steps taken from the start of a research project to the development and presenting of the results.

The study used triangulation at theory level and participant level which is another requirement for the research to be credible (Shenton, 2004). Peer debriefing of the research process was common as part of the departmental meetings with supervisors, presenting at conferences and when discussing the research as part of doctoral training. Finally, member checks were used in the research with the purpose of strengthening the interpretations and understanding of the data collected.

3.8. Conclusions

This chapter has highlighted the philosophical lenses of the study, the methods and methodology used as well as process of collecting data and deriving findings. The overall aim of this study was to research social innovation in a social enterprise context by offering a context- specific perspective of what social innovation means. Moreover, as part of a critical realist paradigm the research has also sought to understand the multitude of views associated with social enterprise work including institutional forces and socially constructed views of innovation. The research followed the steps required to safeguard trustworthiness. The criteria of credibility, transferability, dependability and confirmability were closely considered as part of the methodology

Chapter 4, Chapter 5 and Chapter 6 progress with the analysis of the data and presentation of the findings; in turn examining the different uses of social innovations that have been identified through the coding process. Different components of emerging themes are then brought together to build a casual, non-predictive, hypothetical model of how resource constraints are overcome in the context of social enterprise development. The hypothetical model presented in Section 6.5 also details the functions social innovation can take in the process of resource acquisition. Last but not least, stories from the field are brought forth in the findings and discussion chapters through the use of in-depth quotations and case material. Narratives from the field help showcase the common challenges social enterprises face, aid an exploration of resource constraints, and illustrate how social enterprises conceptualise social innovation together with key characteristics, merits and framings according to competing institutional logics.

Chapter IV. Findings and Discussion 'Exploring social enterprise work with the purpose of delivering social outcomes'

4.1. Introduction to the discussion and findings chapters

The findings and discussion chapters (Chapters 4- 6) are organised thematically, with emerging themes presented and grouped according to three research objectives. The following sub-questions have been derived based on reading of the literature and subsequently during reflection upon the data collected as part of the constant comparative method (Glaser, 2017). The inclusion of sub-questions (presented below) was significant in understanding the empirical data collected grounded in the narratives provided by the respondents through the stages of collecting, refining, categorizing the data and for theory development purposes.

a. Exploring social enterprise work with the purpose of delivering social outcomes: How is social value created? What role does innovation play in social value creation? What tensions might rise if social enterprises produce hybrid outcomes (both financial and social)? What measurements social enterprises are applying to capture social impact? (these formulated sub-questions are in line with Research Objective 1)

b. **Exploring decision-making in light of resource constraints**: How do social enterprises adapt when presented with resource constraints? How can resource constraints be understood in the context of social enterprise? (these formulated sub-questions are in line with Research Objective 2)

c. Exploring the perceived usefulness of social innovation: Is there a 'dark side' to social innovation? What defines social innovation within hybrid organisations? What role does social innovation play in the context of social enterprise? (these formulated sub-questions are in line with Research Objective 3)

As part of the data analysis common and diverging themes were sought out while exploring the data in order to gain a better understanding of the ways social enterprises deal with resource constraints and utilise social innovation. These themes are illustrated in Table 4.1 and are presented according to the three main research objectives.

Table 4.1. The match between research objectives, findings structure and key themes

Research objective (RO)	Findings structure	Key themes
RO1. - to explore the ways social enterprises are working to deliver social and economic goals	**a. Exploring social enterprise work with the purpose of delivering social outcomes:** How is social value created? What role does innovation play in social value creation? What tensions might rise if social enterprises produce hybrid outcomes (both financial and social)? What measurements social enterprises are applying to create social impact?	1) Hybridity 2) Value measurement 3) Social innovation and social impact 4) Social capital, collaboration and co-production
RO2. - to identify and understand the strategies social enterprises are using to adapt in light of resource-constraints	b. **Exploring organisational decision-making in light of resource constraints:** How do social enterprises adapt when presented with resource constraints? How can resource constraints be understood in the context of social enterprise?	1)The role of social innovation in resource constrained environments 2) Bricolage 3) Organisational capabilities
RO3. -to critically evaluate the concept of social innovation within a social enterprise context in relation to its perceived utility by organisational leads	**c. Exploring the perceived usefulness of social innovation**: Is there a 'dark side' to social innovation? What defines social innovation within hybrid organisations? What role does social innovation play in the context of social enterprise?	1) Definitions of social innovation within SEs 2) Key dimensions of social innovation 3) Towards an understanding of social innovation in a SE context 4) Politics, normativity and social innovation 5) Social innovation as a contested term

Source: The Author

The first research objective is addressed in Chapter 4 by exploring findings related to hybridity, value measurement, social innovation and partnership work as a way for social enterprises to deliver impact. The second research objective explores the strategies social enterprises use to adapt to resource-constraints (detailed in Chapter 6). According to the findings social enterprises use innovation, bricolage, collaboration and social capital to mobilise assets and build capacity when faced with resource constraints and a challenging policy environment. The third research objective of the study is fulfilled by exploring the outcomes related to innovation and taking a critical view of the merits of innovation in a social enterprise context (presented in Chapter 5).

In Section 4.1.2.1 to Section 4.1.2.3 the three main top-level themes (adapting to resources constraints, social innovation and bricolage) are introduced in turn before these themes are discussed and presented more in-depth with examples form the data. The following sections, from Section 4.2 to Chapter 7 are structured according to the three research objectives and provide detailed findings as well as discussion of how the findings relate to the existing literature. A hypothetical model of organisational strategies social enterprises utilise to deal with resource constraints has been developed as part of the contribution to thesis and can be found in Section 6.5. In Chapter 7 the research findings derived from the three empirical chapters (Chapter 4-6) are presented. Subsequently, in Chapter 7, theoretical and practical contributions of the study are provided with emphasis on the originality of the thesis.

4.1.2.1. Theme 1 Adapting to resource constraints

Often social enterprises step in on the fringes of the public and private sector activity, for example in the gaps where NHS provision is limited and in instances where the private sector would not step in as there is a limited case for profitability (Bull and Ridley-Duff, 2015). The predominance of resource constraints was one of the main challenges arising from the data. The respondents have given account of the challenges associated with limited public sector funding and opportunities for diversifying their income stream which in turn limited their organisational capability to plan ahead long-term. Moreover, an uncertain political environment and anxiety about public sector cuts has led social enterprises to adopt a highly cautious behaviour towards growth. These emerging trends along with challenges associated with operating and competing with other enterprises and third sector players is also considered through the lenses of marketisation (Garrow and Hassenfield, 2014) and seeking legitimacy (Desa, 2011). It has also been found mobilising human resources is problematic for social enterprise (in line with Doherty, Haugh, and Lyon, 2014) as there was a lack of capability, knowledge and gaps in securing funding for evaluating hybrid outcomes. The potential approaches to resource constraints diverge according to competing institutional logics and whether the organisation is focusing on economic criteria or fulfilling social indicators (Nicholls et al. 2012; Defourny and Nyssens, 2014). The relationship between bricolage and social innovation in the context of social enterprise remains mostly unexplored, and as such this piece of work puts forth key findings to address the existing research gap.

4.1.2.2. Theme 2 Social innovation

Innovation in public service delivery can be considered a ‘magic concept’ that is been used to frame the necessary transformation of the public sector in order to improve not only its effectiveness and efficiency but also its legitimacy (Bekkers, Tummers, and Voorberg, 2015). The promise of innovation lies in offering the opportunity for radical change as well as significant improvement form the status quo and it is a concept that inspires policymakers as it offers the promise of radical change (De Vries, Bekkers, and Tummers, 2016). Social innovation and the role it plays in social enterprise development is explored in detail in Section 5.3. Social innovation has also been contested by some of the respondents who participated in the study and has been named a ‘buzz- word’, highly context-dependant and the ‘the flavour of the month’. An exploration on the contested nature of innovation is followed by a consideration of risks associated with social innovation and failure as an outcome of innovation in Section 5.4.

4.1.2.3. Theme 3 Bricolage

Social enterprise activity is considered through the lenses of bricolage, following the steps of Di Domineco et al. (2010) and Sunley and Pinch (2012). According to the empirical evidence collected social enterprises mobilise and recombine resources for growth or simply to ensure survival. Di Domenico et al. (2010) propose that the distinctive feature of social enterprise consists of performing in the gap between the private and public sector and as a result social enterprise can grow or function with only limited resources. Bricolage, according to Di Domineco et al. (2010) and Sunley and Pinch (2012) would denote creativity, resourcefulness and adaptability by recombining the existing resource-base for new purposes and fostering innovation.

Bricolage can be especially effective in environments characterized by institutional constraints or weak regulatory or political support (Janssen, Fayolle, and Wuilaume, 2018). As bricolage plays a significant role in social impact delivery in resource constrained environments this study seeks to better understand the process of bricolage and potential ways social enterprises might adopt it as an organisational strategy. The majority of the social enterprises sampled have emphasised that they want to make most of their existing resources and have become adept at making the most of limited resource base. The collected data reveals the multitude of ways social enterprises in resource constrained environments utilise bricolage, including social capital, creating partnerships, relying on additional resources through volunteers and through social innovation.

The next part, Section 4.2 will discuss and explore the key challenges for the social enterprises according to the collected data and in turn explores organisational strategies involving value measurement, earned income, institutional pressures and approaches to growth.

4.2. Social enterprises and ways of working

4.2.1. Key challenges for Social Enterprise

There were six challenges identified in the narratives constructed by the respondents, all of whom are in positions of leadership within the social enterprise sector:

1. difficulties in measuring social value;
2. funding difficulties;
3. balancing the social mission with economic goals;
4. growth and scaling;
5. monetization of services;
6. the political environment;

The next section presents the identified challenges in turn, with in depth quotes from the respondents. The identified challenges have helped guide the findings chapter as respondents have often referred to these challenges when discussing organisational decision making. Furthermore, according to the findings, social enterprise leaders (be that a social entrepreneur, a manager or a board member) perceive internal and external challenges as a driver for implementing change and utilising innovation.

Certain challenges can act both as drivers for opportunity but also as a barrier for fulfilling the potential for innovation (Chalmers, 2013; Haugh, 2010). For example, dealing with resource constraints fosters creativity and outside of the box thinking, but also hinders the capability of the organisation to actually implement and successfully diffuse innovations (Rainey and Fernandez, 2012). In line with the literature it has been found that most organisations did not have an explicit business plan, but instead cautiously managed the organisational resources by implementing incremental changes due to high levels of uncertainty (Sunley and Pinch, 2012). It was found that social entrepreneurs who had past experience and knowledge of the voluntary sector, creating competitive advantage or focusing on business development was deemed less desirable then helping someone who is in need.

4.2.1.1. Difficulties in value- measurement

According to the existing literature on social enterprise, value measurement and evaluation of social impact comes with unique difficulties and it represents a significant research gap as an area as of yet understudied (Diochon and Anderson, 2011, Doherty et al., 2014). Difficulties in measuring social impact include the lack of strong empirical and theoretical standards for measuring organisational input (Rawhouser et al., 2017), conceptualising and presenting blended value to stakeholders (Zahra and Wright, 2016), and lack of organisational capacity for value measurement (Epstein and Yuthas, 2017).

One of the main challenges named by respondents was related to finding value measurement difficult. First, value measurement of the outputs created by the social enterprise (hybrid organisation) was deemed difficult due to the intangibility of the services provided and the unique experience of each end user.

A key question posed by several social enterprise leaders was, how can social value be measured if each individual has a distinct experience of it and their life might be affected by it differently?

Respondent 9 illustrates the issue:

> We are really struggling to measure or look at social value because how do you measure it? How do you measure that someone's life has gone from quite negative to quite positive? We do struggle with that. I mean obviously we do have the numbers, how many people we have helped, how many hours did we put in et cetera, so we do manage them that way.

Second, as respondent 9 explains, attempts to conceptualise value beyond numbers, for example intrinsic values such as an increase in quality of life or well-being, it is difficult to frame, measure and represent to others. Incommensurability of values as a particular difficulty as social impact is judged by different standard and this point is also supported by the existing literature on social value measurement (Ryan and Lyne, 2008; Smith and Stevens, 2010), especially in cases when organisations need to evidence social return on investment and provide clear cut outcomes for fulfilling public sector contracts. Incommensurability of values in this context is understood as two values being incommensurable when they do not share a common standard of evaluation and are not easily comparable (Ormiston and Castellas, 2019). Hybridity and competing institutional logics add a further layer of complexity in studying outcomes of social enterprise work as social enterprises will aim to conform to maintaining both social and economic values (Mongelli, et al, 2019).

Third, in the cases sampled there seems to be a strong lack of organisational capacity for value measurement. This is aligned with the literature in which managerial capability and knowledge acts as a strong barrier for conceptualising value (Epstein and Yuthas, 2017). For instance, Respondent 19, Respondent 15 and Respondent 17 explain how outcome evaluation is costly and time intensive. In the case of Respondent 19, the organisation did not have the capacity to hire someone on a full-time or part-time basis to evaluate the outcomes of a project. In line with Doherty, Haugh, and Lyon (2014) that suggest social enterprises are under resourced and experience skills shortages, the data reveals that skill shortages, lack of knowledge and availability of staff to evaluate impact associated with social enterprise work was a common perception. Respondent 19 operating a micro social enterprise providing well-being support through the arts for vulnerable individuals explains:

> I never feel that we're entirely on top of [outcomes] evaluation really, but I'm sure everybody says that[...] Because we all know what we want to do but we never [do it], because evaluation is a costly thing to do it properly, in terms of having the right support and having a person in post. We would need a person in post probably one or two days a week at the minimum. (Respondent 19)

Time constraints is also a significant issue for developing capability for outcomes evaluation as illustrated by Respondent 15, a social enterprise leader in Scotland who has been providing rehabilitation services for female prisoners. She explains how lack of time and organisational capacity does not allow for proper monitoring and communication of outcomes:

> The last couple of years have been as frustrating as anything because there is so much happening, and we do not have the time to record it or communicate it well for others to make stuff out of it. (Respondent 15)

Similarly, to Respondent 15, for Respondent 17 time is also a constraint for monitoring the outcomes of the services provided:

> I have been meaning to measure outcomes for about two and a half years and I have failed. I went to a meeting with somebody about mapping social outcomes, but then other stuff takes over and you don't do it. (Respondent 17)

Furthermore, impact measurement can be problematic for social enterprise due to their hybrid nature, which means that they are accountable for upholding the social mission and making a financial profit (Ebrahim, Battilana and Mair, 2014). Having dual objectives as a social enterprise means being driven to achieve economic and social value, despite the common occurrence that these two values may not necessarily be aligned as stakeholders will have divergent interests (Skelcher and Smith, 2015). Some actors such as investors or commissioners will be able to reinforce their interest and other actor such as members of vulnerable groups might not be able to (Ebrahim, Battilana and Mair, 2014). Nevertheless, those organisations which are strongly aligned with a social welfare logic will prioritise their beneficiaries, who are often part of a disadvantaged or marginalized group (Mair, Mayer and Lutz, 2015).

Outcomes of innovation are dependent on the expertise and knowledge of staff as Respondent 16 contends. Value measurement is difficult to describe as the end outcomes will consist of the 'sum' of someone's experience:

> Well, if the result of the innovation [in our service delivery] is good, we get people into paid work. We think then we are doing it successfully really. What we have learnt is that it does rely on the experience and expertise of the staff to use their knowledge in ways to create innovation with the ultimate goals in mind. It is a very difficult thing to describe, or measure because it is a sum total of someone's experience and their knowledge. I think we use innovation day to day, all the time with the view that results are achieved. (Respondent 16)

As Respondent 16 has explained innovation can serve as a tool for dealing with resource constraints and enabling social enterprise work with the aim of helping individuals back into work. As a result, innovation can be conducive to creating social value through the knowledge and expertise of staff and simultaneously helps overcome resource constraints. This finding is in agreement with literature on the importance of social innovation in creating social outcomes addressing societal challenges (van der Have and Rubalcaba, 2016) and this finding also gives consideration to the significance of staff as a key resource in creating successful innovations.

Some of the actors in the field have resisted the idea of outcomes measurement and reject the idea of outcomes measurement being necessary (see narrative provided by Respondent 10). This could be indicative of social enterprise leaders being passionate about helping individuals and prioritising the organisational ethos. Simultaneously, social enterprise leaders also need to deal with a fast-paced environment when there is little capacity to conduct impact measurement.

> For me it's a complete waste of time and energy to be focused on the outcome of something that you instinctively know is healthy and great. What more do you want to do? For me it's nonsense. (Respondent 10)

Despite social value measurement being typically linked to performance measurement in the social enterprise sector (Millar and Hall, 2013), social value measurement also possesses the opportunity for feedback from the user and possibilities for user-led improvements. Respondent 11 illustrates how social impact evaluation needs to happen beyond the funders' requirements. Accordingly, knowing what the impact and outcome of the services provided allows for monitoring and forward planning as the lead of the social enterprise.

> Everyone keeps on saying it is the funders who need information but no. I have the outcomes already if the funders what them, but the thing is that this becomes your baby. So, for a while I was obsessed with this thinking that for a while what we are doing is it actually what we are doing. Are we creating connections? Are we building confidence? Are we doing these things that we profess we want to do? This is what initiated the assessment although now that we have Big Lottery funding, they are looking for people to work with people and in communities. I mean we do that anyway. They are looking for you to evidence that […] the main reason is that I wanna know it, how well we are doing and what is going on. As the leader of this I am not able to be present everywhere. (Respondent 11)

According to the literature on corporate performance, in order for social entrepreneurs to be successful they need to increase profitability and remain competitive in the market (Epstein, 2018). The findings in the data reveal a divergent view to that contained in the literature, the success of the social enterprise is not primarily determined by profitability but instead by how well the service or product provided addresses a particular social need and in return helps beneficiaries. According to the findings, most respondents attributed organisational success on how well the social mission was addressed rather than by seeking out revenues and maximising profitability.

4.2.1.2. Funding difficulties

> The main challenge I would say is appropriately funding the work that I'm doing, and I'm finding funding for a support network [difficult to obtain]. (Respondent 10)

Obtaining finance is more difficult for early stage businesses or those social enterprises who do not have a track record in delivering public services (Lyon and Robin, 2019). Social enterprises are often by necessity multi-resource organisations as they seek to attract resources from multiple stakeholders and seek to build legitimacy through partnership and collaborative networks (Ridley-Duff and Bull, 2015). Interviewees (Respondent 10, Respondent 14 and Respondent 17) have put forth their experiences of obtaining funding as a significant challenge. As several authors highlighted, social enterprises struggle with maintaining financial sustainability and to overcome challenges arising from combining profits and purpose (Battilana and Lee, 2014). Social enterprises survive in resource poor environments by improvising and re-using resources (Sunley and Pinch, 2012). Earned- income streams might particularly prove to be a concern for those with a non-profit background (Bielefeld, 2009).

> In regard to funding that is always a challenge for social enterprises. So, it is for us. (Respondent 12)

A notable example of government funding cuts is related to social care funding cuts in England. In 2018-2019, English councils implemented social care cuts of £700m, equivalent to nearly 5% of the total £14.5bn allocated budget (Buttler, 2018). Between 2010 and 2018, social care spending in England has shrunk by about £7bn (ibid.). Moreover, as the population has been growing, spending on adult social services per adult fell by 13.5% in England between 2009–10 and 2016–17 (IFS, 2017).

According to the findings, in the social enterprise sector there is an absence of structure and support mechanisms for obtaining funding:

> So, we have kind of dedicated people attached to the project and we've been able to support the thing with some funding seasonally, but there's nobody on a salary… I've met a lot of social entrepreneurs that say the investment in

> time and energy required to tender for anything, you really have to be careful about it because you might end up working for three months to get £1,000, or whatever. It can be a really out of balance process in terms of the time and energy securing funding but then it needs a horrible amount of outcome-based evidence that you have to gather. (Respondent 10)

Respondent 10 and Respondent 14 also referred to the issues surrounding funding, not only in obtaining funding, but also difficulties in managing existing resources due to uncertainty about obtaining future funding. In addition, sometimes existing funding pots might not be sufficient to solve a particular social problem and as a result these sources need to be complemented with extra support by funders:

> There is also the commercial side of things obviously. You might start a new project and you might not know how things go within the next year. So that could be a problem. (Respondent 14)

And…

> Generally, it's fine, we manage and it's fine but sometimes, you know…funding applications are an on-going thing and with diminishing success. (Respondent 17)

According to Respondent 2, there is a perceived lack of understanding from funders on the requirements of setting up and establishing a successful social enterprise. In the social enterprise sector, there seems to be a miss-perception of not needing a solid funding base as social enterprises can rely on volunteering and other unpaid forms of help.

> Now, some problems cannot be proven with just 25,000. Imagine that, how do you prove a concept like ours for that amount of money? You cannot not pay people (like the full-time bakers or admin staff) and all these funds I have mentioned you cannot use it to pay salaries. So, the culture that they are perpetuating is one that people have to show sweat and dedication, but it doesn't respect that people from professional backgrounds may choose to come into this sector. It assumes that it is a free for all for everyone. It also assumes that concepts can be done on grassroots and volunteering." (Respondent 2)

Other social enterprise leaders such as Respondent 19 and Respondent 14 go as far as stating as funding in the sector is so challenging that the social enterprises in question struggle for survival.

> Survival [due to funding cuts]. I always think that's a challenge, I'm quite sceptical, so everything's a challenge, but I do think that there has to be an element of growth. We wanted to try and get our own space to run workshops in rather than having to rent space from here or elsewhere. (Respondent 19)

And…

> Our organisation is registered as both a charity and a limited by guarantee company. The profits from the company are supposed to support the charity but so far, we have not had much profit, in fact we are struggling for survival. Things have not gone massively successfully so there have not been much profits to distribute. It's not been a great period…A lot of what is happening with our energy projects is dependent on government subsidies. Those have the habit of changing quite abruptly which is not ideal. (Respondent 14)

The findings on availability of resources impact survival and growth is in line with the literature on social financing and bricolage (Sunley and Pinch, 2012). It's been argued that young and growing social enterprises are most likely to suffer from difficulties in accessing finance and therefore often lack capital (Emerson et al., 2008). Adequate funding constrains the growth and survival of the social enterprise. Traditionally while social enterprises have relied on grants, the sector is shifting to greater reliance on earned income and in some cases on private investment (Sunley and Pinch, 2012).

Respondent 21 suggests that due to public sector cuts and increased competition, funding in the sector is becoming more and more challenging to obtain.

> When I say funding, I don't mean for ourselves, I mean for our sector, funding is becoming more and more challenging. So, the traditional source of grants from local authorities and things like that are all being cut, so those have been cut right back, and what they're saying is well we expect you to look for external funding. Well that's fine, but even external funding, the Lottery and

> others, grant making trusts, is becoming more and more competitive. (Respondent 21)

As Respondent 5 has stated one of the common myths in the sector is that grant based funding comes with advantages as it is 'cost-free', however social entrepreneurs often fail to recognise to cost of monitoring outcomes and large amount as well as documentation needed to gather adequate evidence demanded by funders.

> Another challenge in the sector is that there is the belief that grants are better than loans or other forms of investment. What we think it that it is a myth that a grant money are "free" monies. You may not have to pay them back but the costs of monitoring and reporting on those grants can often be high- especially if you have more than one funder. (Respondent 5)

Governments have sought ways to reduce the direct funding of the social enterprise sector and social enterprise needed to become sustainable through profit-seeking behaviour (Jenner, 2016). Increased financial sustainability for the organisation can ensure the adequate provision of social impact (Sharir et al., 2009). According to some key theorists (Scott and Teasdale, 2012), social enterprises should look beyond strategies on how to mobilise resources but also focus on building capability for growth. Social enterprise as a vehicle for public service delivery needs to ensure both financial and social sustainability (Jenner, 2016).

The study by Lyon and Owen (2019) has found that social enterprises make use of social impact investment and borrowing tends to be by older and larger organisations that have the track record of successful business, as they are more likely to repay outside investment. Both social enterprises and SMEs have a risk-averse attitude towards borrowing (Owen et al., 2019). According to the empirical data collected for the study, the findings reveal social enterprises which are predominantly small in size have cautious growth plans due to the uncertainty in the sector (as funding is easily affected by political cycles) and are heavy reliant on income from public sector contracting.

Out of the organisations sampled, two thirds voiced concern in regard to being able to survive and about the increased competition in tendering for public services. There was concern with educating people about what social enterprise means and what buying social would mean in contrast to buying products and services provided by the private sector. For example, Respondent 10 explains:

> I think there needs to be a wider understanding of what social enterprise actually means. I feel people don't really understand what social enterprise actually is. (Respondent 10)

In the respondents' view, by being a social enterprise they faced challenges and competition to comply with new regulations and with other market-based organisations. Moreover, when tendering, the funding possibilities for providing public service contracts does not cover all running costs (such as overheads) and this makes the spaces where social enterprises exist an increasingly difficult act of negotiation with a variety of public sector actors:

> What I say is that sustainability is a fallacy of term. Because, although, particularly social enterprises should be creating a situation where they do not require subsidy, if they are really stable financially it means that their weakness is in being affected by political change where public money might change according to different political agenda, or you know, changes to meet the needs of charitable funders. (Respondent 2)

And…

> … It is dreadful these days. The biggest thing is that it is very limited overhead recovery. So, most of it is now on results. The bit on infrastructure for your organisation to do it all and plan it all it is less and less. Each year it becomes less and tighter and tighter controlled. A lot of the social enterprises I know will be taking a step away from public sector contracting… (Respondent 10)

Social enterprises aimed to remain distinct from the private sector so as not to diverge from their social mission and to remain strongly aligned with their social welfare logic (Mair, Mayer and Lutz, 2015). For example, Respondent 9 states, "we do not fit in with the capitalistic way of doing things". Remaining distinct from the private sector could be related to social enterprise endeavours to stay legitimate in front of multiple stakeholders, including public- private and third sector actors. In cases where organisations have volunteers, the organisation will tend to resemble charities in their behaviours as they will maintain a strong organisation ethos in their culture (Lee, and Bourne, 2017).

4.2.1.3. Balancing the social mission with financial goals

Respondent 11 argues the rationale behind having set up as a social enterprise has been of delivering social impact, however as the social enterprise pursues social impact it also needs to stay economically viable.

> We are social enterprise because we want to make a social impact, but also at a personal level I quite enjoy balancing the social enterprise, as in the impact you are trying to make with having a sustainable business. That would mean having products and services that are for sale. The balance between that is quite tricky as you would want to make the impact but also, you'd want to be sustainable and not rely on grants. This is an on-going challenge. (Respondent 11)

It has been found balancing the social mission with financial goals is an ongoing challenge, as Respondent 12 explains:

> So, it is a balance by making that cost affordable but also allow us to be sustainable as well […] When it comes to us it is not really about financial goals. We are trying to do something that it is good for society. (Respondent 12)

Balancing economic goals and financial goals, as part of competing institutional logics while maintaining a social mission is strongly reiterated in the literature on social enterprise (see authors Battilana, 2018; Doherty, Haugh, and Lyon, 2014). Knowledge in the social enterprise field on how to ensure sustainability in light of competing goals is limited, as one of the biggest concerns is the ability of the organisation to plan and survive long-term but in the same ensure the beneficiaries' needs are supported. As Respondent 13 contends, financial constraints can make service delivery difficult as focusing on the social need can conflict with being sustainable financially:

> We need to ensure that it is just social enterprise, it's sustainable, that it can pivot along with the need. You can't have one [social benefits] without the other [financial benefits], sometimes social enterprise works on a social aspect and then they realise actually there is no money, so it's hard to get that balance of both. (Respondent 13)

4.2.1.4. Growth of social enterprise

As respondent 18 explains there is the danger of losing identity of the enterprise if the organisation changes or grows too fast. Partnership work is a big contributor to change as typically social enterprises work in partnership with others to attract funding (Barraket and Loosemore, 2018; Di Domenico, Haugh, and Tracey, 2010). For social enterprises involved in cross-sector partnership, the hybrid nature of social enterprises increases the complexity of management processes due to the desire to navigate the space between financial and social objectives (Di Domenico et al., 2010).

> Our biggest challenge now is to not grow too fast. We've got a lot of staff who want to be creative and innovative and try new things and kind of get out there and get funding from this council and going into partnership with this another[…] but we still need to have some sense of identity as a group. So that's a bit of a challenge for us. (Respondent 18)

In the collected data, social enterprise actors consider the process of growth and long-term strategic vision. As illustrated in the data, how to determine what the best way is forward for shaping organisational change and growth- was a key question posed by social enterprise leaders:

> Expansion is a challenge of sorts, so we're big now, or big-ish compared to what we were. So, the challenge is what form expansion takes, and everyone says, why don't you franchise. We [my partner and I] are both allergic to franchising but maybe we don't fully understand what that would mean but we feel that something would be lost if we franchised. (Respondent 17)

Respondent 22 argues, innovation on small scale is easy to introduce and evidence, however when scale is involved, such as reaching a wider number of beneficiaries, social innovation becomes difficult to grow and foster.

> I think our main challenge is scaling, in getting bigger. It's quite easy…well it's not easy but it is comparatively easy to introduce an innovation on a small scale and show that it makes a difference for the people you work for. It's a lot harder to take that to…. it's harder to turn that into thousands or tens of thousands of people. And so, I think most of our issues stem from scaling. (Respondent 22)

The connection between growth, mission drift and risk taking is put forth by Respondent 6. As the respondent explains, risk taking helps with resource accumulation. Nevertheless, in the case of running a social enterprise careful consideration needs to be given to financial risk due to the limitation in the existing resources at the disposal of the organisation.

> So, you would always if you were doing this growing you would try and grow, or you should try and grow in a safe way but still take risk. No risk, if you don't speculate you won't accumulate, so you need to. If you're in this area you need to take a certain amount of risk, but you need to be able to cover the risk and I think that business approach has not always worked out when you look [at] social enterprises because you need to balance the business […] I can spend a bit more because I think I've got this money coming in, so it's the same with an organisation […] You don't take on too much risk without having the ability to cover that. (Respondent 6)

Respondent 11, a social enterprise leader based in Scotland, challenges the assumptions behind growth, especially when it is seen as something positive by funders. As she argues the quality of service is a lot more important than the quantity provided:

> Growth is something that I don't necessarily want. I don't really want to grow. Actually, this is bigger than I wanted it to be. We have 40 volunteers, and we have over 45 clients. To me this is already big [...] Every end of the month when I look at the list of the people it is almost ten people sometimes, we are paying. It affects a lot of people. Sustainability for me is to make sure these people will always have work. Growth is another word altogether, and I don't need to grow. I have this discussion with funders sometimes. When I first

> went to have these discussions with them, I challenged them. My business is built on the quality of the relationships not the quantity. (Respondent 11)

Respondent 10 and Respondent 9 both suggest that growing can hinder the ethos of a social enterprise. Venter, Currie and McCracken (2019) provide corroborating evidence in the UK context. Their study found that the requirements demanded by funders create tensions for non-profit and voluntary sector organisations in relation to their social goals. My own research data suggests that during growth, social enterprise leaders find it difficult to coordinate activities, maintain organisational values and foster relationships. For example:

> I think social enterprise functions best when it's a small entity and it doesn't try and grow beyond its needs. I don't have the technical name for it, but it's something to do with the limits of organisational structure and human activity…if it's smaller, it's much easier to deal with interactions, coordinate things and maintain an ethos element. (Respondent 10)

For social enterprises trying to comply with funders' demands it comes with risk as illustrated by Respondent 9:

> Yeah, the biggest risk with social enterprises is that quite a few things get funded for a [short] period of time. So, you get three years so then the contract either comes up for renewal or for re-biding. It's continuity that is a huge risk. There is also political risk, economic risk and key person risk. As in a key person risk for the social enterprise that is the driver, unless it becomes a company ethos. So, let's say if we grow and we would like to look further afield to become UK wide. That is the plan. If it grows to a certain size the principles, we believe in as a group of people who are currently in the organisation that could get watered down. You'd need to keep the ethos going. The more people you get the more likely it is it might get watered down. (Respondent 9)

In addition, the pursuit of growth plays a symbolic role within policy formulation as growth can been used to legitimise the strategies of political actors strongly focused on prioritising economic development above other goals, and this is notable in the context of the UK social enterprise sector (Teasdale, Lyon and Baldock, 2013). Growth might not always be desirable according to Chell et al. (2016), because with the growth of the enterprise comes greater bureaucratisation, including rationalisation and standardisation to ensure the efficient use of resources which in some cases results in unexpected negative consequence. For example, rationalisation and standardisation presents with the following negative consequences, it stifles organisational creativity, employees are less empowered to act and participate in decision making and slows down responses to rapidly changing customer needs (Kärreman and Alvesson, 2004). Moreover, ethically, growth is also questionable, as serving a larger pool of beneficiaries might not mean providing the same level and quality of service for each user, especially when the social enterprise's remit is widened (Pestoff, 2009).

4.2.1.5. Monetization of services

On one hand, social enterprises providing a public good might struggle to charge for their service (Bocken and Short, 2016). Charities, in particular those engaged in public service level agreements as a social enterprise, might struggle to charge for their services due to the fear of appearing illegitimate (Skelcher and Smith, 2015). Also, service users might come to expect a free or highly subsidised service, if in the past they have had access to such a service.

> Then you want people to pay for the service, but then they might have this for free, then why would you pay? So, it is difficult to move away from that [mentality]. (Respondent 12)

> The cost issue for us in not being a not for profit, and working with the local authority, is that you can only charge so much for the service, so what we make is minimal. (Respondent 17)

On the other hand, marketization of social care shifts responsibility from the state to provide social care services to the third sector (Garrow and Hassenfield, 2014; Hall et al., 2016). Set against a backdrop of cuts to local authority and third-sector funding, a policy shift towards social enterprise represents third-sector organisations with both the opportunities and challenges of commercialising their activities to become more sustainable (Henderson et al., 2018). One particular challenge can be related to the level of service provision and maintaining quality (Henderson et al., 2018).

The potential effects of marketisation of the third sector, such as charities needing to diversify their income streams and take on more market-based approaches are present in the data (see narratives from Respondent 7 and Respondent 12):

> What I see happening there mostly is a discussion within the charity often about whether it is right for it to charge for the services. So, they question whether ethically it is okay. There is a charity ethos which says that what we want to be is donation funded and whatever we do we want to do it for our beneficiaries for free. Of course, none has been in that place for long time now because most charities have taken now money from the government or from the Big Lottery or from some other kind of philanthropic organisation. Not much charity income comes now days from individual donations because of the pressure there is now to provide more and more services what am seeing is social enterprises run by charities often filling that gap." (Respondent 7)

And…

> Yeah, I think that is fair [charging for a service also shows the quality of the service]. Well in an ideal world we'd be part of the council and our services would be free. We're not. I think it is important. We do all this for funding, it is difficult enough as a social enterprise to grow. It is not always up to social enterprise to look for funding to fund projects. People should value it. I am not against to provide a taster session for free, people then can decide what they are getting and can decide what is the value of it. (Respondent 12)

It has also been found according to the narratives provided by Respondent 12, monetization of services by social enterprise by charging fees, it can allow the social enterprise to be less reliant on funding from other resources. With decreased dependency on applying for additional public sector funding, in return can increase organisational capability as it enables staff to focus their knowledge and time on other areas related to service delivery.

4.2.1.5. The socio-economic and political environment

The process of resource mobilisation in the context of socio-economic and political environment refers to the presence and availability of institutional resources. Institutional resources can be understood as the political, legal, and institutional infrastructure from which social entrepreneurs can draw on (Dacin, Dacin and

Matear, 2010). Respondent 21 explains that shifts in the political environment can impact on the capability of the organisation to evaluate its social impact and can act as a barrier to gain further funding. The participatory nature of social enterprise encourages active citizenship through volunteering and social capital (Andersen et al., 2016). Often volunteering and informal networks can be a way for social enterprises to build networks that can help with a limited resource base, increase resilience and provide support in difficult times.

> Yeah, and it is complex. So, on an individual level, if we start with that, we use something called a capacity index tool, so with public services retreating, commissioners and politicians are increasingly talking about how people and communities need to become more resilient. So that's kind of code for less reliant on public services, better able to meet their own needs and the needs of one another, and I think there is something to that. (Respondent 21)

According to the literature review, the political environment can be a key-influencing factor for social enterprise decision making especially for those organisations that are less established (Williams et al., 2014; Clayton et al., 2016). Social enterprises working in partnership in the public sector need to maintain legitimacy and trust in delivering public services (Ridley-Duff and Bull, 2015). Often co-production is a way forward for social enterprises, such as public sector mutuals to evidence stakeholder involvement and receive feedback on outputs (Pestoff, 2012). Outcomes dependent public funding can be of concern for social enterprises with a limited resource base where micro-management of deliverables is necessary along with in-depth documentation of the process of service delivery (see narrative provided by Respondent 9). Indeed, the level of paperwork and 'bureaucracy' of working in partnership with the public sector can pose a challenge for social enterprise (Defourny and Nyssens, 2017). Several respondents who have participated in the study have affirmed the often-bureaucratic nature of public sector contracting which hinders growth, Respondent 9 for example has stated:

> A lot of the social enterprises I know will be taking a step away from public sector contracting. There is actually nothing in it for them that helps them grow the business. The demands for accountability, transferability and traceability are just huge. It is because every turn there was met by more

> documentation, red tape and more rules when actually my job is to go out to create business and in turn create more jobs. (Respondent 9)

- **Funding cuts and recession**

Funding cuts and decreases in public expenditure on care services regionally and nationally can have a very serious impact on social enterprise's capability to delivery social impact (Millar and Hall, 2013). There is strong evidence from the data collected of the impact of public sector cuts in recent years with a focus on efficiency which in turn forces social enterprise to compete for diminishing resources:

> Yes [there's a drive towards efficiency], and in the public sector even more so because of the cuts. All services had to make cuts and efficiency are being driven all around without being mindful of the time. People get lost in the system. What we are trying to see how to do it. Otherwise these people will be forever connected to welfare. Yes, the needs are changing quite significantly and that [funding cuts] is an event. For instance, another event is that local authorities have a significant number of cuts to come … and we are impacted by it. (Respondent 9).

And…

> In practice there is one pot of dwindling [public] money and health is free, powerful and protective whereas social care is chargeable. Simply people won't realise the impact this will have [on social care provision] so all adult service are now competing for the same pot of money. (Respondent 1)

Governments at national and local levels increasingly contract their public service offering with social enterprises and market-based privates to reduce the costs of public service provision and/or to achieve higher efficiency (Defourny and Nyssens, 2017). Increased competition in public service provision has impacted the voluntary sector heavily with charities being increasingly encouraged to pursue market-based approaches and change their identity to mirror private sector organisations (Bruce and Chew, 2011). Dangers of becoming increasingly competitive include the potential loss of social values and ethical mission as well as the relationships that shape collaboration between public-private and third sector (ibid.). As a social enterprise, it is assumed that the organisation will have areas that it competes in and at least half of its income will be earned income (according to the UK Government DTI definition), For some social enterprises increased competition and funding cuts without adequate support limits their capability to plan, grow and in most serious cases it can endanger their survival. Further institutional structures are needed to adequately support social enterprise work that do not rely predominantly on social investment or borrowing but instead aim to develop managerial capability on how to create competitive advantage while maintaining the social mission and ethical values.

- **Brexit**

The impact of Brexit on social enterprise and other civil society actors is under-researched due to the on-going debate on Brexit and lack of clarity of the governmental policy that might follow the leave from the European Union. Exit from the EU could offer an unforeseen opportunity to rethink policy approaches and remains an area of uncertainty for policy planning (Garrod et al., 2018).

Respondents in the study voiced concerns about the Brexit process, political turmoil after the referendum, UK leaving the European Union and political uncertainty on how public sector funding will be allocated in the next voting cycle.

There were several narratives in the empirical data directly making a reference the process of UK leaving the EU as a significant concern for social enterprise leaders.

> I am not lying to the fact that the funding is tight. The conservative government doesn't help things. Brexit won’t help things either. So, we do need to look at ways that we are making money. I have moved slightly away from always looking for grant funding for projects and saying actually “Well, if the client can afford it then they should pay.” We did a lot of research, we spoke to care homes and asked how much would be affordable. (Respondent 12)

> They would be manufacturing our new units there. With Brexit it would be unlikely that they will, but we were hoping they will set up a factory in the UK. It is unlikely. Yeah, they [our supplier] are less interested in the UK market due to Brexit. It is a shame. (Respondent 14)

The interests of social enterprise are no longer as well represented within the government, due to a focus on Brexit as Respondent 9 and Respondent 21 clearly illustrate:

> I really doubt we have a SE champion in the government right now or not. It would need to be a real champion that absolutely understands it, can see the benefits, can see what is happening, and that sort of thing. In Brexit talks and all of these things it has sort of disappeared. We need a social enterprise guru within the government who absolutely gets it and contributes. (Respondent 9)

And…

> Is government even interested in Civil Society at the minute when Brexit is going on? One of the areas they have tried to really push has been social investment instead of grants, and they're struggling. They're struggling to get that money out of the door. There's huge amounts, millions sat in Big Society capital and its subsidiaries, but they're struggling to get that money out. Partly because it's a loan, yeah. (Respondent 21)

The narrative from Respondent 21 also reveals that the complexity around social impact measurement and evidencing the impact of social investments. Social enterprises attitude towards taking up loan investment has been cautious and there has been a low-level demand for traditional business finance, including loans (Sunley and Pinch, 2012). To add to this, the matter of Brexit is a developing area of governmental policymaking and it comes with a lot of uncertainty for social enterprise work. Empirical findings suggest, institutional support for sustainable social and economic growth in UK policy development through appropriate investment remains uncertain. Consequently, social enterprises have to face and adapt to high levels of political uncertainly.

4.3. Hybridity

As Mair, Mayer, and Lutz (2015) contend, certain social enterprises assume hybridity for symbolic reasons while others do so for substantive reasons. In the cases studied by Mair, Mayer, and Lutz (2015) some social enterprises might assume the role with the aim of extending their external legitimacy (symbolic reason) or to gain access to additional resources such as human or financial capital. The organisations will leverage the term ‘social enterprise’ to gain support from a specific stakeholder group. Whereas, other organisations are also classed in the literature as ‘real’ social enterprises as they assume the identity for substantive reasons such a fulfilling a social goal and creating social value.

In agreement with Skelcher and Smith (2015) hybridization is a process in which plural logics compete, and thus actor identities of organisation will be on play, leading to a number of possible organisational outcomes. Challenges to a neoliberal tradition have regularly been met with assimilation, co-option and/or repression (Roy and Hackett, 2017). Some social enterprises could be re-enacting a countermovement to the existing status quo by augmenting the existing social or health care provision (ibid.) The EMES model of social enterprise envisages social enterprises as participatory, which extends the process of democracy of our current economic models to more equal and reciprocal models (Hulgård and Andersen, 2018).

There is a gap in the literature in exploring the relationship between social and financial outcomes as part of the hybridity of social enterprise (Davies, Haugh and Chambers, 2018; Skelcher and Smith, 2015). Social value is created through careful consideration of the finances and achieving financial outcomes aid the running of the enterprise by allowing to fulfil its social mission: “The money we gain will be put back to the pot to help us run but there will be no profits taken off of that.” (Respondent 16).

Balancing social and financial goals is difficult as presented through respondent narratives in Section 5.2.1. However, social enterprises will only prioritise financial goals as a tool for ensuring social impact will be created:

> We are competitive in the market and that means we are generating revenue. That revenue means we meet our targets and that helps us fund all the other work that we do. So, we can remain independent. What I am saying is that you need to take away the traditional way for risk assessment and come up with a new tool because you are applying main-stream finance to a sector that doesn’t respond and can’t be quantified purely by financial means… Money is not as important to me as the potential impact of what I am doing. (Respondent 2)

And…

> So, we got to be very careful in these areas to make sure you are giving people something which is really helpful for them, but they couldn't get anywhere else for the same prices and the same quality of service. We have to be quite careful and we are going through that thinking all the time as well [we] have a list of a dozen things where we could generate money by charging so in each case, we have to be very careful [to still fulfil the social need]. (Respondent 7)

Respondent 2 explains further the difficulties around financial stability, the availability of funding in the sector is exacerbated by political decisions that can impact funding in the sector. The social enterprises face institutional pressure in the form of shifting their identity to satisfy funders demand. In addition, when the social enterprises try to find new avenues for income, there is a risk for cultural shift and change in identity that can lead to mission drift:

> That is referred to something that I refer to as stability. In the third sector you are so rocked by the funding principles that support you that actually you get this thing called mission drift… The impact of resource constraints I would most pragmatically describe in the sense of when an organisation can't sustain the kind of budgets one needs to in order to perform every day because funding is always finite or short term generally speaking. So, the impact is cultural shift. You know this as mission drift. So, they change their identity and their philosophy to meet their needs for sustainability to survive. What I say is that sustainability is a fallacy of term because although particularly social enterprises should be creating a situation where they do not require subsidy, if they are really stable financially it means that their weakness in being affected by political change where public money might change according to different political agenda or you know change to meet the needs of charitable funders. (Respondent 2)

As evidenced by the narrative provided by Respondent 2, mission drift can be a serious consequence for a social enterprise as it leads to cultural shifts where profit seeking behaviour will be prioritised to the detriment of delivering the social outcome. According the EMES network research approach to social enterprise, the likelihood of mission drift can be avoided through participatory governance and by allowing for greater democratic participation (Defourny and Nyssens, 2014). Democratic participation can strengthen the contribution and social outcomes of social innovation (Pestoff, 2013). In the literature it has also been well established that social enterprises need support, policies, and institutional structures to adequately support their work. Andersen (2014) argues that support for social enterprise lies in four dimensions: practice, policy, research and education. These four dimensions constitute an interrelated, dynamic and interacting system that can act both as a barrier or opportunity for the development of social enterprise work (Andersen, Gawell, and Spear, 2016). Out of the four dimensions education is particularly important as teaching entrepreneurial thinking and being prevalent in the context the social enterprise operates in can enrich knowledge and create forms of cultural and social capital (ibid.).

The importance of social capital as an outcome of service provision emerges from the data. As Respondent 4 explains the purpose of the social enterprise is not to make a profit but instead to bring people together and create connections:

> Our purpose isn't to make a profit, it is instead to provide a place for a social gathering, for people to meet and make friends, for people to make connections and get introduced to the centre. So that enables us to bring new people through and people can afford to pay they will pay more and if they can't [afford to pay] they won't. (Respondent 4)

In addition, Respondent 13, re-emphasises the needs of the beneficiaries and the importance of joint working with service users:

> Another thing we have, we have a bit of a mantra in that we are needs led and what we mean by that is rather than us going into a session on a Wednesday night with fifty kids and saying right, tonight we're going to do this, and not really have any idea of what that program is, so we design the program with them, so they have already designed that twelve week program or whatever, and what we also do every single evening is we track how many conversations young people give to us about their interests or their needs. (Respondent 18)

Service delivered by the beneficiary who already is familiar allows to best address the social need:

> So, if the other prisoner can speak with authority and explain it in their own way [to the other prisoners] then that person is going to learn a lot. This way they are also developing working relationships. This is extremely important. Yes, it is. (Respondent 2)

This finding relates to the literature on co-production and social capital as through relationship building organisations can acquire relational resources (Dacin, Dacin and Matear, 2010). According to Respondent 11, the social in 'social enterprise' is about providing a quality service and genuine support for the person benefiting from the social enterprise services:

> If the quality is not good enough for the person we are supporting, we are not doing anything. It is not about becoming millionaires. That is not the reason we exist. We are a social enterprise. We might as well forget the social and become an enterprise. Growth is not the reason we have set up, if it happens and it is manageable then it is okay, but we are not doing it for the sake of it. (Respondent 11)

Moreover, growth and profitability are not imperative for social enterprise development in the view of Respondent 11, instead the role of social enterprise lies in supporting a person in need. Accordingly, the success of social enterprise should be measured in how well the social enterprise is able to support its beneficiaries and fulfil their needs.

4.4. Maintaining to organisational ethos and trust

In the effort to build legitimacy and growth, social enterprises aim to foster trust and become embedded in local networks (Connelly, Markey, and Roseland, 2011). The creation of trust and connections are important in the process of creating social value through innovation, by placing someone into employment through utilising networks as explained by Respondent 16, social enterprise lead:

> I think innovation is about finding creative way to solve difficult problems… It is about finding all sorts of ways in which you could get back people into work. So, making connections and about networking with people. It could be about building up contacts with places, so they trust you to place somebody with the right skills with them. That could do them some good. (Respondent 16)

The risk associated with making changes within a social enterprise context relate to the organisational ethos and principles that can be weakened due to limitations in funding and potential changes in staff due to growth:

> Things change, needs change, how we operate changes, and it all comes down to the fact that we are small organisations. For example, if you get significant changes in organisation can significantly change the organisation…Yeah, the biggest risk with social enterprises is that quite a few things get funded for a period time... It's continuity that is a huge risk. There is also political risk, economic risk and key person risk. As in a key person risk for the social enterprise that is the driver, unless it becomes a company ethos. So, let's say if we grow and we would like to look further afield to become UK wide. That is the plan. If it grows to a certain size the principles, we believe in as a group of people who are currently in the organisation that could get watered down. You'd need to keep the ethos going. The more people you get the more likely it is it might get watered down. How do you keep it going? (Respondent 9)

Growth might not necessarily be viable for social enterprises. Despite being encouraged by funders to grow, social enterprises have distinct approaches to growth compared to private businesses as they are led by the organisational ethos (Cameron, 2010) and fostering a solidarity economy as an alternative to fostering shareholder growth (Hulgård, 2010). Mission drift may occur in visible ways when an organisation changes its mission, strategy and objectives but it could also take less visible forms such as changes in working practices or to the quality of services provided (Cornforth, 2014).

4.5. Challenges of measuring outcomes

There is a strong divergence in the sector on how social enterprises attempt to measure outcomes. It has been found there is a lack of knowledge and capability in conducting impact evaluation with some social enterprises do not measure outcomes at all. While some social entrepreneurs have come up with self-developed impact evaluation tools (such as Respondent 8), others are using external evaluation methods such as the World Health Foundation 5 step metric or the Edinburgh-Warwick scale for impact evaluation (as demonstrated by Respondent 19):

> We call it under the generic term of social impact. It would be something great to do under the funding we attract; you know to give more specified details. At the minute we just call it social impact and we measure it under our own measurements. We are at the moment not mandated to do it. It is something nice to have but we are doing it under the generic title of social impact. We made an impact by providing certain number of hours as part of an intervention and as result they are no longer of benefits or welfare. (Respondent 8)

And…

> We use the Warwick-Edinburgh Scale [mental wellbeing scale], which asks you: 'I'm feeling optimistic about the future? I've been feeling useful? I've been feeling relaxed?'. People do this in a kind of spot check about a certain week in their lives… The first year of the project we adapted it a little bit and we asked people about their arts ambitions as well, and we asked obviously their thoughts as well about it, and what they wanted to do going forward. (Respondent 19)

The social enterprise received external help to create a framework for impact-evaluation through partnership with a knowledge organisation, such as a university, as exemplified by Respondent 13:

> Yes, we have a partnership with a University. I have a master's student who works with me, also support from the actual University who recommend reliable and valid outcome measure tools. We also get feedback via somebody independent of our organisation. [They] got in contact with head teachers, deputy heads, the people that we've worked with to get telephone interviews and also written feedback. And then every now and again we'll do questionnaires, and any training we deliver we have evaluation at the end of training as well. (Respondent 13)

Prioritising financial measures of impact measurements through external help as Respondent 8 explains:

> Yeah, we had a social impact report done last year where somebody came and looked at all the processes and costed it out. (Respondent 8)

According to the data, a sub-set of social enterprises have focused on respondent-led definitions of what value created means to them and this facilitates measurement of intangible outcomes such as mental well-being. This is illustrated by Respondent 17 and Respondent 19 by the use of the Edinburgh-Warwick scale:

> You identify the causal links between what you want to try to achieve and the activities that you provide to get to that…So for instance, we've got an outcome which is, 'I feel safe to be myself and I allow others to be themselves'… Young people they help us design our outcomes framework, so they basically say [how they feel]. So, we measure that. We say, if we claim that people feel safe to be themselves, how do we know?... We ask them. (Respondent 17)

And…

> We use the Warwick-Edinburgh Scale [mental wellbeing scale], which asks you: 'I'm feeling optimistic about the future? I've been feeling useful? I've been feeling relaxed?'. (Respondent 19)

What criteria are prioritised when accounting for social impact in a social enterprise context? In the case of Organisation V, there were two main priorities: first, a strong responsibility towards providing a quality service to the individual and second, accountability to the public care providers by ensuring better outcomes and simultaneously saving money:

> So, we are selling a product that has to make an impact to be effective. So, we definitely measure and capture evidence on has it made a difference to individuals, has it made a difference to the health and care organisations supporting them, and that might be both in terms of do they feel they've got better outcomes, or have they saved money. Saving money is a social impact, if you are social services and you are saving money in one area that means you can spend more in another area, so that's also called a social impact. And so yes, we do measure it. (Respondent 22)

Controversially, saving money is equated to social impact in the eyes of the commissioners and social enterprise. If money is spent efficiently this might result in the remaining funding being allocated to another social cause that requires public sector funding.

Overall, there has been found there was a strong lack of knowledge of assessment tools for impact evaluation. The organisations also lacked the capacity and the resources to conduct impact evaluations. In addition, public sector funders and commissioners deemed impact evaluation necessary, especially in cases where there were public service level agreements however the overall process of measuring outcomes was deemed by social enterprise actors as costly, bureaucratic and time intensive. Social enterprises operating at the boundaries of public-private sector and civil society faced high levels of competition in contracting and gaining earned income, political uncertainty, and struggle to maintain legitimacy due to a stakeholder base with competing interests.

4.6. Concluding remarks

Findings confirm social value is created at the intersection of competing institutional logics, in the context of hybridity Skelcher and Smith (2015). Knowledge in the social enterprise field on how to ensure sustainability in light of competing goals is limited, as one of the biggest concerns is the ability of organisations to plan and survive. As Respondent 13 contends, financial constraints can make service delivery difficult as there is an inherent tension between prioritising either financial goals or social goals. Venter, Currie and McCracken (2019) have argued demands by funders create tensions for non-profit and voluntary sector organisations in relation to their social goals. My own research data confirms this view, in the context of pursuing growth social enterprise leaders find it difficult to coordinate activities, maintain organisational values and foster relationships

It has been argued earlier institutional pressure can lead to social enterprise actors conforming to funders demands which can cause a shift in identity and puts the social enterprise at the risk of mission drift (this confirms similar view in the studies by Ramus and Vaccaro, 2017; Ebrahim et al., 2014). According to the literature, in the effort to build legitimacy and grow social enterprises will foster relationship, maintain high levels of trust and become embedded in local networks (Connelly, Markey, and Roseland, 2011). In the empirical evidence collected, it has become apparent after interviewing several social enterprises leaders, creation of trust and maintaining connections are key to the process of creating social value through innovation successfully.

According to the findings, for social enterprise actors in charge with measuring social impact, attempts to conceptualise value beyond numbers, for example intrinsic values such as an increase in quality of life or well-being is difficult to frame, measure and represent. Incommensurability of values (Ormiston and Castellas, 2019) poses particular difficulty for social enterprise as social impact is judged by different standard as each organisations remit, and context will differ. The findings reveal, organisations face strong institutional pressure to evidence social return on investment and provide clear cut outcomes for fulfilling public sector contracts. Evidencing social impact relates to the theme of accountability within hybrid organisations (Samad, Narshad, Asat, and Kasim, 2017), as social enterprises seek balance their social mission with financial responsibility and are accountable to wide variety of stakeholders with different interests.

According to the empirical evidence, amongst the social enterprises sampled there was a strong lack of organisational capacity for value measurement. This is aligned with the literature in which managerial capability and knowledge acts as a strong barrier for conceptualising value (Epstein and Yuthas, 2017). Time, particularly utilising staff time, presents a significant constraint for conducting outcomes evaluation as illustrated by Respondent 15, Respondent 17 and Respondent 19. Accordingly, it can be argued the sampled social enterprises were short of human wealth (Ridley-Duff, McCulloch and Gilligan, 2018), consisting of human effort, the workers skills, abilities and time. Therefore, the evidence collected gives insight into the relationship between human wealth and financial wealth. According to the data, social enterprises leaders contend, in order to access financial wealth, the organisation has to conform to institutional pressures to conduct impact evaluation. It has been found, for impact evaluation the organisation's human resources play a key role, especially the capability and knowledge of the employees to conduct evaluation of the hybrid outcomes social enterprises produce.

A serious concern in the sector has been the ability to develop and grow, with some evidence that social enterprises are struggling to survive due to high levels of uncertainty and are lacking in organisational capabilities. According to the findings, in the social enterprise sector there is an absence of structure and support mechanisms for obtaining earned income (as explained by Respondent 10 and Respondent 14). Uncertainty about obtaining future funding also makes it difficult in managing existing resources due to organisations not being able to plan ahead and remain resilient. This finding contributes to the literature on organisational resilience and managing uncertainty, few studies have explicitly examined the intersection of resilience and social entrepreneurship in the social entrepreneurship literature to date (Littlewood and Holt, 2018). The findings realting to organisational resilience and risk-taking speak to the work of academics Sonnino and Griggs-Trevarthen (2013) and Littlewood and Holt (2018), who have found social enterprises develop resilience through their relationships with internal and external stakeholders and by utilising these relationships for support during times of crisis as they adapt to ongoing challenges.

Chapter V. Findings and Discussion- ‘Exploring the perceived usefulness of social innovation and ways social enterprises overcome resource constraints’

5.1. Introduction

Successful organisational change requires sufficient resources to support the process; employees and members of enterprises must institutionalize and embed the changes through effective planning (Rainey and Fernandez, 2012). Moreover, resourcing and the growth of social enterprises becomes impossible without the presence of organisational capabilities (Jenner, 2016). Conventional entrepreneurship literature suggests a strong link between organisational success and the presence of social ties (Dacin, Dacin and Matear, 2010). Social ties strengthen the organisations capability to reach out for new resources, for example, through new partnerships organisations can gain access to complementary resources (Helfat and Peteraf, 2003). Whereas, the lack of institutional, cultural and relational resources can hinder the organisations ability to succeed and also to survive (Dacin, Dacin and Matear, 2010). Relational resources such as social capital and social ties are related to the relationships an organisation builds and utilises as part of its resourcing (Lin, 2017). Access to social ties, collaborations, and support networks, are all part of relational resources (Robinson, 2006). In the context of social enterprise development, social ties, collaboration and networks facilitate contracting with other actors in the public sector through effectively relationship building (Roehrich, Lewis and George, 2014).

Cultural resources are defined in terms of “the norms, values, roles, language, attitudes, beliefs, identities, and aesthetic expressions of a community” (Dacin et al., 2010, p. 49). Cultural resources are typically internal to an organisation, however external knowledge of cultural norms and standards is important for social entrepreneurs to be considered legitimate. Legitimacy is key to developing relationships and entrepreneurial plans that are successful and meeting stakeholder expectations (Zott and Huy, 2007). Institutional resources refer to the availability of political, legal, and institutional infrastructure social entrepreneurs can draw on

(Dacin et al., 2010). As such, institutional resources are important to enable social enterprise work, especially in an environment where the organisations might deal with high levels of uncertainty (Townsend and Hart, 2008) or staff shortages (Dacin et al., 2010).

Social entrepreneurs confronted with limited institutional resources or an unfavourable institutional environment utilise bricolage to survive and create economic growth (Desa, 2011).

Decision making in light of resource constraints by social enterprise leaders aims to find ways of overcoming existing limitations. According to the data, social enterprises do adapt to resource constraints in a number of ways: partnership work, utilising co-production, social capital, bricolage, tactical mimicry and through social innovation. The next section discusses each in detail with empirical examples provided from the data.

a. Collaboration, co-production and social capital

There have been a multitude of studies in the existing literature which have considered the role of social enterprise collaboration with the private sector (Quélin, Kivleniece and Lazzarini, 2017), public sector through public sector spin outs (Hazenberg and Hall, 2016), public sector contracting (Rees, 2014) and also through institutional theory by looking at identity and power shifts (Mason, Kirkbride and Bryde, 2007). This section will briefly touch upon the notions of collaboration, co-production and social capital as they have emerged as some of the key ways social enterprises adapt in resource-constrained environments based on the collected data.

In the sampled social enterprise, there were a multitude of ways social enterprises engaged in collaboration, for example through engaging and partnering with the local council, charities, funders, other social enterprises and support networks. As Respondent 9 puts forth, collaboration is central to social enterprise work especially in the role of resource acquisition and they collaborate with a multitude of actors:

> So, we work with the Department of Work and Pensions [...]. We work with businesses. We provide training and we provide all sorts of business development and skills development. We have just started a new project with schools. We are a community interest company (CIC) and our ethos is to

> support people to take the next step whether it is in education, enterprise development or employment. (Respondent 9)

Moreover, Respondent 13 also offers a pertinent example of social enterprises engaging across multiple sectors through cross-sector partnerships:

> Yes, we do try to work in collaboration. We have a partnership with the X Project which is a charity. Another part of our work is with children who are affected by domestic abuse, and we run group support for children who are affected by domestic abuse… We also work with the police and crime commissioners, [and] GPs as well, they can refer to us. (Respondent 13)

According to Pestoff (2012) co-production represents 'a synergy between the activities of citizens and the government and it implies a partnership between the users and financers' (page 2). Moreover, some academics claim co-production is essential as it allows for greater empowerment through user involvement in the key aspects of service delivery (Fotaki, 2015) and the concept of 'co-production' implies active citizen involvement (Vooberg et al., 2014). Some of the respondents sampled put forth relevant narratives of what it means to utilise co-production in the context of running a social enterprise (see quotes by Respondent 11 and Respondent 22).

As Respondent 11 explains, at the heart of co-production lies teamwork and teamwork is essential especially when starting up a business**.**

> The way that I see co-production is teamwork. I don't know, everyone keeps on saying you have done a great job. You have set this thing up, but the truth of the matter is that if we wouldn't have a really passionate and committed volunteers who have a drive of their own. Without them we would not exist. So, I feel what we do at every team meeting where we bring an idea, we share it, we try something and then we see if it is working. If it is not working, then we challenge it. All sorts of thing. That is co-production. It started with my idea but actually to move forward it needs the product of co-workers as part of co-production. (Respondent 11)

Co-production was present in the initial stages of setting up the business and in the prototyping of the innovation through designing it with the end users:

> The original idea was built and developed working with about 30-40 autistic people all the way through right through from absolute concept through to the first working prototype. At the moment we don't co-produce so obviously, but pretty much everything we do is based on extensive user feedback which we both take passively and actively. So, that's not strictly co-production, but it's very guided by user feedback. (Respondent 22, social enterprise lead)

The role of social capital in overcoming resource constraints in exemplified by Respondent 9: "Yes, we have a lot of resource constraints. We are lucky in the fact that we are part of the management team and development team at the organisation and we are as well connected as we can possibly be [with the sector]." Social capital aids social enterprise work through fostering relationship and connections to be able to fulfil its social mission.

Considering the presence of social capital (such as bonding, bridging and networking) could be a way forth for conceptualising non-economic value (Bahmani, Galindo, and Méndez, 2012). Social capital is especially important in cases where social impact is created through community building, interactions and knowledge creation between individuals. Often the work of social enterprise is rooted in building social relationships (Bull and Ridley-Duff, 2015). Social entrepreneurs aiming to obtain an alignment of strategy, structure, systems, performance measures and shareholders bottom line face difficulty without stakeholder involvement in decision making (Hart, Sharma and Halme, 2016).

Social capital aids community development and encourages positive social change though engaging individuals with an interest in particular social issue to come together (Lumpkin, Bacq and Pidduck, 2018). Social entrepreneurs work with communities of interest and foster solidarity by leading social enterprises (Sun and Im, 2015). The role of social enterprise has also been acknowledged in building and strengthening communities in the rural setting (Eversole, Barraket and Luke, 2014). Social capital strengthens the ability of social enterprise to fulfil its social mission and in return reduces the possibility of mission drift as long as a strong organisational ethos is maintained while fostering relationships.

b. Bricolage attitude

Adding to the theoretical knowledge on resource mobilization by social entrepreneurs, Desa (2011) finds that social entrepreneurs confronted with limited resources can utilise bricolage as a resource-enabler and as a mechanism to create legitimacy. Ambiguity in the institutional environment acts as a barrier in organisational decision making and in resource acquisition (Townsend and Hart, 2008). Bricolage represents the process of creative resource mobilisation of resource acquisition where greater social impact is fostered (Bacq, Ofstein, Kickul, and Gundry, 2015). As stated in the words of Baker and Nelson (2005), bricolage involves the entrepreneurial capacity of applying 'organisational mechanisms facilitating the entrepreneurial creation of something from nothing' (p. 336). The success of social enterprise in delivering social outcomes is increased by its ability to creatively recombine or reutilise the existing resource base as part of a bricolage behaviour (Bojica et al., 2018).

- According to the collected data, social enterprises adopt a bricolage through the use of social capital by making the most of existing social connections as is illustrated by the following narrative provided by Respondent 9:

> We are lucky in the fact that we are part of the management team and development team at the organisation and we are as well connected as we can possibly be. So, in terms of routes to market to support our clients and support the things we need to do we are connected with, for example Big Society Capital, Big Issue Invest, community councils, social enterprise partnerships and local authorities. So, part of it is to stay aware of it, of what is happening. (Respondent 9)

- Bricolage happens through collaboration and recombining existing assets, through sharing capabilities, as it can be seen in the example presented by Respondent 9:

> At the moment we are working very closely with another organisation that don't have the capacity to meet all their social objectives due to the changes of how the operation is being run and we do. The difference between them

> and us is that they do have a three quarter million plan asset as a building. We have the capability and the skills, but we have no balance sheet. At the moment we are looking at how we could merge the two organisations, so we can leaver funding connected to that asset. (Respondent 9)

This is in line with the literature on partnership within social enterprise, when working in partnership each partner is likely to seek maximize returns to the goals of their own organisation as well as achieving the aims of the partnership by building on the resource complementarities of the partners and recombining resources (Doherty et al., 2014). Moreover, social enterprises adopting bricolage behaviours will refuse to be constrained by the existing resource base and environment, and they will utilise persuasive tactics to build legitimacy and trust to ensure financial sustainability (Sunley and Pinch, 2012).

- Bricolage takes place through utilising informal support services, as illustrated by the data:

> Maybe I am very good at doing that and finding them [support services]. I don't know. Someone says to me I can give you this helps, and then it occurs to me I don't have a treasurer. So, I should pursue it- you know? As a director, especially, you should be able to source these, so you are keeping yourself at a low cost but also keeping the business afloat as we should. It is part of my responsibility to do this. (Respondent 11)

- Bricolage through better utilising and up- training volunteers:

> We're trying to improve our programme for volunteers and the training and support that we offer our volunteers, and we're trying to do that without any grant income at the moment so we're looking for grant income, or we will be looking for grant income to develop our volunteers and likewise our staff as well. (Respondent 19)

And…

> But this bit, until the money comes in, this bit isn't paid. And so, it's that kind of how much- how much voluntary stuff do we put in to get enough… And so, one of the things I'm working on at the moment is a funding bid to get

> somebody else who can do the same job as me and then the idea is if there's two people doing that then it would be quicker to get to that. (Respondent 20)

- Bricolage through social innovation:

> So, our approach to innovation is, well really is necessity is the mother of invention […]. So, really since the financial crash and things have got very hard for the charity sector that's been our philosophy is we can't just throw money at these problems anymore, we're gonna have to think, we're gonna have to think about new ways of doing things often within existing resources. (Respondent 21)

And…

> Innovation is something that the third sector is always good at because we have such restricted funds and we always try to think of new ways of doing more with less […]. So, our way of being innovative is to think how we can improve with our set of knowledge, skills, so we beg, steal and borrow quite a lot. (Respondent 3)

Social enterprises can be highly innovative whilst utilising bricolage, however their finances remain marginal (Jenner, 2016). Moreover, according to Sunley and Pinch (2012) social enterprise actors tend to exaggerate the benefits of being innovative, as part of their bricolage behaviour, as acquiring resources remains minimal. In their study of UK social enterprises, they note that most organisations adopt a slow growth strategy and were highly cautious about expanding into new products and services due to limitations in funding. The data in this study corroborates their findings, as most of the social enterprises sampled were highly adaptive in a difficult political and socio- economic environment, making the most of what is at hand, while being deeply cautious and focusing on building resilience through ensuring economic sustainability.

c. Tactical mimicry

Institutional pressures may have effects on the scope and character on public sector contracting relations as well as the range of innovation governments and local authorities are willing to consider (Milllar, 2012). Conditions of uncertainty and a risk averse behaviour by the government can lead to a narrowing of allowed and accepted social innovations put forth by third sector actors (Frumkin and Galaskiewicz, 2004). Social enterprises have been forced to 'play the game' to obtain additional resources by adapting ideas that would be more attractive to commissioners or funders. This strategic behaviour is also identified in the literature as 'tactical mimicry' (Dey and Teasdale, 2016). In order to gain access to important resources, such as targeted government funding, social enterprise will change their behaviour and rhetoric to conform to the norms and values put forth by public funders. As such, tactical mimicry becomes a utilitarian strategy employed by social enterprise actors which facilitates negotiation and positive outcomes of funding applications.

Actors in the social enterprise sector such as Respondent 4 and Respondent 11 talk about 'playing the game' and making changes to please public funders and local authorities:

> For me it's a complete waste of time and energy to be focused on the outcome of something that you instinctively know is healthy and great. What more do you want to do? For me it's a nonsense. I recognise it's a kind of game you have to play, but I'm not interested in playing the game, so I kind of think, I like being a social enterprise because it allows me to play the game right. (Respondent 4)

And…

> Basically, what it means that, organisations like ourselves, like any odd social enterprise when they see an opportunity for investment or funding, they will make use of any idea, make it innovative and make it fit for that funding. So even if it is the same old the same old, we are doing something, they will tweak it and word it in a way that will fit. So, it's about social enterprises seeing it as all a game, but we are actually the same as we were before […] Public funders, local authorities, the government they want innovation all the time- they think that is the solution. (Respondent 11)

Moreover, Respondent 11 notes the desirability of innovation by public sector funders as it is typically assumed that the outcomes of innovation will be positive. The narrative provided by Respondent 11 is consistent with findings in the literature related to the normativity of innovation (Osborne and Brown, 2011; De Vries et al., 2016) and the commonality of using the word innovation without actually considering its meaning and usefulness as a buzz- word (Poll and Ville, 2009). Tactical mimicry aids social enterprise development by facilitating resource acquisition. Social enterprise actors take advantage of the existing rhetoric on innovation and adapt their behaviour as to be seen by funders to match the funding requirements.

d. The use of social innovation

In the empirical evidence respondents often made reference to using social innovation with the aim of solving a social problem and successfully fulfilling the mission of the social enterprise. Some respondents have framed innovation as a core part of how social enterprises operate, as through innovation social enterprises are able to respond to a complex environment situated at the intersection between public-private sectors and civil society. Moreover, there has also been strong reference regarding the role social innovation plays in resource constrained environments as innovation allows for creative thinking, problem solving and improved adaptations to service delivery. The collected evidence regarding the development of social innovation in a social enterprise context is in agreement with the literature, social entrepreneurs operating under significant resource limitations can demonstrate high levels of creativity and are highly innovative (Bacq et al., 2015). Moreover, entrepreneurs operating in resource constrained environments are likely to be motivated in pursuing innovations with the view of creating social impact by creating adaptations to services and products (Desa and Basu, 2013). Contrary to the literature, the social enterprise sampled did not have formal management systems and guidelines for diffusing innovations, instead they utilised innovation as a mechanism to deal with resource constraints through bricolage. In some instances, the social enterprises interviewed made symbolic use of innovation to circumvent institutional pressures that deemed innovation as desirable through tactical mimicry (Dey and Teasdale, 2016).

The next sections, Section 5.2 and Section 5.3 discuss the nature of social innovation in a social enterprise context by taking a critical stance on the uses and framings of social innovation. Examples, with in-depth quotes, of how social innovation is conceptualised by social enterprise respondents are put forth, including the symbolic use of innovation and innovation as a contested term.

5.2. The nature of social innovation in a social enterprise context (addressing Research Objective 3)

5.2.1. Introduction

The accounts of the respondents provide evidence of the role of innovation as a tool for addressing resource constraints. In the existing literature on social innovation and social entrepreneurship, there has been a partial link established between resource mobilisations and social innovation, as resource constraints can play a major role in driving social innovation (Doherty et al., 2014). Resource constraints can act both as a driver for social innovation and as barrier as due to the lack of resources innovations might not have the necessary structures and sources to be adequately supported (George et al., 2012).

Product and service innovations aimed at resource-constrained customers in emerging markets have also been dubbed 'frugal innovations' (Zeschky, Winterhalter and Gassmann, 2014). A further typology of innovation called 'good-enough innovations' will however re-engineer the product or the service to offer a wider applicability and will not be radically different compared to the existing products or services offered (Weyrauch and Herstatt, 2017). Social innovation within social enterprises can be likened to 'good-enough' innovations due to providing tailored functionality at a low cost to the user and the organisation. 'Good enough' innovations are functional and focussed on delivering essentials at a low cost (Zeschky, Winterhalter and Gassmann, 2014) and this similarity is shared with small-scale innovations implemented by social enterprises with minimum investment.

Social innovation has been hailed as the solution to wicked problems (Geuijen, Moore, Cederquist, Ronning, and van Twist, 2017) such as unemployment, homelessness, climate change and public health. It is often perceived by policy-makers, governmental organisations and entrepreneurs as the solution to societal problems and social needs (von Jacobi, Edmiston, and Ziegler, 2017). The importance of it is further accentuated by the European Union's strategy to use social innovation to successfully address not only social, but political, environmental and economic challenges (Howaldt, Schröder, Butzin, and Rehfeld, 2017). Social innovation is increasingly being recognised as being open to society, empowering grassroots movement, citizens and through involvement of user the social value is co-created (Howaldt et al., 2014). Moreover, social innovation in contrast to corporate or private sector innovation, rather than being oriented towards developing new technologies and products, aims to shift social practices with the goal of addressing a social need (Cajaiba-Santana, 2014).

In a social enterprise context, the prompts for social innovation will be unique as social enterprises are situated in a complex environment between the third, public and private sectors (Raynard, 2016). Social enterprise actors perform boundary-crossing activities where they negotiate interactions between different institutional logics. Hybrids successfully reconcile their conflicting demands and tensions by blending logics (Ramus et al., 2016). In a social enterprise context, proposals are likely to involve discussion with staff and stakeholders due to the open and collaborative nature of social enterprises (Pelka and Terstrip, 2016).

Systemic change might not always be achieved when innovating in a social enterprise context, especially if the innovation activities might not be deemed worthwhile to allocate resources long-term according to the collected data. Social innovation has the potential for systemic change and large-scale transformations (Olsson, Moore, Westley, and McCarthy, 2017), however it might not be the purpose of every innovation implemented by a social enterprise as some innovations might be incremental process or service innovations and are short-term.

Successful scaling or growth of social innovations is another dimension that social enterprises might not necessarily adhere to, in some cases as the necessary organisational structure to support creation and diffusion of innovations might not be present (Edmiston, 2016) Often political programmes and institutionalised expectations will shape social innovations and their success of being diffused on a larger scale (Howaldt et al., 2017). Hence, outcomes of social innovations in a social enterprise context will be highly dependent on favourable institutional initiatives, such as supportive national and local government agendas that foster and allocate resources to social innovations.

According to the degree and scope of change, social innovation can be classed as incremental, radical and systemic innovation. Incremental innovations tend to be relatively slow and as all innovations can be led by bottom up or top down initiatives (Howaldt et al., 2017). Bottom-up social innovation initiatives in civil society are characterised by grassroot initiatives with ideas contributed by local citizens (Smith et al., 2016) and by collective learning through knowledge transfer between heterogenous actors (Neumeier, 2017). Social innovations created by top-down initiatives are characterised by being hierarchical and led by state or governmental interventions (Baker and Mehmood, 2015). Radical innovations are distinct to incremental innovations, as they represent change a set of practices resulting in greater social inclusion and social justice via the changing of existing social relations and particularly power relations (Ayob, Teasdale, and Fagan, 2016). Systemic social innovations have the potential to serve the function of creating lasting social change by shifting existing institutional boundaries, changing culture and embedding new values and behaviours (van der Have and Rubalcaba, 2016; Howaldt et al., 2016).

5.2.2. Towards a typology of social innovation in a SE context: narratives and definitions

In the UK context, social enterprises have been promoted as responsive and innovative way to deliver public services (Millar and Hall, 2013; Tracey and Stott, 2017). The UK government advocates public sector actors' involvement in incorporating innovations into the delivery of front-line public services with the aim of ensuring efficiency (Brown, 2010). Social innovation has also been equated to the process of social value creation at boundaries between the non-profit, business sector and governments, which often aims to solve immediate problems (Dacin et al., 2010).

It is commonly assumed social innovation can lead to social change in academic studies, but the field suffers from a lack of empirical evidence (Howaldt, Kopp and Shwarz, 2015). There is a risk in the current interest of social innovation in becoming a normative label that advocates newness of what is valued today over past arrangements and positive ideas of social innovation outcomes (McGowan and Westley, 2015). Much research on social innovation is prescriptive and the theoretical frameworks are weak, and further studies are needed to strengthen the existing knowledge pool on social innovation as an emerging field (Farmer et al., 2018). This section will present and frame social innovation according to the dominant institutional logic framework by Nicholls et al., (2012). As discussed in the literature review, social enterprises balance and shift between multiple-institutional logics and must navigate between multiple norms and values (Vickers et al., 2017).

Respondent definitions of social innovation within social enterprise context can be seen in detail in Table 5.2.2 in the Appendix I. The table is discussed in sections according to the themes emerging: a) The core of social innovation: addressing a social need or challenge; b) Social innovation as an improvement of the status quo; c) Social innovation led by resource-constraints; d) Innovation as a contested term and narratives of change.

5.2.2.1. The core of social innovation: addressing a social need or challenge

The majority of respondents have stated that the focus and/ or aim of social innovation is to address a social need or challenge. For example, one leader of a social enterprise stated: “I think social innovation is based on an existing social challenge that is looked at in a very different way (Respondent 9).”

Furthermore, the distinction between innovation and social innovation comes to the forefront:

> [Innovation] it is about bringing something new, breaking from the ordinary. Something refreshing. Those are the words I would use, and I would only call it innovation if it was refreshing in a positive way. So, it would be holistically improving the situation. So, if something is changing and it is new, but it is making something worse than it is not innovative. It has not made the situation better. So, I think it is about change in a new pay with a positive state. Innovation has to break from the norm... It is a different kind of innovation; it is social innovation as it is dictated by the need. (Respondent 11)

Accordingly, innovation has implicit normative assumptions that assumes innovations inherently must be positive in the produced outcomes and represent an improvement from the status quo. What differentiates social innovation from innovation is a strong focus on the need of the beneficiaries or users which the social innovation serves.

Some of the social entrepreneurs interviewed stated that their social enterprise's organisational purpose was to fulfil a social mission, which in turn is done in an innovative way. For example:

> One of the things we see forth coming in the things that we do is that we can't take any form or traditional business practice verbatim, what we are trying to do is to take the traditional business model and re-examine every aspect of it to make it work. This forces us to innovate. By doing that process in some respects we will find that we will be innovating to a need that mainstream business doesn't see yet. It can be used for very potent change […]. (Respondent 2)

And…

> Guess the approach to innovation we take here is based on the idea that the status quo is not an option. So if you think about our big four themes, we've got the most over-crowded prison in the country, and by and large people coming out of there will reoffend, they've not learnt any lesson from being in prison, that's particularly true if you come out of the prison and you are also of no fixed abode, so 60% of people that come out of x Prison without a home will reoffend within seventy-two hours of coming out…So for me innovation is necessary, it's not nice to have, it's driven by the fact that what we currently do and are invested in as a city is not working. (Respondent 21).

Another key finding from the empirical evidence related to the question of whether innovation is truly new or merely different. Often, for a process of change to be classed as innovation it has to have at least some element of newness. A number of respondents have emphasised the importance of newness while discussing social innovation:

> So, innovation for me, in the context of social enterprise it is less about necessarily finding invention, although there are aspects to that in our business, but more about finding new ways to do things. (Respondent 2)

> I think for us it means that we would be running activities in a new and a different way, and that might be in a different environment. (Respondent 19)

And…

> Well, if it's never been done before, it must be novel. But I don't think you can define innovation by the type of innovation. So, I don't think it has to be something that has never been imagined before. It just has to be doing something that has not been done before. (Respondent 22)

As Respondent 2, Respondent 19 and Respondent 22 put forth, the distinguishing feature of social innovation lies primarily in newness, which is also discussed in the literature by Cajaiba-Santana (2014) and Franz et al. (2012) as a distinguishing feature of social innovation. Newness in the process of creating social innovations is also important in order to distinguish innovation from organisational change, as without adding a new element or creating something different innovation can be simply classed as an attempt towards organisational change (Snyder, Witell, Gustafsson, Fombelle, and Kristensson, 2016).

Also, in Schumpeterian terms the core condition of innovation would be primarily the newness of the product or service delivered along with its successful diffusion and acceptance of the innovation in the market. By having a focus only on the 'newness' of social innovation actors in the field we might fail to acknowledge the outcomes of social innovation including reshaping social practices and the way people decide, act and behave, either as an individual or as part of a community (Howaldt and Schwarz, 2011). The function of social innovation in a social enterprise context lies in addressing a social need and providing solutions to neglected issues according to some of the respondents' narratives.

5.2.2.2. Social innovation as an improvement of the status quo

According to the literature, social innovation aims to challenge the status quo (Nicholls and Murdock, 2012). Social innovation is born out of necessity with the aim of serving a social need (Avelino et al., 2017) and is utilised to solve a wicked problem (Hartley et al., 2013). According to the collected empirical evidence, respondents acknowledge social innovation as the remedy to flaws in the existing socio-economic system, and as an implied criticism of the ruling political structures. As Respondent 21 explains, if social innovation is approached by social enterprise actors as an implied criticism of the dominant economic system it makes the process of innovation difficult, especially when it comes to collaborating with local government:

> Guess the approach to innovation we take here is based on the idea that the status quo is not an option. So if you think about our big four themes, we've got the most over-crowded prison in the country, and by and large people coming out of there will reoffend, they've not learnt any lesson from being in prison, that's particularly true if you come out of the prison… So for me innovation is necessary, it's not nice to have, it's driven by the fact that what we currently do and are invested in as a city is not working. That makes it quite difficult because in innovating there is almost implied criticism and challenge to some of the political structures locally because you are more or less saying you've messed up which is always very difficult. (Respondent 21)

Similarly, to the study by Van der Have and Rubalcaba (2016) the findings of the thesis reveal social innovation is driven by trends, such as the criticism of dominant business models and narrow economic outlooks on development that has resulted in an extensive decline in public spending and significant cuts to public services by national and local government. As Respondent 10 explains, social innovation serves the purpose to challenge the status quo and foster positive social change in settings where there is significant discontent:

> That is where I think social innovation is coming [from] as people are fed up. So, I think social innovation will come to challenge what has been there for years and years. For example, new challengers to the high-street banks are coming. (Respondent 10)

Along with challenging the status quo, creativity is also an essential component of social innovation as participants in the interviews have stated. The relationship between creativity and newness is situated together in framings of social innovation in a social enterprise context. Therefore, in order to be creative something novel is created in the process of innovation. For instance, Respondent 16 reflects:

> I think innovation is about finding a creative way to solve difficult problem […] [it is] creative, daring to be different, unusual. I think like a trail blazer. Something that isn't available now but can be replicated. (Respondent 13)

In the literature on social innovation, creativity has long been acknowledged to be a key component of ideation as part of the innovation process and essential to the successful diffusion of innovation (Perry-Smith and Mannucci, 2017). Moreover, creativity, it is also a major resource organisational resource that plays a fundamental role in the socio-economic development of the organisation, especially in organisational growth (Moulaert, 2013).

5.2.2.3. Social innovation led by resource-constraints

This part of the discussion explores social innovation from the standpoint of social enterprises operating in resource constrained environments (Desa, 2012; Davies et al., 2018). According to the literature, social enterprises in heavily resource constrained environments will face fierce competition for accessing new resources and obtaining new finances (Lumpkin et al., 2013). The predominance of resource constraints and the lack of resources will inhibit social enterprises' growth as well as their ability to maintain service provision (Davies et al., 2018) The analysis of the interview data has revealed a serious lack of resources available to social enterprises, including shortages in staff, knowledge, and managerial capabilities to run certain services and diversify income streams. Social enterprises use innovation as a tool to overcome resource constraints, especially in cases where they have been met by diminishing availability of public sector expenditure and funding cuts to local council budgets.

Respondent 3 and Respondent 9 describe 'having to save' as the rationale behind utilising social innovation. Social innovation in a social innovation context is framed by the respondents as a necessity due to financial constraints. It is normatively implied that social innovation will be a desirable solution to address the limited availability of funding for social enterprises:

> You have to think more innovatively because if you think of trying something that's different or want to work out whether that's possible, you can just do it, you sit down with however many staff are involved in it, or with your management teams or whatever… So, we're working on that at the moment, that's quite innovative, I guess. Again, got to because it'll save money as well. (Respondent 9)

And…

> Innovation is something that the third sector is always good at because we have such restricted funds and we always try to think of new ways of doing more with less. (Respondent 3)

Some examples in the literature frame social innovation as necessary for creation of well-being, as innovative forms of social enterprise work step in to provide solutions to neglected or forgotten areas in public service delivery (Poledrini, Degavre, and Tortia, 2018). However, some of the literature does provide evidence of third sector organisations having to become “enterprises” by necessity rather than preference due to the marketisation of third sector, changes to contracting and increased competition in the delivery of public services (Sinclair, McHugh and Roy, 2019).

The account provided by Respondent 9 and Respondent 3 demonstrates evidence of the innovativeness of social enterprises, and also of the link between resource constraints and social innovation. According to the literature, resource constraints can play a major role in stimulating social innovation (Doherty et al., 2014). Furthermore, the presence of social innovation in resource constrained environments connects with the literature on bricolage, especially with the definition provided by Bacq et al., (2015) “bricolage involves an iterative problem-solving process through which alternative ideas and solutions can be generated, evaluated and implemented potentially to address critical needs and challenges (p. 284)’.

5.2.2.4. Social innovation across multiple- institutional logics

A fair amount of research on logics has focused on the importance of a dominant logic and how it shifts from one logic to another (e.g., Lounsbury, 2007; Suddaby et al., 2010). Institutional logics are socially constructed based on assumptions and beliefs, as well as in the case of the social enterprise based on the values that are central for running the social enterprise (Nicholls et al., 2012). Thornton and Ocasio (2008) define institutional logics as the socially constructed, historical patterns of cultural symbols and material practices, including values and beliefs by which individuals, and organisations provide meaning to the activities and organise daily life. The institutional logics perspective provides an analytical framework to analyse the relationship between institutions, individuals and organisations located within social systems (Thornton, Ocasio, and Lounsbury, 2012).

Social innovations in a social enterprise context will adhere to one or more institutional logic such as, social welfare logic, commercial logic and public-sector logic (Dufays and Huybrechts, 2014). Similarly, Nicholls and Murdock (2012) classify innovations according to benefit of civil society (public benefit), private sector (profit maximisation) and benefits public sector (collective democracy). Social enterprises will assume a multitude of institutional logics at any one point and share characteristics with charities, private companies and with public sector organisations that tend to be highly rationalised and bureaucratic if involved in public service delivery (Nicholls et al., 2015).

Table 2.2.2. Institutional logics social innovation is addressing across sectors

	Civil society	**Private Sector**	**Public Sector**
Institutional logic	**Public benefit**	**Profit maximization**	**Collective democracy**
Ownership	Mutual	Private	Collective
Key beneficiaries	Clients	Owners	The public, citizens
Strategic focus	Social value creation	Financial value creation	Public Service
Accountability	Stakeholder voice	Published accounts, stock performance	Ballot box
Resources strategy	Donations, grants, earned income, volunteers, tax breaks	Debt, equity, earned income	Taxes
Dominant organisational structure	Charity, co-operative	Private company	Bureaucracy

Source: Nicholls and Murdock, 2012

The funding mix, origins, governance and the dominant institutional logics are all criteria that will impact on the social enterprises' orientation towards fulfilling economic criteria or creating social value (Pache and Chowdhury, 2012). The funding mix can be broken down into earned income, grants and charitable donations (Huybrechts et al., 2014). Similarly to traditional non for profit organisations, social enterprises may combine monetary and non-monetary resources, volunteering and paid workers (Defourny and Nyssens, 2010).

Within the EMES typologies that have been proposed, it is important to recognise that some social enterprises have evolved from earlier forms of non-profit, co-operatives, and mainstream business and have changed their organisational identity towards becoming more market based (Defourny and Nyssens, 2010; Teasdale, 2012). As such their history and their origins are likely to affect their social mission as well as their internal structures, with actors interacting to create social value. The governance and the legal form a social enterprise take on are likely to affect social enterprise decision making. For example, cooperatives are likely to have strong democratic structures that encourage member involvement in civil society and the creation of activities for public good (Borzaga et al., 2011). Governance represents the system of rules, practices, and processes by which a firm is directed and controlled (Davies, 2015). Appropriate use of governance practices aids the building of reputation and sustaining organisational success (Kerzner and Kerzner, 2017).

Taking into consideration the dominant institutional logics social enterprises might adhere to (be that public benefit, profit seeking or collective democracy) the following typologies of social innovations emerge as part of this study: (a) SI with a focus on social value creation; (b) SI with a focus on financial value creation; and (c) SI with a focus on delivering public services effectively.

The next section discusses the institutional logics (Nicholls and Murdock, 2012) assumed by the social enterprises during the process of social innovation in the collected data. These social innovations were identified in the data according to the institutional-logics framework provided by Nicholls and Murdock (2012). The identified social innovation initiatives in the collected data range from having a strategic focus on social value creation, to a focus on profit seeking behaviour and to exerting democratic control via public service delivery.

a. SI with a focus on social value creation

The typology of social innovation identified in the data with a focus on social value creation conforms to the institutional logic prioritised by civil society with a strategic focus on social value creation (Nicholls and Murdock, 2012). Organisation P was created in the mid-1990s in partnership with three local authorities in the South West area of England and was set up as a charity to help disabled people back into work. In 2015, the management decided to register the charity as a CIC with the aim of significantly expanding its services across county council areas. In 2017, the social enterprise won a five-year tender with the UK Government to deliver employment services for those adults who might be long term ill or disabled. Social innovation in the context of Organisation P is framed as a tool that enables helping the organisation deliver its social mission and helps the organisation deliver its contractual obligations:

> Well, if the result of the innovation is good, we get people into paid work. We think then we are doing it successfully really. What we have learnt is that it does rely on the experience and expertise of the staff to use their knowledge in ways to create innovation with that ultimate goal in mind. It is a very difficult thing to describe, or measure, because it is a sum total of someone's experience and their knowledge. I think we use innovation day to day, all the time with the view that [getting people back into work] results are achieved. (Respondent 16, lead for Organisation P)

b. SI with a focus on financial value capture and ensuring financial sustainability

The typology of social innovation identified with a focus on financial value capture conforms to the institutional logic prioritised by private sector with a strategic focus on creating financial wealth (Nicholls and Murdock, 2012). Organisation M is a CIC set up in early 2016 to help provide mental health services. The organisation works in partnership with other charities with a similar remit and also has referrals from GP surgeries. The social enterprise earned income by having a contract with schools delivering youth services and it also has additional income from the European Social Fund and a grant from the National Lottery.

Respondent 12 argues the benefits of social innovation lie in strategic thinking that enables the organisation to remain economically viable and diversify its income stream. As such, social innovation contributes to the financial sustainability of the social enterprise.

> [Innovation] for me it's a strategy, so when I'm doing it, I don't think I'm being innovative, I just feel like it's a strategy. So for me, I have to think about having different income streams, to ensure sustainability, so if I know I have some grant money coming in, I've got some tender money coming in, I've got some donations or whatever it is, for me it's about having different funding incomes and revenues so that when one disappears, there are other things. I think if you just strip it back, you'd probably say it's innovative but for me it's a strategic way of running the enterprise. (Respondent 13, lead of Organisation M)

Organisation O was set up in 2013 in Scotland as a social enterprise with the role of utilising creative arts in the criminal justice system as a form of rehabilitation of prisoners. It also offers, work placements and training opportunities with mission of increasing the employability of female prisoners and offering them support:

> So, we are working with a partner, or a client to bring in income to them that then they pay us from. So, we are kind of innovating by helping generate the income to innovate. But that is neither a straight grant or a straight commercial thing. (Respondent 15, manager of Organisation O)

Respondent 15 highlights the novel ways innovation helps the social enterprise gain income. In this particular case

c. SI with a focus on collective democracy and delivering public services effectively

The typology of social innovation identified with a focus on collective democracy and delivering public services effectively conforms to the institutional logic prioritised by the public sector with a strategic focus on public service delivery (Nicholls and Murdock, 2012). In social enterprise context, where public-private partnerships are involved there is also a conscious effort towards efficiency and collective democracy (Villani, Greco, and Phillips, 2017).

As Respondent 6 explains innovations need to have a focus on the collective and strong stakeholder involvement:

> I think going back to your question on innovation, one of the things that I think is important is involving stakeholders, stakeholder engagement, and that's one of the things that can be really innovative. (Respondent 6)

Social innovations that utilise all three approaches by shifting focus in between creating value, capturing value and on democratic participation are likely to have a blended approach to social innovation. A blended approach to value creation and social innovation can be used as an organisational strategy to deliver social impact, ensure financial sustainability as well as democratic participation service delivery (Zahra and Wright, 2016). A blended approach to value creation aims to challenge the assumption that social enterprises would need to conform to one single institutional logic but rather there is a complex interplay between different institutional logics and drivers for social innovation (Bacq, Janssen and Kickul, 2016).

5.3. Social innovation as a contested term and narratives of change

In order to check for the respondents'' understanding of the term innovation and by extension social innovation, respondents were asked to define the term innovation and social innovation in their own words. Some respondents denied the existence of social innovation or the use of the term calling it "the flavour of the month" (Respondent 4) and a "buzz-word" (Respondent 12). While reflecting on how innovation is being used by the social enterprise community and policy-makers, Respondent 1 considered the use of the word innovation "just a rhetoric" as innovation can take on a different meaning every time it comes into use (see in depth quotations in Table 5.3). The distinction between change and innovation is also brought to the forefront by some of the respondents, with innovation being a type of change that is 'for the better' through the process of learning and knowledge creation (Respondent 16). Further evidence from the data connects innovation in a social enterprise context to the prevalence of resource constraints. As Respondent 12 contemplates, the process of assuring economic sustainability of the organisation can be confused with innovation. Innovation becomes a strategy to ensure the organisation has different income streams and remains viable (see in-depth quotes in Table 5.3).

As argued by Young and Lecy (2014), social enterprises develop in political, social, and economic contexts that help define their purpose and manner of operation. The politics of social innovation was also a considerable aspect of understanding social innovation in a social enterprise aspect. For instance, Respondent 10 discusses the complex political and institutional environment the social enterprises operate in:

> Social enterprises are at the whim of politics. So, the contracts we became ineligible for we now hold so yeah it took a long time to get them back, but we did it. The work we are doing now it is looking at being less reliable on contracts and becoming more commercial. (Respondent 10)

Innovation is also highly context-dependant, as Respondent 4 explains: "Innovation means a different thing every time I talk about it. It depends on the context really" (Respondent 4). The context dependency of innovation and its use, as an umbrella term, has been acknowledged by several academics including Cajaiba-Santana (2014) and Moulaert, (2016). Also, in the context of policy development and funding for the sector, social innovation has been found to be "just a rhetoric". As some respondents have explained (see Table 5.3) most initiatives are not particularly innovative as there is not enough funding and support structures, so most new process or services developed will be slightly different but predominantly the same. Social innovation is highly constrained in the context of social enterprise as there are not enough resources and scope for the organisations to be innovative.

Table 5.3. Findings from the data- Innovation as a contested term and narratives of change

Respondent number	Innovation as a contested term and narratives of change (quotations)
Respondent 10	I think it's rare to find that anything is genuinely innovative. There is nothing new under the sun, it's true, and to find something that really is innovative, and so anything. I'm sceptical about it. I was sceptical about getting an award for it, I wasn't happy about it.
Respondent 12	I think that innovation can be seen often as a buzz word. People often actually talk about innovation and am not sure if they are. Things are not particularly innovative, but yeah. For me it's a strategy, so when I'm doing it, I don't think I'm being innovative, I just feel like it's a strategy. So for me, I have to think about having different income streams, to ensure sustainability, so if I know I have some grant money coming in, I've got some tender money coming in, I've got some donations or whatever it is, for me it's about having different funding incomes and revenues so that when one disappears, there are other things. I think if you just strip it back, you'd probably say it's innovative but for me it's a strategic way of running the enterprise.
Respondent 2	Innovation is used as a buzz-word, especially in policy context. Obviously as a buzz word it is a bit of an over- used term.
Respondent 1	Some of the innovation is definitely just rhetoric. Trouble is that the most of the things that have got tied up money, the logistics, and the funding elements for the fundamental things that people need are not particularly innovative… Trouble is that most of the things that are needed for it [innovation] are tied up for example money or logistics, the fundamental things people need. The real answer for some of those things is not particularly innovative. You can look and add innovation to so many things you are doing but there are so many constraints because of the silos in the infrastructure already exists. There has to be enough scope and resource to be innovative in. You are really able to be innovative just in the gaps. There is always this talk about freeing up money to be innovative and give to the third sector and all the rest of it. But really it is just tiny tiny really little bits, so innovation if it ever happens is in the gaps.

Table 5.3. Findings from the data- Innovation as a contested term and narratives of change

Respondent number	Innovation as a contested term and narratives of change (quotations)
Respondent 4	I think innovation means a different thing every time I talk about it. It depends on the context really…I however never use innovation. I know it is the flavour of the month… however, I use adaptability, flexibility, or evolution. In other words, evolving. Innovation seems to me to be stuck at that there is one solution. However, it is not like that. It is a growing changing environment, that you have to adapt to and to be flexible in order to maintain that momentum, your outcomes and growth for the people.
Respondent 4	Basically, what it means that, organisations like ourselves, like any odd social enterprise when they see and opportunity for investment or funding, they will make use of any idea, make it innovative and make it fit for that funding. So even if it is the same old the same old, we are doing something, they will tweak it and word it in a way that will fit. So, it's about social enterprises seeing it all a game, but we are actually the same as we were before. So, I would agree with the lecture on this. Public funders, local authorities, the government they want innovation all the time- they think that is the solution. Actually, it's about doing things better and that is how our sector has responded to that.
Respondent 16	… innovation in general is partly about change, and for the better, trying new things. I think it is fundamentally risky and reflective learning. I am coming at this with a community development background, and I think it might look on the surface to be the same but it continuously learning and growing and changing, by reflective learning might actually be highly innovative, even if on the surface, the methods look quite similar to what they did ten years ago.

Source: The Author

5.4. Innovation and failure

5.4.1. Introduction

In UK public policy and government planning, innovation is presented as a means to improve the efficiency and effectiveness of public services (Brown and Osborne, 2012). In addition, with the impact of global recession innovation is seen as the ideal tool by policymakers and commissioners for doing more with less (Grimm et al., 2013). The literature on innovation often fails to consider multiple the outcomes associated with innovation that can be both positive and negative (De Vries, Bekkers and Tummers, 2016). Innovation failure is a concept often neglected in academic studies and the possible negative outcomes of innovation also known as the 'dark side' of innovation represents a significant gap in the existing research knowledge (Larsson and Brandsen, 2016; Tracey and Stott, 2017). By its nature innovation carries significant risk, if it fails in the context of public service delivery this can put at risk vulnerable users of public services as well as the failure will come under intense public scrutiny (Brown and Osborne, 2012).

In the case of social enterprise, the process of scaling up, innovating and acquiring resources, social enterprises run the risk of diluting the care offered to beneficiaries (Chell et al., 2016). Innovation failure can take many shapes including loss of reputation, service failure, and failure of established systems (Brown and Osborne, 2012). To prevent failure organisations would need to adapt quickly and employ 'dynamic capabilities' (Piening, 2011). Under dynamic capabilities as a theoretical framework it is understood the process of how organisations systematically reconfigure their resources through routines in response to fast changing environment and implement innovation with the view of achieving a particular result (ibid.). If an organisation fails to adequately adapt to organisational changes and lacks effective routines to accomplish certain tasks is highly likely when innovating will be unsuccessful (Murray, Caulier-Grice and Mulgan, 2010). The next section will consider social innovation outcomes, failure and risk in the context of the empirical evidence collected.

5.4.2. Innovation failure and risk

Failing is not easily accepted in the context of innovation and not often discussed in the emergent literature on public service innovation (Dudau, Kominis and Szocs, 2018). In the public sector, there tends to be a risk-averse culture towards innovation and possible failure (De Vries, Bekkers, and Tummers, 2016). Therefore, often the importance of pilots is considered as well as a learning culture is necessary in order to encourage innovations and allow for iterative learning (Bason, 2018). A culture of risk-aversion towards innovation in the context of public service delivery is evidenced in the collected data:

> The other thing is that in a political environment the golden rule really is don't mess up. It's difficult for anybody in a political sphere to be associated with something that didn't work, people want there to be a success… So, the risks are you're being critical of some of these organisations and also, they don't necessarily want to be associated with you when you're at the prototyping stage. Once it looks like [the innovation]it might be a success though they'll be all over it and will be quite happy to take the credit. I suspect if this fell flat on its face, they would've said nothing to do with us. (Respondent 21)

> A [socio-economic] system which is wholly risk averse and it is not about being risk-averse because it is in the detriment of the people or the environment that they seek to help. It is risk-averse from purely a self-protectionist perspective. And what does that do? It stifles innovation. (Respondent 2)

> I was told that in healthcare, there is this famous clinic in America called the Mayo Clinic and one of their … the Mayo Clinic is like 'if it's new, we should try it to see if it works for us'. The NHS will be 'if it's new, we're not going to touch it'. (Respondent 22)

As Respondent 2, Respondent 21 and Repondent 22 contend, a risk-averse culture towards new initiatives and implementing innovations can hinder the creation and diffusion innovation as it has also been noted in the literature (Borins, 2001; De Vries, Bekkers, and Tummers, 2016).

In the words of Respondent 2, the system social enterprise operate in does not allow for failure. There is restricted capacity for organisational learning, adaptation of the innovation and creating improved iterations for those social enterprises that closely operate within the boundaries of the public sector:

> So, you would always if you were doing this growing you would try and grow, or you should try and grow in a safe way but still take risk. No risk, if you don't speculate you won't accumulate, so you need to [innovate]. If you're in this area you need to take a certain amount of risk, but you need to be able to cover the risk and I think that business approach has not always worked out when you look at social enterprises because you need to balance the business and have limited resources… It is easy to fail. […] This can lead to closures. (Respondent 6)

Operating within the boundaries of the public-sector social enterprise are required to negotiate innovations with funders that are perceived to work as they have been piloted or in the respondent's words have been 'tried and tested'. As such, there is institutional pressures for social enterprises to develop innovations with small amount of risk which have been tried and tested. This limits social enterprises ability to generate customised adaptations of innovations which are created with individual user needs in mind and are specific to the environment the social enterprise operates in.

5.5. A proposed model of Social Innovation Process within Social Enterprise

This section addresses how social innovation in a hybrid organisation context differs from the current conceptual understanding of innovation. The proposed model of social innovation within a social enterprise context (Figure 5.5.2) has been developed based on the empirical evidence collected in close consultation with existing literature on innovation.

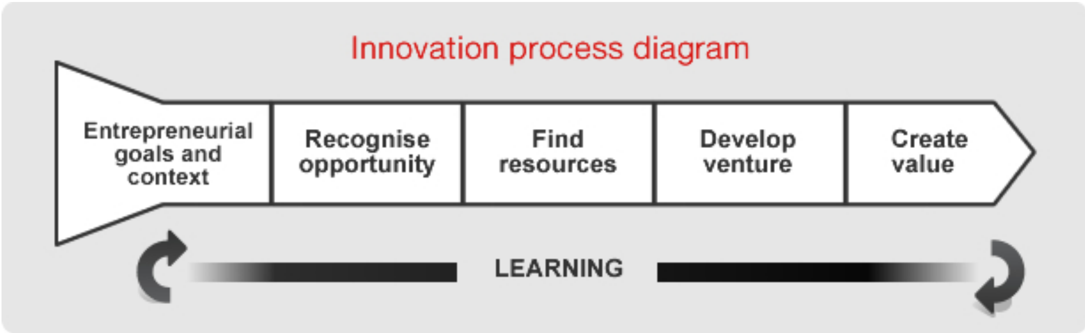
Conceptual models are aimed to offer a visual representation of key concepts and guides the reader by providing a visual representation of key concepts (Creswell and Poth, 2017). As such, the conceptual model has been developed by the researcher to serve the role of illustrating the findings of the study, as well as showcasing new knowledge on how social innovation is utilised in a social enterprise context. The research is inductive in nature, and the conceptual model of how social innovation processes emerge in the context of social enterprise has been developed from the collected data and by recognising patterns within the collected data and existing construct in innovation theory. The theoretical concepts suggested in the model are meant to be illustrative and exploratory and are part of a grounded theory approach where the overall purpose of the study was to develop new knowledge.

According to Bessant and Tidd's model of 'Innovation process diagram' (2015) opportunity recognition play a key role in pursuing new innovation activities. Another key element for successfully creating and fostering innovation is the entrepreneurial context, managing existing resources (including knowledge flows), and building dynamic capability. Dynamic capability is especially important when faced with uncertainty, as it provides the capability for the organisation to consider and adapt organisational strategy when faced with a changing environment (Tidd and Bessant, 2018). In innovation management theory, the ability to successfully organise and manage innovations involves strategic thinking in three areas, namely and analysis of opportunities, selection of an opportunity and strategic implementation (Adams et al., 2016).

5.5.1. Existing model 'Innovation process diagram'

The context of innovation is significant as it shapes the innovation process, namely the type of innovation being developed be that social or commercial innovation. As Bessant and Tidd (2018) have argued innovation is about creating value either social or financial, however any innovation developed should be commercially viable. Social innovations developed by social entrepreneurs come with challenges such as motivating staff and encouraging volunteers to contribute their time. Social innovations are also often developed based on grant funding and forms of finance that are short- term, therefore social entrepreneurs often struggle with reliability of funding to finance social innovations Matricano et al., (2019). Social enterprises developing social innovations will adhere to a dual institutional logic, on one hand social enterprises seek to conform to social goal, and on the other had seek to maintain financial viability by pursuing economic goals (Pache and Chowdhury, 2012).

Figure 5.5.1. Innovation Process Diagram (by Bessant and Tidd, 2015)

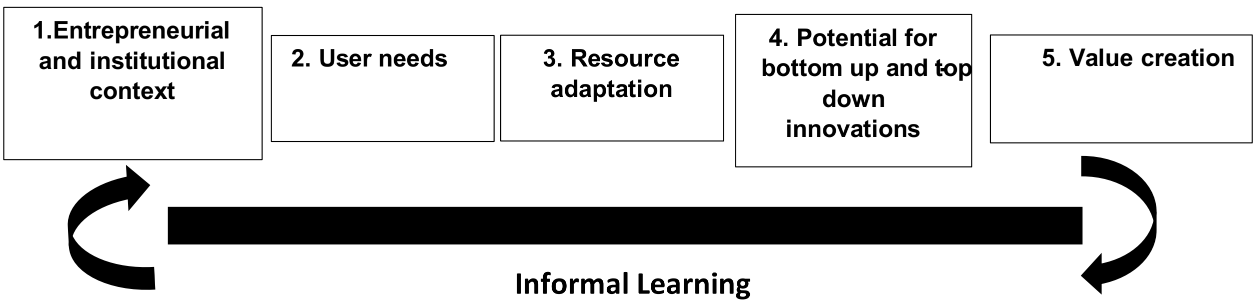


In the model developed by Bessant and Tidd (2015) there are four stages involved in the innovation process. First stage, involves opportunity recognition whereby enterprises actively seek to pursue new ideas, conduct research and participate in networks to gain insight about new opportunities for innovation. Entrepreneurs seek to acquire new knowledge by internal evaluation of possible opportunities and external scanning of the organisational environment. The second stage of the innovation process involves finding and committing resources to the innovation being developed. According to Bessant and Tidd (2018) entrepreneurs are risk-takers when pursuing a new venture however they carefully need to evaluate the cost of taking an idea forward. The third stage of developing an innovation involves acting on the identifying opportunity, including the possible creation of a new venture. The final and fourth stage of the innovation process involves value creation and capture.

5.5.2. A proposed model of SI process in a Social Enterprise context

The proposed model of social innovation process in a social enterprise context starts with considering the enterpreneurial and institutional context of the social innovations developed by social enterpreneurs. Acording to the empirical evidence collected social enterpreneurs instead of seeking out opportunities for capturing financial value, they will instead seek to find out about user needs and how better fullfill these needs. The users of social enteprise services will commonly be vulnerable groups, beneficiaries of the services provided by the enterprise such as elderly, homless, young adults, and individiduals with health issues. Adapting its resource base to meet the needs of it users is a common strguggle for social enterprise leaders as most social enterprises operate with significant resource constraints, including reduced staff, short-term finance and struggle with securing long-term funding for their services. In the proposed model it is theorised there is potential for both bottom-up and top-down innovations to emerge as part of efforts of social enterprise to intruduce innovations. The newly developed innovations commonly will seek to improve a service or expand product offering based on emergent user needs. However, in the collected data there were also examples of top-down innovation which are put forth by social enterpreneurs in order to meet funders demands and respond to growing instutional pressure to appear 'innovative' in their service delivery. Value creation as an outcome of social innovation in a social enteprise context will result in hybrid outcomes (Vickers et a., 2017), and this view in the literature is confirmed by the collected data. Hybrid outcomes will consists of efferts to both create social value and capture financial value to ensure the survival of the social enterprise.

Figure 5.5.2. A proposed model of SI process in a Social Enterprise context



Source: The Author

1. **Entrepreneurial and institutional context**

As argued in Section 4.2 social enterprise face significant challenges in operating and delivering public services due to the significant limitations in capabilities and available resourcing. There were six major challenges social entrepreneurs faced in their day to day decision making of operating a social enterprise:

- financial difficulties and lack of knowledge on how to attract long term funding;
- balancing the social mission with economic goals;
- difficulties in measuring social value;
- limited potential for growth and scaling;
- charging (monetization) of services;
- changes in the political environment;

Contrary to the literature, the social enterprise sampled did not have formal management systems and guidelines for diffusing innovations, instead they utilised bricolage as a mechanism to deal with resource constraints. In some instances, the social enterprises interviewed made symbolic use of innovation to circumvent institutional pressures that deemed innovation as desirable through tactical mimicry (Dey and Teasdale, 2016). Examples from the data illustrated the institutional context social enterprises operate, including high-levels of political uncertainty. Funding cuts and decreases in public expenditure nationally have had a very serious impact on social enterprise's capability to delivery social impact (Davies and Doherty, 2018). The impact of public sector cuts has led social enterprise actors to compete with diminishing resources and has impeded long-term strategic planning due as well as hindered potential of social enterprises to grow their service base (Bull and Ridley-Duff, 2018).

2. **User needs**

For social enterprise actors the decision to innovate will be determined by urgent needs, the needs of the beneficiaries as part of service delivery. Social entrepreneurs already providing social, health and other public services are likely to seek out way to improve service delivery through process improvement and creating process and product innovations (Seelos and Mair, 2017). The participatory nature of social enterprise encourages active citizenship through volunteering and social capital (Andersen et al., 2016). According to the empirical evidence collected, volunteering, social capital and informal networks are a way for social enterprises to build networks that can help with a limited resource base, increase resilience and provide support in difficult times. When determining user needs, social enterprises will seek out information from users on how to improve service delivery and to determine the quality of the product offering.

3. **Resource adaptation**.

The process of resource mobilisation in the context of social enterprise is heavily reliant on the socio-economic and political environment the social enterprise operates in (Cooney et al., 2016). The presence and availability of institutional resources such as the political, legal, and institutional infrastructure from which social entrepreneurs can draw on will facilitate to development of social innovations

(Dacin, Dacin and Matear, 2010). As Respondent 21 has argued (see page 128), shifts in the political environment can impact on the capability of the organisation to evaluate its social impact and can act as a barrier to gain financial funding. Finding resources and ensuring long-term social sustainability of social enterprise is a significant challenge for social enterprise actors according to the empirical evidence collected. The process of committing resources to social innovation will come with high levels of risk. Committing significant financial resources to social innovation comes with high levels of risk, as the organisation agrees to commit funding and potential assets to the process of innovating. There is also a moral risk associated with innovating and scaling services. Morally, any social innovation developed would need to serve the need of the beneficiaries and contribute to social value creation (Borzaga and Bondini, 2014). According to the literature (Carbonara and Pellegrino, 2019) and empirical evidence collected, relational contracting forming partnerships and strategic alliances and other collaborative working arrangements alleviate the levels of risk associated with innovating. As such social enterprises engage in high levels of collaborative activities in the process of creating social innovations.

4. Potential for innovation

Bottom-up social innovations in a social enterprise context are characterised by grassroot initiatives with ideas contributed by local citizens and lead by users' needs (Smith et al., 2016) Social innovations created by top-down initiatives are characterised by being hierarchical and led by state or governmental interventions (Baker and Mehmood, 2015). Institutional pressures also strongly contribute to the creation of top-down social innovations (Howaldt et al., 2017). One example of institutional pressure to innovate, is the perceived desirability of innovation by public sector funders as it is typically assumed that the outcomes of innovation will be positive. As demonstrated in Section 5.1, social enterprise actors take advantage of the existing rhetoric on innovation by public sector actors and adapt their behaviour as to be seen by funders to match the funding requirements. Tactical mimicry facilitates the effort to appear innovative and respond to normative pressures of appearing innovative (De Vries et al., 2016). The symbolic use of social innovation through tactical mimicry aids social enterprise development by facilitating fianancial resource acquisition.

Radical innovations are distinct to incremental innovations, as they represent change a set of practices resulting in greater social inclusion and social justice via the changing of existing social relations and particularly power relations (Ayob, Teasdale and Fagan, 2016). The promise of social innovation lies in creating long-lasting social change (Larsson and Brandsen, 2016). The majority of social innovations developed by social enterprise are incremental, small scale in nature, and in some instances the innovation developed are symbolic due to a strong dependence on winning public-sector funding.

5. Value creation

Social enterprises aim to conform to a market or commercial logic to achieve business success (gain revenue) and simultaneously social enterprises need to fulfil the desire to create social value, based on a social welfare/community logic (Doherty, Haugh and Lyon, 2014). For social entreprenurs, leading and managing social enterprises value capture is essential in order to create economic value and ensure the financial viability of the social enterprise (Santos, 2012). Nevertheless, it has been found value capture is not always possible as part of the process of social innovation, but instead social entrepreneurs will focus on prioritising the needs of the beneficiaries first rather than focusing on gaining a commercial income. For example, as Respondent 17 has argued (see quotation on page 127) ethically social enterprises might find it questionable to charge for a social service provided due to serving vulnerable groups.

Informal learning plays a key role in the development of innovations as acquiring knowledge, both external and internal is key to the successful diffusion and creation of innovations (Bessant and Tidd, 2018). In the empirical evidence collected, there was a lack of formal management system for developing innovation, seeking out new knowledge and significant lack of long-term strategic planning due to the limitations in the funding base social enterprises faced. Therefore, further research could consider how to build capability in the social enterprise sector to develop formalised systems for managing learning and knowledge in the process of identifying opportunities for developing social innovation.

5.6. Concluding remarks

Based on the findings in the study, innovation failure in the context of social enterprise it is closely associated with risk taking and the ability of the organisation to sustain the innovations long-term by committing adequate resources for the successful diffusion on the social innovation. Social enterprises operating at the boundaries of the public-private sector face a highly risk-averse culture (De Vries, Bekkers, and Tummers, 2016). As reported by the respondents, social enterprises work in a complex environment with limited space for organisational learning and this impedes their capacity to create adaptations of the innovations they are trying to diffuse.

Another key finding relates to the contracting environment social enterprises operate (Rees, 2014). When tendering for public sector contracts mistakes in the planned innovations are not permissible and this hinders the organisations capacity to learn and experiment as part of the process of innovating.

Moreover, based on the empirical evidence collected, social enterprises face institutional pressure from public sector actors to create innovations that are replicable and to come up with ideas which have been tested beforehand. The respondents in the study have described a risk averse culture in the public sector towards innovations that are radically new. Moreover, risk-taking (Bason, 2018) and innovation failure (De Vries et al., 2016) were considered in the endeavours of the social enterprise to grow. As Respondent 6 states, for the growth of a social enterprise, risk-taking and the use of innovation is necessary, however the potential cost of an innovation failure is high as this can lead to the social enterprise closing down.

The contested nature of innovation has been brought to the front in the empirical data collected. Some respondents rejected the term ’innovation’ labelling it a ‘buzz-word’, ‘flavour of the month’ and calling it a vague concept. The contested nature of innovation (Tracey and Stott, 2017) cannot be ignored as some respondents perceived top-down innovation initiatives ‘forced’ upon them by public sector commissioners who deemed innovations in public service delivery as highly desirable. The prevalence of funding cuts has restricted the availability of funding in the sector and created increased pressure to appear innovative. This confirms the views in the literature on the normativity of innovation (Seelos and Mair 2017; Osbone and Brown, 2011), as innovation is perceived being highly desirable, with strong positive connotations, by public service commissioners in the context of public service delivery.

The proposed conceptual model of social innovation within hybrid organisations (Figure 5.5.2) illustrates the necessity of learning and developing knowledge flows to better manage innovation activities within hybrid organisations. According to the findings of the thesis there were several examples of informal learning, however social entrepreneurs leading social enterprise did not have formalised ways of managing knowledge. Social enterprises did participate in a high number of collaborative activities, including working in partnership and networking to find out about new opportunities. As there is an abundance of collaboration activities, including building legitimacy and trust with funders and beneficiaries, these collaborative activities could be better utilised by social entrepreneurs to create opportunities for social innovation. It has been found social entrepreneurs were adept in looking out for opportunities, exploring what new projects and forming partnership to create social value, however they were slow at identifying opportunities that would lead to exploiting commercial sources of revenue.

The merits of social innovation were considered in terms of contested nature of innovation, the role of social innovation as resource enabler, and whether social innovation leads to lasting change through reconfiguring existing institutional structures. Social innovation is strongly associated in the literature with the process of challenging existing institutions, power relations, and governance models (Poledrini, Degavre, and Tortia, 2018), in practice however this is little evidence of how social enterprises challenge existing institutional structures due to their high reliance on institutional resources. The role of social innovation and bricolage in overcoming resources constraints are explored in Chapter 6, together with other useful strategies for overcoming resource constraints such as utilising social capital and making use of tactical mimicry.

Chapter VI. Findings and Discussion- 'Exploring decision-making in light of resource constraints: How are social enterprises adapting in light of resource constraints?'

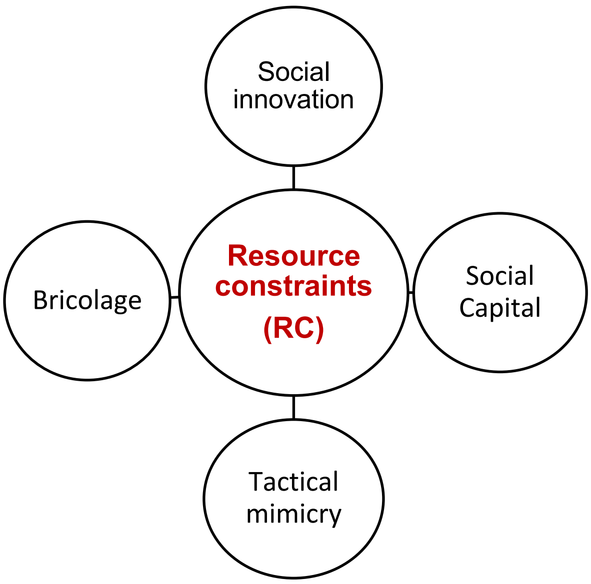
6.1. Introduction

How do social enterprises adapt when presented with resource constraints? How can resource constraints be understood in the context of social enterprise? Are there any mediating strategies for overcoming resource constrains? These questions are addressed in Chapter 6 with the aim of contributing to the third research objective of the study related to how social enterprises adapt in light of resources constraints. A hypothetical model of mediating strategies for resource constraints in a SE context is put forth in Section 6.5.

6.2. Exploring strategies used by social enterprise actors to adapt to resource constraints

There were four main strategies identified based on the empirical evidence that facilitate overcoming resource constraints and negotiate institutional pressures: social innovation, bricolage, social capital and tactical mimicry (as illustrated in Figure 6.2).

Figure 6.2. Strategies used by social enterprise to adapt to resource constraints



Source: The Author

Social enterprises need to negotiate tensions in balancing both social and economic goals (Battiliana and Lee, 2017) and as such social innovation can act as a resource enabler where social innovations contribute to both creating and capturing value.

Bricolage as an avenue for overcoming resource constraints is characterised by resourcefulness, creativity and adaptability by recombining organisational resources to ensure survival (Janssen, Fayolle, and Wuilaume, 2018).The collected empirical evidence has demonstrated the multitude of ways social enterprise adopt bricolage and refuse to be constrained by limitation: fostering partnerships, building social capital, utilising volunteers and through incremental or ‘good enough’ innovations that serve the purpose of recombining resources and making changes at minimum cost.

Social capital as a tool for overcoming resources in the data was related to networks, creating legitimacy through encouraging user participation and stakeholder involvement. Social capital has also taken place through collaboration by building strong and week ties (Lin, 2017), namely engaging in relationship building with the local council, charities, funders, universities and other institutions.

Whether ties are strong or weak are determined by the strength of the social interactions, the frequency and duration of interaction and feelings of reciprocity (Granovetter, 1983; Harrison, Montgomery and Bliss, 2016). Weak-tie social capital also known as ‘bridging’ is likely to be found amongst acquaintances (Estrin et al., 2013). Strong-tie social capital, also known as bonding, is likely to be characterised by frequent interaction and by norms supporting cooperation and trust (ibid.). Linking social capital (Woolcock, 2001), in contrast, effects power relations between institutions and is critical to sustainable community development (Harrison et al., 2016). While bonding and bridging as forms of social capital refers to relationships between individuals, linking is considered to be vertical as it connects institution’s to individuals or groups (Malecki, 2012).

Through tactical mimicry social enterprises respond to institutional pressures which demand social enterprise to display signs of innovation (Dey and Teasdale, 2016) and can indirectly challenge political change (Nicholls and Teasdale, 2017). Tactical mimicry as a tool for overcoming resource constraints can also be directly linked with a quest for legitimacy (Hahn and Ince, 2016). A note of alarm has been sounded in the literature in relation to private businesses mimicking the identity of charities or social enterprise to appear more socially minded and to gain access to wider public sector contracting opportunities (Kay, Roy, and Donaldson, 2016). Social enterprise practitioners therefore should consider the benefits of tactical mimicry as an alternative way to social innovation to organise, create and capture value (Tracey and Stott, 2017).

The next section will present four cases illustrating the use of each strategy of overcoming resource constraints in the context of social enterprise. The use of case studies in theory building is well-known (Ridder, 2017) and acknowledged in entrepreneurship literature (Farquhar, 2012). The interpretation of a small number of cases is conducted in order to generate qualitative outcomes and offer examples in practice of the proposed hypothetical model illustrated in Figure 6.5.

6.3. Selected cases

Four cases from the data collected were selected to illustrate the four strategies identified as part of the empirical data collected, social enterprises utilise presented in Figure 6.2, namely: social innovation, social capital, tactical mimicry and bricolage. The cases were selected to showcase four different situations (based on case selection technique for case studies recommended by Seawright and Gerring, 2008) of how social enterprises would utilise the four strategies identified to overcome resource constraints.

Case 1 discusses the role of social innovation overcoming resource constraints by taking the example of Organisation C, social enterprise founded in 2001 providing mental health support services. Case 2 presents the role of social capital in overcoming resource constraints by examining the case of Organisation I, a social enterprise founded in 2010 offering employment training for adults with learning difficulties. Case 3 highlights the role of bricolage in overcoming resource constraints by exploring the case of Organisation L, a social enterprise founded in 2010. The organisation's social mission is the alleviate and prevent the effects of dementia through language learning. Finally, Case 4 offers insights into the role of tactical mimicry in overcoming resource constraints. Organisation D is a social enterprise founded in 2010 providing wellbeing services, with a focus on elderly care.

The next section discusses the four cases in turn. The presentation of each case includes description of the case, the problem the social enterprise was facing, managerial solution to overcome the problems, the outcomes of the applied solution and lessons learnt.

6.3.1. Case 1. The role of social innovation in overcoming RC

Description of the organisation:

Social enterprise C is an organisation providing support for people with mental illness by providing meaningful activities, such as bike building, bike repairs, music and visual arts projects. It is a micro-enterprise with fewer than five employed staff and has been operating since 2001 as a charity, with the help of volunteers and local donations. Since early 2015 has been incorporated as a Scottish Charitable Incorporated Organisation (SCIO) to highlight the move away from a model reliant to donations and with the goal of diversifying its income by commercialising services and products. Organisation C has been struggling with the following constraints: most of employed staff could only work part-time due to limitations in funding and lack of knowledge of support agencies providing business support for social enterprise development.

The problem:

The organisation faced the problem of how to help carers and expand services for people with disabilities to exercise and consider cycling as a form of well-being.

Solution:

A solution to the problem came about with the help of innovative thinking. The individuals working in the workshop noticed that certain bicycle parts would go to waste. After several meetings and discussions, there was an idea put forward to reuse old by cycle parts, recycle and repainted parts needed to create a new type of bike that could be adapted to the needs of the beneficiary who had a disability.

Outcome:

The newly created bike was tested and piloted and after several iterations the newly created product helped solve the initial problem of how to help people with disabilities. The outcome of the social innovation was to increase the wellbeing and confidence of the target group of beneficiaries through exercise.

Lessons learnt Case 1:

In the process of identifying a solution, staff, users and volunteers came up with a way of re-using parts that might have gone to waste or have been previously discarded in order to create a new product that can be highly customised. Creativity and innovative thinking helped the social enterprise overcome the existing limitations in service provision by reaching a new group of service users and maximising their social impact through increased confidence and well-being.

6.3.2. Case 2. The role of social capital in overcoming RC

Description of the organisation:

Organisation I is a social enterprise operating in the South-West of England and aims to help adults with learning difficulties gain employment and provides access to training in order to increase levels of employability. It registered as a CIC in 2010 and is led by a company director and board of trustees. In terms of size it is a micro-enterprise with less than ten full-time paid staff. The organisation gains regular income by providing workshops and consultancy services related to business development and growth to start-ups and social businesses. The organisational mission is led by motivating, empowering, creating opportunity and delivering value for money by encouraging economically inactive people back into employment or self-employment.

The problem:

The social enterprise has been facing the challenge of maintaining and keeping current premises, as the costs associated with rent and maintenance are too high and were difficult to cover.

Solution:

After several meet ups with staff and local organisations the director of the organisation has set up a local network for social enterprises and cooperatives in order to aid learning and collaboration on new projects, including joint bids for funding that would offer possibility of more income. In addition, through the creation of the network, leading events and workshop the organisation identified a social enterprise (Organisation Y) that was asset rich but had limited access to staff and have entered in discussion to share premises and share staff in order to minimise operating costs.

Outcome:

Through relying on local partnership and creating conversations with local actors to organisation gained access to relational capital. In addition, it managed to develop informal contacts into social capital by making use of bridging and linking activities with other relevant institutional actors who had similar interests. Since the development of the local social enterprise support network they were able to find out about and successfully bid for new contracts by linking with a new partner. Organisation I by networking and partnering with another organisation they were able to reduce fixed operating costs by sharing premises and combining resources.

Lessons learnt Case 2:

Different forms of social capital, such as bridging and linking can help overcome organisational and institutional constraints. Partnership and collaborations with local and national actors can in addition also provide access to institutional and relational capital which can enable social enterprise development and growth.

6.3.3. Case 3. The role of bricolage in overcoming RC

Description of the organisation:

Organisation L is a social enterprise working in social care in Scotland and has been registered as a CIC since 2015. The organisation's mission is to prevent and alleviate the effects of dementia through the medium of language learning. It is a micro-enterprise which has been founded by a former graduate passionate in language teaching, who currently acts as the director of the organisation while being supported by a voluntary board of trustees. The organisation has in total five paid staff and many of its language classes are delivered by volunteers. Due to tight profit margins the organisation cannot afford to employ teaching staff to deliver all of its language classes.

The problem:

The organisation is heavily reliant on volunteers to deliver the language classes. Without giving proper notice or leaving it until the last minute, volunteers might drop delivering the language class for the elderly and as such the organisation needs to arrange for alternatives. The organisation's main income comes from delivering language classes to care homes or doing a one to one visit to the home of an elderly person who might have requested the service. Hence, if a class is not delivered on time or cancelled at short notice it can negatively affect the relationship with customers, and consequently revenues will fall with fewer class bookings.

Solution:

In order to overcome the limitations in service delivery, the social enterprise has created online resources that customers can easily utilise and a care line which gives beneficiaries direct access to the social enterprise if there are any last-minute changes. Moreover, the number, involvement, and training of the volunteers has been upscaled. The organisation has also focused on sharing the ethos of the social enterprise with volunteers through regular meetings, training and taster sessions with staff and clients.

Outcome:

The use of volunteers has been critical for the survival of the organisation and by creating better organisational flows on how volunteers are trained, motivated and retained has helped with reducing absenteeism and recruiting new people to widen the volunteer pool.

Lessons learnt Case 3:

The social enterprise has to negotiate daily a complex institutional environment as it works with public, private and third sector actors and has limited human capital. Through the use of bricolage, by making the most of what is available and refusing to be constrained by the existing limitations the organisation has come up with better organisational flows to manage its staff and volunteers.

6.3.4. Case 4. The role of tactical mimicry in overcoming RC

Description of the organisation:

Organisation D is an SE operating in social care in Scotland with a focus on elderly care. It is micro enterprise registered as a charitable company limited by guarantee and is led by a director and board of trustees. It has been founded in early 2000s as a charity and later in 2010 has been also incorporated as charitable company limited by guarantee. The social enterprise's mission is to work continuously to engage with local people and to be a leading provider of cost-effective, wellbeing initiatives resulting in fitter, more resilient and more active communities.

The problem:

Funders demand clear evidence on how public money is spent and what kind of outcomes will be created as part of the bidding process for public sector contracts. The organisation lacked knowledge on how to estimate, measure and evaluate outcomes of the social enterprise before engaging in public sector contracting. Innovation was a key term for public sector commissioners who were evaluating funding applications for service delivery, therefore successful bids need to provide evidence of innovative service or solutions.

Solution:

In the words of the organisation, presenting an innovative identity to funders and successfully bidding for contracts 'is a game you have to play'. Hence, the organisation has reframed its existing activities and presented them as innovative due to addressing different gaps in the market. By carefully reading and adapting to the requirements of the contract the organisation was able to brainstorm and discuss with staff how they would be a good fit.

Outcome:

The organisation recognised the desirability of public service innovations by commissioners and policymakers and as such re-framed its service delivery to appear innovative. In terms of the service provided, they continued providing the same service to the elderly, but were acknowledged to be innovative as they were distinct from the private sector and were creating social value. By using tactical mimicry (Dey and Teasdale, 2016) the social enterprise was successful in its bid and increased its financial income.

Lessons learnt Case 4:

Language can be a powerful tool when dealing with institutional actors and knowing how to present innovations can be key in the success of social enterprise to acquire new resources and ensure economic sustainability.

6.3.5. Case comparison

In the four cases presented, the social enterprise shared some commonalities such as being micro-enterprise based in the UK with limited staff, support and funding base. The social enterprises sampled also shared a strong concern towards ensuring the economic viability of the organisation as without being able to provide a service in social care, mental health and employment training a large amount of their beneficiaries would not be able to access the services somewhere else. The cases presented also share evidence of high level of resourcefulness (Clayton et al., 2016) and creativity (Sunley and Pinch, 2012) in either accessing new resources or through utilising existing networks and contacts. The social enterprises discussed in the four cases were also extremely adept at maximising their use of their existing capital, be that financial, social, institutional or relational capital.

Noteworthy divergences between cases were related to the organisations' legal forms, the social mission, their use of social innovation as well as the use of volunteers. Despite the prevalence of strong rhetoric on the positive uses of social innovation, not all social enterprises made equal use of innovation, but instead preferred other avenues for maximising social impact and organisational learning, such as regular staff training and meetings, consultations with key stakeholders. participation in networks and co-creating services with end users.

6.4. Identifying the use of the mediating strategies for overcoming RC in the selected cases

In case one, Organisation C the observed level of social innovation and bricolage were high. The associated levels of tactical mimicry and social capital were low. In case two, Organisation I the observed level of social capital and bricolage were high. The observed level of social innovation and tactical mimicry was low.

In case three, Organisation L had high level of bricolage through the use of volunteers with the strategic goals of adding to the existing availability of human resources and building extra capacity in delivering services. The levels of social innovation and tactical mimicry were low in case as there was a focus on how best utilise volunteers to create organisational capability to deliver services.

In case four, Organisation D, informal and formal networks contributed to maintaining social capital and high levels of trust. Therefore, the case had high levels of social wealth and made use of social and human wealth when there was a lack of financial wealth (as per the Six Forms of Wealth model develop by Ridley-Duff, McCulloch and Gilligan, 2018).

In all four cases analysed, the levels of bricolage were high as all four cases contained examples overcoming resource constraints by adopting a bricolage behaviour (Davidsson et al., 2017). Therefore, it is theorised the four strategies presented in Figure 6.2 share in common a concern for overcoming resource limitations. However, it is unclear how each strategy or an interplay of strategies would contribute individually to financial or social wealth creation and further studies could explore this.

Table 6.4. Levels of social innovation, bricolage, tactical mimicry and social capital within case selection

Case	Name of the organisation	Social Innovation		Bricolage		Tactical mimicry		Social capital		Outcomes*
		High	Low	High	Low	High	Low	High	Low	
1	C	x		x			x		x	S W
2	I		x	x			x	x	x	F W
3	L		x	x			x		x	F W
4	D		x	x		x			x	F W

Source: The Author

*The criterion outcomes refers to value creation (social wealth) or value capture (financial wealth). Social wealth is illustrated in the table with abbreviation S W and financial wealth is illustrated with abbreviation F W.

After comparing the outcomes of all four strategies and the extent the social emprises have engaged with it, it has been noticed that in three out of the four cases the outcomes were aligned with financial wealth creation rather than social wealth. This finding could be related to the pursuit of social enterprise to stay resilient in complex socio-economic and political environment through financial value acquisition. Based on the four cases it is not possible to generalise and show causality between the strategies applied, therefore further research is needed on how each strategy contributes to creating hybrid outcomes.

6.5. Hypothetical model of mediating strategies for resource constraints in a SE context

6.5.1. Introduction

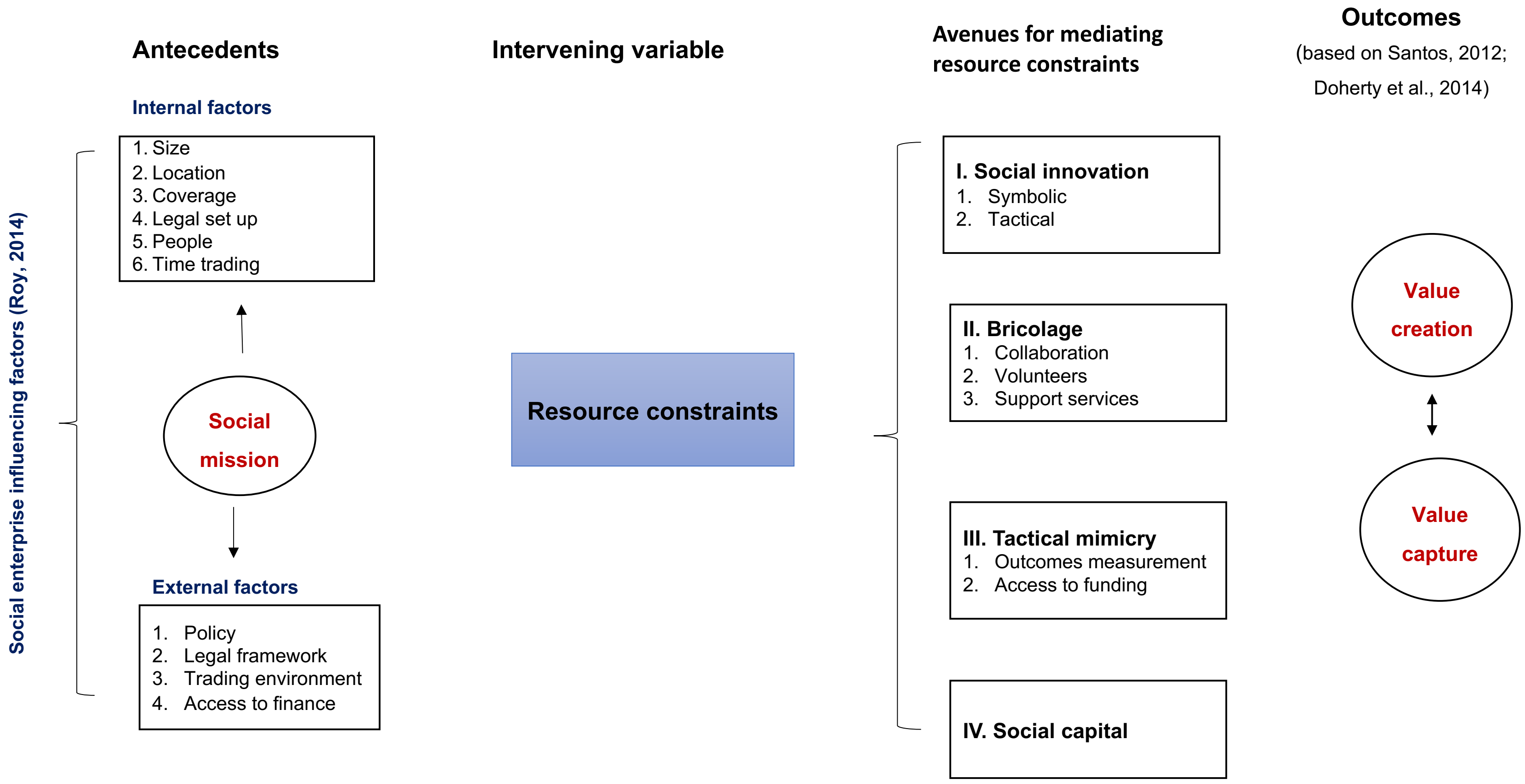
A hypothetical model has been developed in order to provide hypothetical possibilities on how resource constraints in a social enterprise sector can be overcome based on the collected data (as illustrated in Figure 6.5). Hypothetical models serve the purpose of theory generation and explore various links between different characteristics of the phenomena under study (Given, 2008). The model developed for the purpose of theory generation is highly descriptive and does not seek to prove causality.

The model is intended as a plausible starting point for future research on how social enterprises adapt to resource constraints and it explores the multitude of forms social innovation can take, including symbolic, tactical and as part of a bricolage behaviour.

At the first level of the model, antecedents are presented for social enterprise work according to Roy et al., (2014). Factors that influence social enterprise work can be internal and external factors and are closely interrelated with the ability of the social enterprise to meet its social mission. Internal factors refer to size, location, coverage, legal set up, people, and time trading (Roy et al., 2014). External factors are related to factors outside of the organisation which are likely to affect social enterprise work, such as changes in policy, regulations and the legal framework (Nicholls et al., 2015). Moreover, social enterprises also need to adhere to the trading environment, such as levels of competitiveness in the market, as well as availability and access to finance. Therefore, according to the hypothetical model proposed there are ten influencing variables that are likely to affect the social enterprises ability to meet its social mission: size, location, coverage, legal set up, people, time trading, policy, legal framework, trading environment and access to finance.

In the model, it has been theorised that resource constraints act as the intervening variable on a social enterprise's ability to fulfil its social mission and create positive outcomes. According to the work of Santos (2012) and Doherty et al., (2014) there is a duality in the outcomes produced by social enterprise, and the outcomes can be categorised with an emphasis on value capture (focus on financial or economic value) or value creation (focus on non-economic value such as environmental or social value creation).

Figure 6.5. Hypothetical model of mediating strategies for resource constraints in a SE context



Source: The Author

6.5.2. Level 1. Antecedents

Internal and external factors to the social enterprise can affect its ability to deliver social impact. According to Roy et al. (2014), internal factors to social enterprise decision making refer to its size, location, coverage, legal set up, people (human resources or human wealth) and time trading. External factors are related to factors outside of the organisation which are likely to affect social enterprise work and are outside of the direct control of the social enterprise, such as any changes in public policy, including political decisions and regulations, and the legal framework the social enterprise operates in (Nicholls et al., 2015).

6.5.3. Level 2. Resource constraints

Resource constraints in the model have been defined as any existing limitation in the resource base, with resources being understood as defined by Barney (1991). According to the definition by Barney (1991) a firm’s resources include bundles of tangible and intangible assets, including a firm’s management skills, its organisational processes and routines, and the information and knowledge the organisation controls which can be used by managers to help choose and implement strategies. Constraints in the resource base include limitations such as, there are variety of constraints that range from a lack of capabilities, skills, support and infrastructure (Davidsson, Baker, and Senyard, 2017). Organisations can adopt a bricolage behaviour as part of entrepreneurial thinking of managing existing resources.

6.5.4. Level 3. Avenues for mediating resource constraints

An in-depth analysis of the strategies social enterprises use in meditating resource constraints has been presented in Section 6.2 together with rich empirical evidence through the use of four case studies. There were four main avenues identified that social enterprises could utilise to overcome resource constraints and these consisted of utilising social innovation, bricolage, tactical mimicry and social capital.

As presented and argued in the findings chapters, social innovation will have symbolic and tactical uses through being utilised to adapt to funders demands and gain strategic access to new resources. Bricolage activities were also common in the social enterprises sampled with a large part of social enterprises undertaking partnership work, volunteers and utilised bricolage in order to mobilise existing resources and gain access to institutional connections. Moreover, social enterprises did not challenge the innovations deemed desirable by government officials and commissioners. There was evidence of potential ways social enterprises used tactical mimicry, first through trying to resist the bureaucratic nature of outcomes measurement by providing in-depth documentation and second, by aiming to fulfil requirements of funding applications by appearing market and efficiency orientated. Lastly, social capital was not only a bricolage activity as part of a bricolage behaviour, but social capital also played a key role in the successful diffusion of social innovations with a social enterprise context.

6.5.4.1. Contributing to understanding of social innovation- the dual function of social innovation: symbolic and tactical

Social innovation is highly context dependant and plays a multitude of roles (Huddart, 2010; Jenson, 2015). To help clarify the concept of social innovation and its perceived usefulness of social innovation in the work of social enterprise, social innovation is considered through three main lenses: a) symbolic and b) tactical. The symbolic and performative role of innovation can be understood as resistance of social enterprise actors to implement innovations due to external institutional pressure (Teasdale, 2011). As part of symbolic interactions organisations may display a variety of expected activities that are not a part of their normal routines without changing their regular behaviour (Oliver, 1997). As part of this kind of innovation, there is symbolic acceptance of institutional norms, rules, or requirements to gain access to new resources (Thornton et al., 2012). Despite appearing innovative, the organisation maintains its identity as there are no long-term changes to its regular interactions, value systems and routines

According to the findings, social enterprises utilise social innovation as symbol for problem solving that is inherently assumed by funders to be something positive. In the context of public service delivery innovation comes with implied positive normative connotations (Brown and Osborne, 2011). In the pursuit of legitimacy, the social enterprise will seek to conform to institutional pressures, and as such the organisation will make *tactical use of social innovation* to appear innovative. This could be seen in the data collected in the narratives provided by Respondent 11 (in Section 5.1).

Resistance to normative aspects of innovation also plays a key role within innovations that have a symbolic function, as social enterprises refuses to conform to the perception and the desirability of innovation in delivering public service by commissioners. The tactical function of social innovation lies in mediating resource constraints by maintaining legitimacy and by functional adaptations of social innovation that social entrepreneurs apply to please funders. As argued in the literature review, for social enterprises legitimacy is more likely to be granted to organisations that fit institutionalized expectations and resources are often awarded on the basis of their acceptance by other actors (Kraatz and Block, 2008).

Relational capital or human wealth facilitate the tactical function of social innovation within social enterprise development and growth. Building trust and utilising networks are pertinent aspects of resource acquisition in a social enterprise context (Ridley-Duff, McCulloch, and Gilligan 2018), and play a key role in the diffusion of tactical innovations which are characterised by a functional perspective to innovation. Amongst the tactical social innovations are social innovation which were classed as ‘good enough’. Good enough types of innovation are characterised by being functional and focussed on delivering essentials at a low cost (Zeschky, Winterhalter and Gassmann, 2014). From the data collected, examples of ‘good enough’ innovations have emerged. For instance, according to the narratives provided by Respondent 9 the organisation implemented an innovation which focus was to streamline the workload of the team via regular team meetings. This particular innovation was classed by the respondent as an initiative created to save money and time, and the simplicity of implementing the innovation was lauded by management, as regular staff meetings proved easy to organise and did not require a financial investment.

6.5.4.2. Contributing to understanding of bricolage in a social enterprise context

a. Bricolage through collaboration

Through collaborations and making use of networks isolated and disconnected actors can interact to survive and overcome limitations in resourcing (Davidsson, Baker, and Senyard, 2017). Based on the collected data it has by theorised that there were three main ways social enterprise utilise bricolage as part of overcoming resource constraints, through the use of collaborations, volunteers and institutional capital. According to Thomson and Perry (2006), the process of collaborating refers to the interaction of actors by negotiation as they jointly create rules and structures governing their relationships and ways to act on common issues and it is a process involving shared norms and mutually beneficial interactions. In the nascent management literature research on collaboration is concerned with outcomes, and managerial capabilities of actors engaged in public-private and cross-sector collaborations (Kivleniece and Quelin, 2012), as well as a focus on the instrumental nature of collaboration between diverse sets of organisations as a mechanism for achieving public policy goals and delivering public value (Emerson, Nabatchi and Balogh, 2012). Furthermore, strategic alliances can also help the organisation to create competitive advantage through the share of information and resources (Harrigan, 2017).

b. Bricolage through the use of volunteers

Findings from the data confirm that social enterprises engage in capacity building through volunteering (Farmer, Hill, and Muñoz, 2012). Moreover, volunteers become an alternative mean to survive in turbulent times (Kay et al., 2016). From the perspective of the individual, volunteering acts as a mechanism for low-income individuals to improve their own lives and support their communities (Benenson and Stagg, 2016). In addition, the passion of volunteers for the social cause can aid social enterprise work in delivering its social impact though active participation in service delivery (De Waele and Hustinx, 2019).

According to the findings, disadvantages of volunteering for the organisation from the perspective of capacity building include irregular working hours and reliability as any contribution is based on good will and is voluntary. Moreover, the work produced by volunteers may be of variable quality and value (Kay et al., 2016).

Most organisations interviewed highly valued the contribution of their volunteers and offered training opportunities to develop both the skills and knowledge of voluntary staff. De Waele and Hustinx (2019) also highlight the participatory and inclusive nature of volunteering opportunities. Within a social enterprise, individuals through volunteering can gain access to new skills, contacts and experience increased level of confidence (Roy, 2014). Social enterprise engaged in public service delivery in the UK context are often small scale reliant on voluntary labour which work alongside paid workers (Farmer et al., 2016). As such, social enterprises use available resource in creative ways, by making the most of what is at hand and volunteers will become a form of bricolage when the organisation strategically makes use of volunteers to adapt with the view of overcoming resource constraints. Volunteering comes with benefits both to the individual engaged in volunteering through skills development and increased wellbeing, and for the organisation, as the social enterprise benefits from additional human resources.

c. Bricolage through the use of support services

As Respondent 11 has argued support services are a valuable source of help for social enterprises, as they offer learning opportunities through business development and also advertise bidding opportunities for contracts. Despite the awareness in government of the need to support social enterprises, the fragility of the sector, the plethora of enterprises and divergent business models means that business failure is common amongst social enterprises (Hines, 2005). Scholars have also argued that support services are great to have, however, they are part of the isomorphic forces that govern the SE environment, as often any advice given is directly driven by government policy and existing institutional structures (Peattie and Morley, 2008).

Business support agencies were considered as highly beneficial according to the data collected from leaders of social enterprise. Support networks both formal and informal were helpful in finding out about new opportunities to bid for funding. However, the respondents in the study failed to recognise the tendency of support agencies to promote certain models of social enterprise over other forms and push social enterprises towards conformity aligned with strong market-based principles (O’Dor, 2019).

6.5.4.3. Contributing to understanding of tactical mimicry in a social enterprise context

The current literature on tactical mimicry in social enterprise context (Dey and Teasdale, 2016) is focused on the question of hybridity of social enterprise and whether some organisations, such as privately owned corporates, might mimic the appearance of a social enterprise to appropriate public sector funding. In the study by Calvo and Morales (2016), non-profits emphasised the difficulties faced in accessing funds and therefore these non-profits adopted the social enterprise label to attract financial opportunities. In further academic work by Mauksch et al., (2017), the phenomena of tactical mimicry is studied in the context of longevity and survival of social enterprise as hybrids will perform according to expected institutional demands. Tensions between conforming to distinct institutional logics are inherent in the process of tactical mimicry, as social enterprises might suffer a shift in identity and could compromise their ethos and social values.

According to the findings from the data, there were two ways social enterprises utilised tactical mimicry, as part of outcomes measurement when engaged in impact evaluation and in mimicking being innovative to gain access to funding. Tactical mimicry can be useful as part of a bricolage behaviour where social enterprises wish to overcome or resist institutional pressures by playing the game (Dey and Teasdale, 2016) but still gain access to financial resources and build relational capital.

6.5.4.4. Contributing to understanding of social capital in a social enterprise context

According to the hypothetical model presented one of the main avenues for overcoming resource constraints was the use of social capital. It has emerged as part of the data analysis that social enterprises mediated for the lack of resources through capacity building in the sector, through interaction with other social enterprise actors and through building connections. As Respondent 9, has explained social capital aided the social enterprise's work through fostering relationship and connections to be able to fulfil its social mission.

As it has been argued before, the work of social enterprise is rooted in building social relationships (Bull and Ridley-Duff, 2015) and social capital can aid social entrepreneurs to obtain an alignment between strategy, structure, systems, performance and stakeholders by actively fostering relationships, trust and being inclusive in their decision making (Hart, Sharma and Halme, 2016).

Not only social capital strengthens the ability of social enterprise to fulfil its social mission, reduces the possibility of mission drift but can also act as important resource enabler for social entrepreneurs. Social capital also contributes to the creation of social wealth, especially in networks with high level of trust (Ridley-Duff, McCulloch, and Gilligan 2018). Utilising social capital as a strategy for overcoming resource constraints, as presented in Case study 2 in Section 6.4 has led to the creation of financial wealth by successfully biding for a new contract through linking with a partner.

6.5.5. Level 4. Theorising hybrid outcomes social enterprises produce

With a focus on value creation social enterprises aim to create value for the benefit of society (Santos, 2012). Value capture is essential in order to create economic value and ensure the financial viability of the social enterprise (ibid.).

Some academics view value capture as essential for creating competitive advantage and an essential feature that distinguishes social enterprises from charities and other non-for-profit actors (Doherty et al., 2014). Value capture and value creation are either directly or indirectly tied together depending on the strength of the social mission and the predominance of market-based activities in the funding mix. Moreover, the successful achievement of economic outcomes is also likely to ensure social value creation, as in some cases profits made in one area of the enterprise will subsidise the social value being created in another area (Wilson and Post, 2013).

There are a multitude of social outcomes that could be the result of value creation such as improved health and wellbeing, sustained employment, improved sense of community, trust, safety and reduced marginalisation (Kay et al., 2016). In addition, environmental value could also be created as some social enterprises work directly to alleviate the effects of climate change, reduce food waste, encourage recycling and the protection of natural resources (Nicholls, 2010b; Haugh, 2012). A strong connection with social mission and fostering a culture of social responsibility can help avoid mission drift and prioritising value capture instead of value creation (Santos, 2012; Bacq and Eddleston, 2018). If we adopt the analytical model of Ridley-Duff, McCulloch and Gilligan (2018) six forms of wealth created by social enterprises it can be argued that social enterprises not only capture financial value but have the boarder remit of also utilising human wealth to create social wealth (such as increased well-being for their beneficiaries).

The hypothetical model incorporates the notions of vale capture and value creation to facilitate conceptualisations of hybrid outcomes delivered by social enterprises. The hypothetical model developed acknowledges the importance of both creating and capturing value and emphasises the complex environment social enterprises need to negotiate due to blending distinct institutional logics. Nevertheless, value creation and value capture are not seen as conflicting for social enterprise leads but rather there is a complex interplay between the two, and value capture aids the creation of social wealth.

6.6. Concluding remarks

The hypothetical model developed contributes to the literature on resource-based view of the firm, a better understanding of resourcing of social enterprises and it addresses the third research objective of the study.

The four mediating strategies identified though the data analysis and case development are inter-connected as they are part of a bricolage behaviour (Sunley and Pinch, 2012; Davidsson et al., 2017) the social enterprise adopts. The outcomes associated with overcoming resource constraints as part of utilising the four mediating strategies were focused on financial wealth creation (Ridley-Duff, McCulloch, and Gilligan 2018) or value capture (Santos, 2012). This finding contributes to the topic of hybridity of outcomes social enterprises produce, as social enterprises focus on financial wealth creation redirect their efforts to ensure financial sustainability. It has also been argued that financial wealth enables social wealth creation and one of the main reasons social enterprises will focus on value capture (financial wealth) will be to later have the financial resources to enable social value creation.

In the next chapter, in Chapter 7, a summary of the findings of the thesis are presented, together with key contributions, limitations of the research, and avenues for future research.

Chapter VII. Conclusions

7.1. Summary of findings

According to the findings, value creation in social enterprise is highly dependent on maintaining the organisational ethos of the social enterprise as part of its social mission. Value creation is likely to result in improved health and wellbeing, as an influence of social determinants (such as sustained employment, improved sense of community, trust, safety, reduced marginalisation) and improvement in environmental issues (Roy et al., 2014).

Social enterprises negotiate multiple institutional logics, such as fulfilling both social and financial goals through maintaining an organisational ethos where the social mission is highly embedded (Grassl, 2012). Social enterprises, as hybrids, seek to maintain organisational legitimacy through negotiating priorities and relationships with a variety of stakeholders (Dart, 2018). Set against the backdrop of cuts to local authorities funding and marketisation of the third sector, social enterprises face the challenge of negotiating the levels of service provision and maintaining quality (Henderson et al., 2018). The analysis of the data has revealed the serious lack of resources and organisational capability social enterprise face, including shortages in staff, business know how and limited knowledge in how to conduct impact evaluations.

The impact of Brexit on the development of civil society and social enterprise work has not been extensively studied. This research has expanded on the views of social enterprise actors considering the impact of the UK leaving the European Union. As discussed in the findings in Chapter 4, the political uncertainty associated with the UK leaving the European Union has created confusion in the social enterprise sector with government policy and planning being perceived as insufficient for the level of support the social enterprise sector requires.

The ways social enterprises adapt to resource constraints has been discussed in detail together with empirical examples in Chapter 6. Partnership work, co-production, utilising social capital, bricolage, tactical mimicry and social innovation are possible avenues social enterprise practitioners could consider for overcoming institutional pressures or resource-based limitations.

In the next section it is argued how the three research objectives been satisfied and summaries the main findings of thesis are provided.

7.1.1. Addressing Research Objective 1*- exploring the ways social enterprises are working to deliver social and economic goals*

In the findings' chapters, it has been argued that social capital is an important value, created as part of how social enterprises operate and work. Despite the importance of social capital, funders might neglect to acknowledge the importance of informal interactions and the contributions made by volunteers, employees, beneficiaries, and other stakeholders to the capabilities of the enterprise and its service provision. Presenting social value created to funders in an adequate manner also comes with difficulties, as contracts are awarded based on target outcomes, which might not necessarily cover all the outcomes of a project (such as empowerment, increased well-being, communities coming together, interactions between beneficiaries and the creation of social bonds).

Social capital has also been found as a resource enabler and a form of bricolage as creating relationship, embedding themselves within networks and in forming collaborations social enterprises make use of their existing resources and gain access to further support and funding. In addition, it has been found that social capital strengthens the ability of social enterprise to fulfil its social mission and in return reduces the possibility of mission drift as long as a strong organisational ethos is maintained.

Patterns across the data reveal that it is a common struggle for social enterprises to conceptualise social impact. Social value measurement is commonly linked to performance measurement in the literature (Millar and Hall, 2013). The data reveals a lack of capacity in the sector to conduct impact evaluations (in agreement with Rawhouser, Cummings, and Newbert, 2019). Moreover, social enterprises focus on accounting for the social value created and the number of beneficiaries reached and as such the amount of income they can generate takes on a secondary role. As hybrids social enterprises will prioritise predominantly social value creation and earning an income will come into play in order to ensure the sustainability of the services delivered.

It has been found that value measurement and the outcomes of innovation are dependent on the expertise, knowledge and time of staff, which are extremely limited resources in a social enterprise context. When companies do not understand or rigorously track the interdependency between social and business results, they miss important opportunities for innovation, growth, and social impact at scale (Porter et al., 2011). The impact of public sector cuts and the economic recession on the social enterprise sector cannot be neglected. Institutional pressures strongly shape the third sector and civil society to become more marketised by seeking out wholly market-based opportunities in the private sector and adapting to the reduced availability of public sector funding.

Both theory and research propose access to funding as the dominant issue for social enterprise (Jenner, 2016; Ridley-Duff and Bull, 2015). According to Lyon and Owen (2019), widespread evidence suggests that access to finance for all types of enterprise and specifically for social enterprise has become considerably more difficult to obtain and expensive in the UK, after the global financial crisis. Not only there have been cases where enterprises have been discouraged from borrowing but also due to public sector cuts there has also been a decline in the availability of public funding. A serious concern in the sector has been the ability to develop and grow, with some evidence that social enterprises are struggling to survive due to high levels of uncertainty and are lacking in organisational capabilities.

7.1.2. Addressing Research Objective 2*- exploring decision-making in light of resource constraints*

In cross-sector partnership social enterprise actors often need to adapt rapidly to government policy and public sector reforms and this represents a significant institutional pressure (Emerson, Nabatchi and Balogh, 2012). The political environment has a strong influence on social enterprise decision making, especially building institutional resources. Government cuts and changes in policy were often referenced by the social enterprises sampled as having a strong effect on the availability of institutional resources. Capacity for growth and sustainability of the social enterprise sector divides opinion; social enterprise actors are concerned with survival rather than growth (Sinclair et al., 2019), whereas policymakers are more encouraged and supportive of growth as a key priority. Evidence from the data corroborates the findings in the research literature on the negatives of growth (Ometto et al., 2019) by demonstrating that growth is not always desirable as it comes with requirements around standardisation. Growth presents challenges for those seeking to maintain an organisational ethos and uphold specific ethical values, not to mention the requirement to clearly communicate with staff through the process of change. The findings demonstrate the need for institutional capital () and relational capital () to strengthen the work social enterprises carry out and ensure their survival.

Bricolage, innovation, incremental change through tactical mimicry and the use of social capital have been identified as the four main strategies social enterprises might employ to deal with institutional pressures and a limited resource base. Social enterprises adopting bricolage behaviours refuse to be constrained by the existing resource base and environment. Social enterprises utilise persuasive tactics to build legitimacy and trust to ensure financial sustainability (Sunley and Pinch, 2012).

It has been found that collaboration and social capital play a key role in social enterprise development by fostering relationships, networks and community participation. In addition, when discussing innovation, co-production has been presented as one of the ways of strengthening innovation in the early stages by involving the end users and staff in the process of designing innovations.

Conditions of uncertainty and a risk averse behaviour by the government can lead to a narrowing of allowed and accepted social innovations put forth by third sector actors. Social innovation also serves a symbolic role in responding to institutional pressures as it has been argued in Section 5.2.2. Through playing the game and adapting to a complex socio-economic environment, social enterprises choose to appear innovative in order to please funders and policymakers (as presented in Dey and Teasdale, 2016). In order to overcome resource constraints tactical mimicry becomes a utilitarian strategy employed by social enterprise actors which facilitates positive outcomes of funding applications.

Financing of the social enterprise sector remains difficult and the level of 'bureaucracy' of working in partnership with the public sector can pose a challenge for social enterprise (Defourny and Nyssens, 2017). According to the findings, there is an absence of structure and support mechanisms for obtaining funding and staff, capabilities and knowledge on how to diversify income streams to ensure long-term sustainability needs to be developed. Better institutional structures are needed to adequately support social enterprise work that do not rely simply on social investment, but instead aim to develop managerial capability on how to create competitive advantage while maintaining the social mission and ethical values.

7.1.3. Addressing Research Objective 3*. - critically evaluating the concept of social innovation within a social enterprise context and its perceived usefulness*

Social innovation is strongly associated in the literature with the process of challenging existing institutions, power relations, and governance models (Poledrini, Degavre, and Tortia, 2018), however in practice this is little evidence of how social enterprises challenge existing institutional structures due to their high reliance on institutional resources.

Some academics have argued that the supposed innovation of social enterprise is largely performative (Teasdale, 2011) and the evidence explored has revealed the symbolic nature of social innovation in a hybrid organisational context. Dependence upon winning public funding forces social enterprises to "play the game" and "use the language and fit with the priorities favoured by funders" (Lindsay, Osborne, and Bond, 2013, p. 199). Also, social enterprises might appear to be more innovative than they are in order to use the right language to gain access to funding and to conform to institutional pressures (Sinclair et al., 2019).

Respondents tend to overestimate the merits of innovation in solving resource constraints (Sunley and Pinch, 2012); bricolage plays a major role in re-combining resources, but the end result might not be particularly innovative. Limited finances and institutional- political uncertainty encourage innovation as a solution to coming up with approaches and recombining resources, however the end result will be based on incremental changes that are closely managed and with a series of small improvements.

When a social innovation has a broad and durable social impact, it will be disruptive and catalytic (Christensen et al., 2006). Social innovation with a durable impact will challenge the social system and institutions that frame the innovation, to mobilise social actors with the view of creating lasting social value by reshaping social practices (Cajaiba-Santana, 2014). In the sampled social enterprises, the discourse of social innovation was equated to the work of social enterprise in itself as a new model. According to conceptualisations of social innovation in the empirical data gathered, social enterprises are utilising social innovation to reshape existing social practices to create durable social change, despite limitations in the availability of resources and in facing heavy competition, by adopting market-based models.

Failing in the context of the social innovations adopted by social enterprises was not an option for social enterprise leaders, as the funders and public sector commissioners would not accept the possibility of failure. In terms of innovation failure (Dudau, Kominis and Szocs, 2018), it has also been found commissioners of innovation in public service delivers would not allow space for learning which would be essential in creating improved iterations of the innovation. The data also illustrates the normative nature of social innovation (Osborne and Brown, 2011) requested by funders, in response to funders demands most innovations created by social entrepreneurs were perceived as the ideal solutions to persistent social problems. Moreover, social entrepreneurs proposing innovations are met by limited support from commissioners and local authorities and are cautioned by these funders about the risk of adopting innovations that might fail. The empirical evidence collected also illustrates commissioners have a strong preference towards innovations which are tried and tested. Therefore, innovations which made minor changes to existing services and products, rather than large scale (or radical) changes to existing service offering were preferred by commissioners.

For social enterprises, creating financial value by taking on the institutional logic of the private sector is the way to create social impact and reinvest surpluses into the social mission (Doherty, Haugh, and Lyon, 2014). The plurality of institutional logics further leads to a blended approach to value creation and social entrepreneurs respond to a complex institutional environment by adapting hybrid organisational forms in order to better respond to institutional pressures (Skelcher and Smith, 2015). According to the literature social enterprises leverage social innovation to create lasting change precisely because of their hybrid nature and adapting in conforming to a polarity of institutional logics (Jay 2013; Mongelli et al., 2019). In contrast, this thesis has argued that social enterprises are highly adept in 'playing the game' due to their hybrid nature, but the role of resource constraints cannot be neglected as often social enterprises are forced to innovate or appear to be innovating through tactical mimicry to please funders and other relevant institutional actors.

The desirability of innovation for public sector funders assumes that the outcomes of innovation will be positive. Normatively, it is assumed innovation will be positive, but according to the findings in this research, instances of failure and the possibility for learning needs to be also considered by funders in order to allow for improved iterations of innovation.

7.2. Key contributions

This thesis contributes to three fundamental theoretical issues relating to: the nature of hybrid organisational forms; resourcing of hybrids by looking the nature of finance that combines social and environmental aims with commercial objectives; and the role social innovation plays in a social enterprise context.

First, the thesis examines how hybrid organisations delivering social and environmental services are using a mixed resource based and are often operating in resource-constrained environments. The findings contribute to contemporary knowledge in the field of bricolage theory (Davidsson, Baker and Senyard, 2017) by examining how social enterprises utilise bricolage. According to the findings social enterprises adopt bricolage behaviour by displaying preferences for working in partnership, participating in support networks and fostering relationships with a wide variety of stakeholders.

Second, the research contributes to contemporary understanding of the field of social innovation. In the study, lesser known functions of social innovation symbolic and tactical are critically explored through the analysis of empirical data in the findings and discussion chapters. Moreover, according to the findings of the study, social innovation is shown to be closely inter-related to bricolage activities and to institutional pressures where public sector funders demand innovative products or services. As a result, the research has raised pertinent questions over the perceived usefulness of innovation (de Vries et al., 2016), normativity of innovation (Larsson and Brandsen, 2016), the role of institutional pressures in the process of innovating (Tracey and Stott, 2017), and consequently contributed to contemporary debates in the field.

Third, a key gap in the literature was addressed by the research to gain a further understanding of the outcomes related to social enterprise work (Mongelli, et al., 2019) and the implications of hybridity (Skelcher and Smith, 2015). Conceptualising value measurement and the evaluation of social impact has been explored in the thesis as a key contribution.

This thesis has contributed to contemporary knowledge and debates in the social enterprise and social innovation literature by:

- addressing the research gap of providing a better understanding of hybrids and conceptualising how value is created in the context of social enterprise development
- taking a critical view of social innovation and considering alternatives to social innovation such as bricolage or change
- exploring organisational decision making in resource constrained environments by putting forth a hypothetical model on the interplay of bricolage, social innovation, social capital and tactical mimicry

The study builds on and contributes to academic knowledge in the area of social enterprise development and provides a new understanding of the merits of social innovation within hybrid organisations. A comprehensive overview of theoretical contributions is provided in Section 7.3. Practical contributions are put forth in Section 7.4, by addressing both practitioners and policymakers working in the social enterprise sector.

7.3. Theoretical contributions

Contribution to academic knowledge and theory has been three-fold. First, the thesis has contributed to knowledge in social entrepreneurship on social innovation (Tidd and Bessant, 2018) by offering a conceptual model of social innovation process in social enterprise in Section 5.5. Second, the study has built on key theories in institutional theory related to normativity, institutional pressures and tactical mimicry by discussing the avenues and tools social enterprises utilise to overcome resource constraints and enable them to deliver social value. Third, a hypothetical model of strategies social enterprise can utilise to overcome resource constraints has been put forth in Section 5.2. As a key contribution, the hypothetical model offers plausible causal explanations of how resourcing limitations can be overcome be social enterprise actors. To conceptualise and gain a further understanding of hybrid outcomes related to social enterprise activity the theoretical constructs value capture and value creation by Santos (2012) were used in the refinement of the hypothetical model of overcoming resource constraints. As a result, the study also contributes and adds further reflection to theoretical debates related to hybrid value measurement (Battiliana and Lee, 2017; Bull and Ridley-Duff, 2018) and resourcing of social enterprises (Gawell, 2016; Davidsson, Baker and Senyard, 2017).

7.3.1. Contribution to Social Innovation literature

The study has explored social innovation in a social enterprise context in order to better understand and critically evaluate the merits of social innovation. The developed conceptual model of social innovation within hybrid organisations (Figure 5.5.2) demonstrated the necessity of learning and developing knowledge flows to better manage innovation activities within hybrid organisations

Social innovation is commonly understood as a manifestation of positive social change, and it is expected to improve outcomes such as the quality of life and well-being. Given that social innovation is an umbrella concept, it embraces different innovation-related concepts (Casini et al., 2018), and for the purposes of this study, the extent of social innovations has been explored (incremental, radical and systemic) as well as the contested nature of social innovation (buzz-word, context dependant, normativity and dichotomy between social innovation and change).

In terms of the ‘dark side’ of innovation (Larsson and Brandsen, 2016) it has been found that social enterprises tend to overestimate the merits of innovation in addressing resource constraints. Innovation is embedded in the way social enterprises operate by breaking with conventional knowledge and way of doing things, but the end result won’t be particularly innovative as most innovations will be small scale, ‘good enough’ innovations (Zeschky, Winterhalter and Gassmann, 2014). Social innovation in some cases becomes part of a bricolage activity in overcoming resource constraints and as such hybrids will reconfigure existing resources to gain access to contacts, networks or access new capital. Distinct to innovation, the merits of bricolage have to be recognised especially in cases where social capital, collaborations and volunteers play a key role in expanding the existing resource base. This contributes to the debate on the merit of social innovation (de Vries et al., 2016). Access to formal and informal networks as part of a bricolage behaviour are essential for social enterprise survival, also through accessing networks it allows them to build up relational capital and institutional capital. Essential to social bricolage is a refusal to be constrained by limitations and improvisation (Di Domineco et al., 2010). Di Domineco et al., (2010) theorise three further constructs relevant to bricolage activities lead by social entrepreneurs: social value creation, stakeholder participation, and persuasion. The study has found evidence of all three constructs in the empirical data gathered, as improvisation and refusal to be constrained by existing limitations allows for social value creation. There are strong examples of stakeholder participation and negotiation in the data, which illustrate the importance of social capital and relational capital.

Bricolage behaviour evidenced in the thesis also aids with financing social enterprise and illustrates the creativity of social entrepreneurs and other actors leading social enterprises (in line with Sunley and Pinch, 2012). Creativity has also been emphasized as a core part of social innovation, improving on the status quo and creating social value.

As one of the original contributions of thesis, the study has addressed the issue of normative pressure for social enterprise actors to adopt innovation (Nicholls et al., 2015) illustrated by responses provided by social enterprise actors. The findings acknowledge the symbolic and tactical use of innovation and recognise innovation as a 'buzz-word' present in public service delivery (Osborne and Brown, 2011; Edwards-Schachter and Wallace, 2017). It was found, innovation is deemed necessary and highly desirable by policymakers for creating solutions in service delivery within health and social care sector.

Despite the expectation in the literature for social innovation to challenge existing institutions and power relations (Poledrini et al., 2018), it has been found that due to a high reliance on institutional resources and public funding, social enterprises conform to existing pressures and develop innovations that conform to the existing norms of accepted innovations; alternatively, they choose to appear innovative as part of a strategy of tactical mimicry.

In contribution to the debate on the 'dark side' of social innovation (Larsson and Brandsen, 2016; Crane et al., 2018) and public service innovation as a 'magic-concept' (de Vries et al., 2016) the thesis has revealed that social enterprises do not always embrace innovation as straightforward solution to creating social value. Moreover, in some cases social enterprise actors have been forced to innovate or appear to be innovative due to the prevalence of resource constraints and the complex institutional environment they face.

The contested nature of social innovation cannot be ignored as some respondents perceived top-down innovation initiatives 'forced' upon them by coercive institutional pressures. The prevalence of funding cuts has restricted the availability of funding in the sector and created increased pressure to appear innovative. This finding directly contributes to the contemporary debates on the 'dark side' of innovation (Larsson and Brandsen, 2016), and addresses the research gap identified in the literature review on social innovation outcomes needing to be reconceptualised to better understand social innovation outcomes (Voorberg et al., 2015).

7.3.2. Contribution to Social Enterprise literature

Although numerous studies have identified the tensions arising from pursuing hybrid goals, little analytical attention has been paid to the framework created by Santos (2012) on value capture and value creation and how social enterprises blend economic, environmental and social value. The thesis has built plausible casual explanations on how SE overcome resource constraints by putting forth a hypothetical model presented in Chapter 6 with the purpose of theory generation.

As a key contribution to the social enterprise literature, the thesis has addressed the research gap on understanding the outcomes pursued by hybrid organisations and conceptualising the value produced. The study has built on key theories in institutional theory related to normativity, institutional pressures and tactical mimicry and theoretical concepts related to social capital, collaboration and co-production.

By exploring organisational decision making in resource constrained environments and putting forth a model on the interplay of bricolage and social innovation the study has contributed novel ways of understanding hybrid organisational development. According to the hypothetical model developed, bricolage and innovation could be used as resource enablers and in some cases as tactical tools to negotiate funders and policy-makers' demands, and to respond to institutional pressure.

It has been maintained by the respondents that the core of social innovation is to address a social need or challenge and making improvements to the status quo. Social enterprise leads, commonly perceived as one of the leading drivers of social innovation, typically address the needs of users and seek to helping those who otherwise might not have access to essential services (such as health and wellbeing related provision). Moreover, according to the findings of the study, the role of social capital (Ridley-Duff, McCulloch, and Gilligan 2018) and the participatory nature of social enterprise (Andersen et al., 2016) is highly relevant to avoiding mission drift and strengthening the capacity of social innovation to deliver social impact. As such, the thesis also contributes to ongoing academic debates related to social enterprise development and overcoming mission drift (Ramus and Vaccaro, 2017; Ebrahim et al., 2014).

It has been found that acquiring relational resources though co-production with end users and social capital strengthens the quality of services provided and demonstrates the participatory nature of social enterprise by involving and engaging individuals in service delivery. Another common struggle for social enterprise is maintaining legitimacy (Dart, 2018; Dey, 2018). The findings have revealed the importance of building trust in partnerships and connecting with beneficiaries as a common avenue for legitimisation of social enterprise activities. This is in agreement with the literature on trust and legitimacy in a social enterprise context by Connelly et al., (2011) who also maintain that trust is a powerful tool in community development and can be transformative at local community level to foster social justice.

In responses to the debates on conceptualising hybrid values (Batilliana, 2018; Davies and Doherty, 2018) and measuring the impact social enterprise create (Rawhouser et al., 2019) the study has found a significant lack of knowledge and expertise of internal and external assessment tools. Furthermore, due to the lack of standardisation on how to conceptualise social value some respondents have focused on respondent-led definitions of value.

Accountability to beneficiaries (Samad et al., 2017) and resilience (Kay, Roy and Donaldson, 2016) in social enterprise development were emerging themes in the gathered empirical evidence. Social enterprises faced institutional pressure to provide efficiency and save time and money in their service delivery and also faced a paradox in being accountability to their beneficiaries by being required to provide the best possible service. Therefore, social enterprises needed to negotiate the tension between being accountable to funders and commissioners by cutting costs and simultaneously responding to the needs of their beneficiaries and not compromising on the quality of the service delivered. Social enterprises have found ways to adapt to a complex and challenging political and economic environment by making the most of what is at hand as part of a bricolage behaviour. According to emerging findings, social entrepreneurs have adopted a deeply cautious behaviour towards growth and focused on building resilience through diversifying income streams and ensuring economic sustainability.

7.4. Contribution to Practice

The study sought to put forth practical contributions to policymakers, managers and leaders of social enterprises by discussing the key challenges social enterprises are facing as well as strategies and opportunities to overcome resource constraints and create social value.

Suggestions for policymakers on how to strengthen social enterprise development can be found in Section 7.4.1. This section also includes reflections in relation to the empirical evidence collected in regard to barriers for social enterprise development. Recommendations for policymakers are put forth in regard to how the existing status quo could be improved in light of the evidence collected, with the view of proposing solutions to facilitating the long-term sustainability of social enterprises.

In Section 7.4.2. recommendation for practitioners have been forth with the aim of aiding future conversations on what are the key issues for social enterprise actors and how they can be overcome. Practical recommendations for the following areas are put forth based on the findings of the study: impact evaluation, knowledge and capability in the sector, growth of the social enterprise and avoiding mission drift.

7.4.1. Suggestions for Policymakers

Appropriate funding for the social enterprise sector was identified as one of the key challenges by social enterprise actors and other key players in the sector such as individuals running funding agencies or support networks. It would be suggested for policymakers to consider the legacy of the Social Value Act (2012) by setting a clear agenda for social enterprise development. In Scotland, the Scottish Government has provided a comprehensive plan on how social enterprises can be grown and best supported (a ten-year plan under Scotland's Social Enterprise Strategy 2016- 2026). A similar initiative for social enterprise has not emerged for the rest of the UK, with a change in leadership in conservative government in July 2016 following the outcome of the European Union membership referendum.

Additional support services that build capability in the social enterprise sector could be created by policymakers and government actors. Social enterprises face dilemmas related to how to appropriately charge and market their services. To add to this, with heavy competition in the market and funding cuts these organisations also struggled to appropriately diversify their income streams and ensure financial sustainability. Therefore, it would be recommended to policymakers to fund and champion events and workshops that offer chances for social enterprise leaders to learn about opportunities for growth, business workshops on staying competitive and public sector contracting. It is essential to develop capability in the sector to ensure social enterprises remain economically viable and are able to negotiate the multitude of institutional pressures and challenges associated with delivering public services.

Based on the findings, it is proposed to strengthen institutional structures beyond the growth of social finance. Policymakers could play a key role in the inclusive growth of social enterprises to tackle inequalities, supporting local cohesion through strengthening the economic development of social enterprise.

7.4.2. Recommendations for Practitioners

The six identified challenges by social enterprise actors posed concerns for practitioners when asked about social enterprise development. The organisational challenges identified in the data represented significant drivers for organisational decision-making and were used by social enterprise leaders as a rationale for organisational change

The key challenges identified according to the empirical evidence were:

a. Difficulties in value- measurement
b. Appropriate funding for the social enterprise sector
c. Balancing the social mission with financial goals
d. Growth of social enterprise
e. Monetization of services
f. The socio-economic and political environment

The six main challenges identified that inhibit social enterprise development and their ability to operate. The first challenge is related to difficulties in value measurement for social enterprise (Zahra and Wright, 2016; Rawhouser et al., 2017). It has been found most respondents who acted as social enterprise leads lacked the necessary capability to conduct impact evaluations and there was lack of knowledge of what would be the best way for conducting social value evaluations. In addition, some of the actors in the field have resisted the idea of outcomes measurement and rejected the idea of outcomes measurement being necessary. The second challenge is related to dealing with funding difficulties and exploring ways of overcoming them. The third challenge identified from the data is related to balancing the social mission with financial sustainability which is related to mission drift and balancing tensions. The fourth challenge present in the social enterprise is related to the desirability of growth and the risk associated with it. The fifth challenge is linked to the dilemma of monetizing or charging for services and the 'marketisation' of the third sector (Garrow and Hassenfield, 2014; Hall et al., 2016). Lastly, the sixth challenge is connected to the process of resource mobilisation and social enterprises needing to acquire and maintain institutional resources to respond to institutional pressures (Greenwood et al., 2010) and to a fast- changing political environment characterised by high levels of uncertainty.

Due to their hybrid nature, social enterprises struggle to maintain a balance between addressing their social mission and fulfilling financial goals, as well as conforming to multiple institutional logics (Ebrahim et al., 2014; Mair et al., 2015). Value measurement and evaluation of social impact come with difficulties for social enterprise practitioners, namely there is a lack of knowledge and organisational capacity to conduct impact evaluation according to the findings. It would be recommended for practitioners to regularly evaluate the outcomes of the services provided to ensure accountability to their stakeholders. Currently, there is a serious lack of knowledge and training on best practice on how to conduct impact evaluation within sector (Rawhouser et al., 2017) and the findings from the data corroborate this. For example, it would be recommended for social enterprise staff to participate in training on impact measurement tools to equip them with the necessary knowledge to do impact evaluation of their work.

The growth of social enterprise was an ongoing challenge for social enterprise practitioners. How much growth and when to trigger growth posed a dilemma for social enterprise actors. As several respondents have stated, there is a danger of identity loss for organisations that grow too fast. Managers should consider the organisational ethos and how to best maintain it when faced with rapid change. Embedding organisational ethos across the organisational culture helps to overcome mission drift (Bull and Ridley-Duff, 2018) and arguably maximises the potential of social enterprise to capture value without compromising on value creation.

Moreover, growth is not always necessary for fulfilling the social mission of the organisation. According to the findings, funders tend to deem growth as desirable but for social enterprise actors it might be worthwhile to resist the idea of growth if it does not align with the social mission. As Venter, Currie and McCracken (2019) have emphasised, funding priorities in the UK context are often in tension with third sector organisations' goals but these organisations will be under pressure to conform in order to gain access to new sources of finance. The danger of growing for social enterprise also lies in greater bureaucratisation and standardisation of services in order to ensure efficiency (Chell et al., 2016).

7.5. Limitations of the research

It is acknowledged that the research has a number of limitations. First, the methodology was designed with an inductive research approach in mind and as such interviews were deemed to be appropriate for exploratory purposes and there is limited potential to generalise from the data. Further research could be done using a survey method, adopting a different sampling strategy that would fit a deductive research approach and choosing a larger sample size for the purpose of generalisability. As part of an inductive research design (Woiceshyn and Daellenbach, 2018) theory building rather than generalisability was the focus of the study. The study has put forth a hypothetical model of how SE operate when faced with resource constraints to overcome limitations. In addition, further research could be conducted which looks at the lifecycle of innovation by adoption a research approach which consists of collecting longitudinal data that allows us to study the process of innovation as time passes.

Second, the geographical location of the sample could be considered a limitation for the study as all of the respondents were based in the UK and the policy-context and theoretical debates regarding public service delivery were closely situated to the UK context. Globally, there is a divergence of how social enterprises operate and can be understood. As presented in the literature review, the EMES approach to social enterprise and other international perspectives are likely to differ significantly.

Third, the hypothetical model developed of how SEs overcome resource constraints in Chapter 6 does not address the causality of potential factors that lead to resource constraints and the outcomes of the mediating variables. In the developed model, how various mediating strategies are combined to produce different hybrid outcomes is not known. Although, the findings of the study do illustrate how social innovation, bricolage, social capital and tactical mimicry can be utilised to overcome resource constraints. Furthermore, it needs to be noted, the proposed conceptual model of SI process in a social enterprise context (illustrated in Figure 5.5.2) serves to aim as a starting point for further research on how social enterprises decide to adopt and make use of social innovation.

Fourth, the study had a sub-sample of social enterprise in the UK which engaged in public service delivery and operated predominantly in the health and social-care sector. In terms of sampling, this can be considered a potential limitation as well as the type and size of social enterprises sampled, as most social enterprises who participated in the study can be classed as micro, small or medium sized social enterprise. There were no large organisations present in the collected data, mostly due to convenience sampling and snowballing as one social enterprise would recommend another suitable social enterprise for the research. The thesis engaged with theoretical debates in public management, social entrepreneurship and organisation studies literature. A future research agenda and potential areas for further theoretical development are proposed in Section 7.6.

7.6. Future research agenda and looking ahead

There have been several overlooked areas in academic research on social enterprise development and value measurement in hybrid organisations. How to achieve the long-term sustainability of social enterprise is a developing area in the current academic debate. Financial viability is an ongoing concern for social enterprises due to limitations in accessing funding and the ability needed to diversify income streams (Powell et al., 2018). Another study by, van Wijk et al., (2019) acknowledges the complex environment that social enterprises operate in, their need to negotiate and respond to multiple institutional actors. They propose that there exists a gap in examining the moral dilemmas of conforming and negotiating different institutional pressures. Further studies could explore the strength of isomorphic pressures experienced by social enterprises and the way they adopt an identity, beliefs and values akin to market-based models in order to sustain financial viability as well as consider the moral consequences of making changes that ensure survival.

The topic of failure in the context of innovating public service delivery (De Vries, Bekkers, and Tummers, 2016; Bason, 2018) has been briefly touched upon in the thesis. It has been argued that social enterprise actors deal with a risk-averse environment and public funders are more likely to encourage and fund innovations that have been tried and tested. Moreover, the importance of iterative learning and space to develop improved versions of innovation has been emphasised, however, the environment social enterprises operate in will not always allow for this. Further research could consider cases of social innovation development where social innovations are co-created by a multitude of actors, not only staff or the end user but also public sector funders and explore the direct interaction between multitudes of actors. Negotiations in the creation of innovation as part of idea generation rarely happens outside of the organisation in conjunction with external actors (Salerno et al., 2015). However, in contrast to traditional view on innovation driven by an economic rationale in pursuit of productivity as discussed in the literature review (Shaw and Anne de Bruin, 2013) the empirical evidence suggests that social enterprises create innovations with needs of the beneficiaries in mind. Social innovation within a social enterprise context are led by conversations with staff and users or alternatively in some examples, it becomes led by pre-framed ideas of innovations put forth by public sector commissioners. When adopting pre-framed ideas of innovation social enterprises conform to institutional pressure to adopt certain types innovations that are deemed desirable such as ideas that have been tested before and carry a low level of risk.

Social enterprises face several coercive forces such as central and local government, regulations, competing in the market and pressures to deliver profit (Wheeler, 2017). Further research could also consider how coercive forces impact the survival of social enterprise. Recent literature has been concerned with ensuring financial viability of social enterprise through social investment (Lyon and Owen, 2019), social investment tax relief (Calderini et al., 2018) and strengthening of the social investment market and commercialisation of the third sector through social impact bonds (Dowling, 2017). Nevertheless, the question remains if policymakers and governments could do more to support social enterprise growth and development beyond the offering the possibility of social investment. Also, as other academics have argued business capabilities and knowledge in the social enterprise sector are lacking (Doherty, Haugh and Lyon, 2014) and social enterprises seem to share similar challenges with SMEs due to restrictions in accessing funding (Murphy, Perrot and Rivera-Santos, 2012). It would be recommended for further research to study the combinations of strategies social enterprises can utilise to overcome resource constraints in order to establish which combinations are more effective in achieving social value creation.

This study did not include a focus on absorptive capacity (Matricano et al., 2019) and dynamic capabilities (Piening, 2011), as the findings of the study suggested social enterprises are heavily reliant on informal learning as part of collaboration within networks. It has been found, there is tacit knowledge social enterprises utilise in their decision making, however innovation initiatives and knowledge flows are not formally 'managed' by social enterprise leaders. The prospect of social innovation is embraced based on most urgent emergent user demands and user needs. Further research could include an exploration of the capabilities of social enterprise to build formalised systems to manage innovation in resource constrained environments by considering the role of effectuation. The thesis included an exploration of bricolage behaviour in building iterative adaptation of services delivered, however, it did not discuss the role of effectuation and how social entrepreneurs could apply the principles of effectuation to gain competitive advantage. Effectuation theory (Sarasvathy, 2001) could be explored in further studies seeking to investigate resourcing within hybrid organisations and the effect of a limited resource on the ability of social enterprise to create social impact.

Looking ahead, the proposed Model of Social Innovation Process within a Social Enterprise context (Figure 5.5.2) could be applied by further studies interested in exploring the merits of innovation within a hybrid organisational level context. The model includes an emphasis on the role of institutional actors in developing innovations for social enterprises. The proposed conceptual model of social innovation process in a social enterprise context is not without limitations due to the sampling decisions taken for study. As mentioned in Section 7.6 and in the Methodology chapter, the findings of the thesis are characteristic of a specific sample of social enterprises, namely those which engaged in public service delivery and operated predominantly in the health and social-care sector. In addition, most social enterprises sampled could be classed as micro or small in terms of size of the organisation. Therefore, the proposed conceptual model is intended as a starting point and it will require further empirical research with a more representative sample of social enterprises. As with any conceptual models, the proposed model represents a vast oversimplification of what happens in practice (Creswell and Poth, 2017) and as such it has been developed to offer a visual representation of key concepts.

7.7. Concluding remarks

Although several studies in hybrid organisations have examined the role of innovation in creating social value (Phillips et al., 2015; Tracey and Stott, 2017), there has not been a consideration of the role of bricolage in overcoming resource constraints for social enterprises facing complex institutional pressures. Accordingly, this study provides additional insight to the role of bricolage in social enterprise development (Di Domenico et al., 2010) by facilitating discussions on overcoming institutional pressures and resource constraints.

The relevance of the study is demonstrated by contributing to academic knowledge in the field of social entrepreneurship on resource mobilisation (Sunley and Pinch, 2012), organisational hybrids (Battiliana and Lee, 2017; Jay, 2013) and social innovation (Phillips et al., 2015). The thesis has also offered practical contributions to policymakers and leads of social enterprises by discussing what are the key challenges social enterprises are facing and the merits of social innovation. It is hoped this study can serve as an initial starting point towards further studies in hybrid organisational development that consider the role of resource constraints in organisational survival and strategies such as bricolage and tactical mimicry hybrids can employ to overcome limitations.

Chapter VIII. Appendices

Appendix A.- Ethics form

University of Exeter's Ethics policy relating to research

The University of Exeter is research intensive and dedicated to furthering knowledge in a responsible and exacting manner. In the conduct of research by academic staff and students the University strives to protect the safety, rights, dignity, confidentiality and anonymity (except where covered by an appropriate protocol) of research subjects, the welfare of animals and the sustainability of the environment. The University also endeavours to safeguard the wellbeing, rights and academic freedom of researchers and the reputation of the University as a centre for properly conducted, high quality research. The University maintains a separate *Code of Good Practice in the Conduct of Research* which it requires all researchers to follow[1].

Ethical issues are manifest in a wide variety of research activities and arise especially when the conduct of research involves the interests and rights of others. The adoption of an ethical position in respect of such research requires that the researcher observes and protects the rights of would-be participants and systematically acts to permit the participants to exercise those rights in full accordance with UK law. Ethical practice in such cases requires that participants and/or legal guardians, at a minimum, be fully informed, free to volunteer, free to opt out at any time without redress, and be fully protected in regard to safety according to the limits of best practice. The Business School follows the policy set by the University of Exeter.

The University also upholds principles of **integrity** and the need for researchers to be honest in respect of their own actions in research and their responses to the actions of other researchers. Researchers will be required to comply with requests to the University under the Freedom of Information Act 2000 and practice **openness** in their research endeavours wherever possible.

[1] http://www.exeter.ac.uk/research/toolkit/throughout/goodpractice/

Part A: Background of the research project

Title of project	*Working title: "Resource constrained innovation in a social enterprise context: creative uses of bricolage and organisational learning"*
Name of lead researcher / Primary investigator for this project and affiliation	Ms Melinda Szocs
Name(s) of other researchers and affiliation (s)	----
Start and estimated end date of project	05/01/2016- 05/05/2016 first stage in Scotland 01/06/2016- 01/11/2016 second stage in England
Source of funding for the project	ESRC studentship
Is this application being made prior to a grant application? Which funder?	N/A
Aims and objectives of the project	The aim of the proposed research is to understand and examine the impact of resource- constrained innovation initiatives in the context of social enterprises. The study will gather data both from social enterprises in Scotland and social enterprises in England. There is evidence of strong collaborative culture (Huxham, 1993) and of strong social economy presence in Scotland (Alcock, 2009). The slow devolution of Scotland from the UK through the establishment of the Scottish Parliament in 1999 has brought in some level of divergence in terms of the policy environment between Scotland and England (Alcock, 2009). There is further literature to suggest that Scotland has one of the most supportive political and economic environment for the development of social enterprise activity (Roy, McHugh, Huckfield, Kay and Donaldson, 2014). Objectives: 1. - *to gain a better understanding of ways*

	social enterprises are strategically adapting in light of resource-constraints (e.g. bricolage, organisational learning, and resource-constrained innovation based on the theoretical frameworks presented by Pansera and Owen, (2015) in their paper framing resource-constrained innovation*)* *2. - to explore and understand the impact of the strategies social enterprises are using in order to adapt in light of resource-constraints (be that an effect on social or financial outcomes on various stakeholders)* *3. -to gain understanding of narratives around innovation both in a Scottish and English social enterprise context.* *4. – to explore differences between Scottish and English social enterprise activity in light of the Scottish devolution and its impact on the social economy*
Is the main applicant employed by the UEBS for the duration of this project? **Note: only researchers employed by the Business School can apply for ethics clearance by the UEBS ethics panel.**	No

Part B: Ethical Assessment

Please complete the following questions in relation to your research project. If you answer Yes to any of the sections, please elaborate

	Yes	No
Research that may need to be reviewed by NHS NRES Committee or an external Ethics committee (If yes please provide details as an annex) • It won't be necessary to gain NHS ethics clearance for this study, as it will not directly interview vulnerable people. If the circumstances of research change the researcher will make sure the re-evaluate any arising risks so there is adequate documentation and that all participants can give consent. The researcher will check what kind of		x

insurance the organisation has and ask whether any disclosures or an NHS clearance would be needed		
Will the study involve recruitment of patients or staff through the NHS or the use of NHS data or premises and/ or equipment?		x
Does the study involve participants age 16 or over are unable to give informed consent? (e.g.people with learning disabilities: see mental Capacity Act 2005. All research that falls under the auspices MCA must be reviewed by NHS NRES)		x
Research that may need a full review		x
Does the research involve other vulnerable groups: children, those with cognitive impairment, or those unequal relationships ?(e.g. your own students) Have you read the appropriate Act; ethical practices governing research with the group you aim to study?		x
Will the study require the co-operation of a gatekeeper for initial access to the groups or individuals to be recruited? (e.g. students at school, members of self-help group, residents of a nursing home?)		x
Will it be necessary for participants to take part in the study without their knowledge and consent at the time ?(e.g. covert observation of people in non-public places?)		x
Will the study involve discussion of sensitive topics? (e.g. sexual activity, drug use)		x
Are drugs, placebos or other substances (e.g. food substances, vitamins) to be administered to the study participants, or will the study involve invasive, intrusive or potentially harmful procedures of any kind?		x
Will tissue samples (including blood) be obtained from participants?		x
Is pain or more than mild discomfort likely to result from the study?		x
Could the study induce psychological stress or anxiety or cause harm or negative consequences beyond the risks encountered in normal life?		x
Will the study involve prolonged or repetitive testing?		x
Will the research involve administrative or secure data that requires permission from the appropriate authorities before use?		x
Is there a possibility that the safety of the researcher may be in question? (e.g. in international research: locally employed research assistants)		x
Does the research involve members of the public in a research capacity? (yes, and they are clients or users of the social enterprises)	x	
Will the research take place outside the UK?		x

Will the research involve respondents to the internet or other visual/ vocal methods where respondents may be identified ? (i.e. through the findings)		x
Will research involve the sharing of data or confidential information beyond the initial consent given?		x
Will financial or other inducements (other than reasonable expenses and compensation for time) be offered to the participants?		x

[ESRC ethics initial checklist[2]]

Part C: Further and brief details for any sections answered 'Yes'. If you answered 'yes' to any of the above sections, please elaborate with detail here. Each in turn.

N/A

Part D: Project Summary (Ethical Considerations)

Provide an overall summary of the Research that will be employed in the study and methods that will be used (no more than 250 words)

The ***aim*** of the project is to study resource-constrained innovation in a social enterprise context by taking a two country comparison, Scotland and England. Expanding, the findings of my masters dissertation last year (MRes degree in Management, University of Exeter), in which I studied social enterprises innovating and found that often social enterprise work light of limited resources, this study will aim to understand the impact of resource constraints on how social enterprises carry out their work and in particular the role of innovation in responding to these constraints and enabling SE work. Social enterprises have become popular on the agendas of those trying to improve the socio-economic conditions following the global financial crisis in 2008 (Huybrechts and Nicholls, 2012). Social enterprises are recognised as relevant actors in the economy that provide innovative solutions to societal needs (Ridley- Wilson and Post, 2013; Battilana and Lee, 2014). The study will

[2] ESRC ethics initial checklist, Framework for Research Ethics (FRE), (2010).

research resource-constrained innovation in a social enterprise context that often forms in light of financial and human resource scarcity (Keupp and Grossman, 2013). The central questions for the study will be how this innovation contributes to social impact. There have not been many empirical studies to date detailing how innovation works in a social enterprise context and the research will aim to some extent to address that gap. The ***rationale*** of this study is further strengthened by the fact that, social enterprises by the nature of their structure and work, commonly work in resource constrained environments (Huybrechts and Nicholls, 2012; Ridley-Duff and Bull, 2015) - and thus provide a valuable and relevant population in which to study innovation that emerges as a function of resource constraints.

The research methodology will be based on empirical research via primary data collection. The data collection will be done through interviewing (users, managers, board of directors if existent and other relevant stakeholders that are relevant to strategic organisational change from a resource-base perspective) as part of an inductive research approach. This method will aid in gaining exploratory data and understanding some of the complexities of social enterprises and the ambiguities around the notion of innovation.

The key themes to explore through interviewing will based around bricolage, organisational learning, ambidexterity, and resource-constrained innovation.

The sample size for the semi-structured interviews with representatives of social enterprises (organisations identified via a convenience sampling method) will be around 8-12 respondents. The social enterprise will be firstly selected based on qualifying to the cut of mark of 50% of having their profits reinvested into the organisation, and secondly they will need to be part of the health and social care sector. All the respondents will be over 18 and older, and are not likely to be members of any vulnerable group. The research subject will not be around any sensitive topics (such as sexuality, illness, loss, malpractice, etc.) therefore it is expected for the respondents will be at ease. Moreover, no harm- be that emotional or physical- will come to the respondents.

In the process of analysing the interview data, I would aim to provide a reflexive account through the use of direct quotation (Easterby-Smith et al., 2012), as well as paying attention to my role of the researcher in shaping the research

process. I would adhere to this strategy to be able to gain a critical understanding of sense-making around decision-makers making changes or surviving in light of a limited resource base. By decision makers it is meant managers, board of directors or employees who are part of the organising of the social enterprise and strategically need to deal with both external and internal changes impacting the organisation. In order to explore the phenomenon of organisational change from a resourced-base view and its impact this study will also seek to interview users or other stakeholders who might be affected by these changes. All participants' agreement to take part in the study will be sought first. This will be done by asking them to sign a consent form and their responses will be kept anonymous.

Part E: Ethical Considerations for method(s).

List each of the methods you aim to use to recruit participants and describe the methods you will use to gain their 'informed consent' (If written consent will not be obtained for any of your methods, this must be justified). At the least the following should be considered for each method.

- Confidential and anonymity for all participants and organisations

- Storing of data according to the UK Data Protection Act and also any additional provisions you have to make for the data in other countries where your study is based. *[Note: If the project involves obtaining or processing personal data relating to living individuals, (e.g. by recording interviews with subjects even if the findings will subsequently be made anonymous), you will need to ensure that the provisions of the Data Protection Act are complied with. In particular you will need to seek advice to ensure that the subjects provide sufficient consent and that the personal data will be properly stored, for an appropriate period of time.*
- Voluntary participation following informed consent

- ***Please attach a copy of every Information Statement and Consent Form that will be used, including translation if research is to be conducted with non-English speakers. Document in verbatim to be provided in cases where consent is to be obtained verbally.***

	First batch of interviews will have respondents

Interviews	which will belong to a key stakeholder group of one social enterprise (such as managers, administrators, users, partners, innovation facilitators, and funders of social enterprises). By using the constant comparative method as part of grounded theory further data will be collected depending on the needs of the study. It is hard to estimate in advance the number of the respondents or who needs to be interviewed exactly as the principles of grounded theory require flexibility in adapting the research in light of new data. A good point for stopping the data collection will be when the research has reached the point that collecting new data will not be dissimilar to part answers and shows that theoretical saturation has been reached. Written consent will be obtained from all the research participants. Consent form and information sheet are attached. These provide full anonymity and the guarantee that no quoted material will be attributed to the participants.

Will there be any possible harm that your project may cause to participants (e.g. psychological distress or repercussions of a legal, political or economic nature)? What precautions will be taken to minimise the risk of harm to participants?

No

Part F: Data protection

How will you ensure the security of the data collected? What will happen to the data at the end of the project, (if retained, where and how long for). Please follow guidelines provided by the University of Exeter on Data protection to complete this section http://www.exeter.ac.uk/recordsmanagement/.

Recording of interviews and transcripts will be kept on an external hard disk and under password protection. Transcriptions will use pseudonyms for individual respondents and other identifying data will be anonymised where possible. When not being used by the researcher all hard copies of the materials will be stored under a locked cabinet that is accessible only to the researcher.

The researcher will keep the data for an indefinite period of time, i.e. for as long as the data is required, but will destroy the data when it is no longer required for research purposes. This will be done as long as it is permissible to keep it for academic purposes and with proper consent.

Data protection- will adhere to the Data Protection Act 1998, which contains eight (enforceable) principles of good practice, applying to anyone processing personal data (and data pertaining to organisations), including the use of personal data in research. Obtaining the research subject's consent is one of the essential principles this study will uphold.

Part G: Notes and Additional Information: Please provide any additional information which may be used to assess your application in the space below.

Organising interviews in a public or semi-public place during the normal working day will be considered in order to minimise the risk to the researcher.
Having someone report back to following an interview taking place will be considered in order to make sure that the person above knows the date, time and location of the interviews. Protecting the confidentiality of data and speaker when conducting interviews in public places will be paramount and no

information that can be construed as sensitive data shall be discussed in such an environment. Some of the data gathered could contain sensitive business information that would provide competitors with a limited advantage if it was shared. The confidentiality, anonymity and ethical consent process outlined ought to mitigate risks to participant. If password protecting any data collected on a mobile phone or recording device is not possible I would remove the data to protected storage as soon as the interview is over and to delete the recording on the device.

Part G: Checklist: Please ensure that all sections are ticked before submission. The form will be rejected without review if any sections are incomplete.

All sections A, B, C (if relevant), D,E,F and G (if relevant) in this form have been completed	√	The study has not started yet	√
Number of methods to be used (note each below and place in tick in the box for consent forms attached to application form)	√	The form has been signed and dated by the principle investigator/ lead researcher/supervisor	√
Any other relevant documents have been attached (e.g. copies of CRB certificates)	NA	Other attachments:	
Where an ethics application has also been submitted to an external ethics panel (NRES) copies of approval letters have been	NA		

attached			

Signatures:

I have considered all ethical implications for this project and declared all the relevant aspects for consideration of the University of Exeter Business School ethics panel. Name: Melinda Szocs Signature: Date: 13/12/2015

Part D: Supervisor's Declaration

As the supervisor for this research I can confirm that I believe that all research ethics issues have been considered in accordance with the University Ethics Policy and relevant research ethics guidelines. Name: Dr Anne O'Brien Signature: Date:

For administration use only: Ethical Approval

Comments of Research Ethics Officer and Research Strategy Group. *[Note: Have potential risks have been adequately considered and minimised in the research? Does the significance of the study warrant these risks being taken? Are there any other precautions you would recommend?]*	This a well prepared proposal that assesses the risks incurred by the research. Adequate measures are put into place to protect the identity of participants. Written consent is to be obtained and the research will respect the rights of the participants to withdraw at any stage during the data collection. My only recommendation is to think about whether you will allow participants

<table>
<tr><td></td><td>to withdraw their data after the interview has been completed and written consent provided. My advice is to have this discussion at the end of the interview to see if interviewees wish to have this extended right in writing. In most cases I anticipate that this will not be a requirement of your participants. If you choose to amend your consent form, please provide the updated form for review by the Ethics Officer.

As co-supervisor of this project, I confirm that I was <u>not</u> involved in the preparation of these documents and now approve them impartially on first inspection. I would like to thank the student and primary supervisor for the thoroughness of this application.</td></tr>
<tr><td colspan="2">This project has been reviewed according to School procedures and has now been approved.

Name: Dr Adrian Bailey (Research Ethics Officer)

Signature:

Date: 28/01/2016</td></tr>
</table>

Appendix B. Table 3.3.1. The match between research objectives, research questions and interview protocol **(Source: The Author)**

Research objective (RO)	Research question (RQ)	Interview questions (protocol)
RO1. - to explore the ways social enterprises are working to deliver social and economic goals	**(RQ1).** What outcomes do social enterprises seek to deliver?	**I. The context SE operates in** Could you please tell me about your organisation? • Why was it created? • How was it created? • Legal constitution? • Capitalisation? • What is its core activity? • What is its membership base? • What are the relationships with members or clients, its legal and governance structure, and its goals)? • Who would be the key stakeholders? **V. Outcomes of SE activity and types of benefits** • What is created in the process of operating (what kind of value and for whom)? • What is the cost of innovating and for whom? (please give examples if possible) • What are the outcomes of innovating for various stakeholders involved? (please offer examples if possible) • How do you measure outcomes?

Research objective (RO)	Research question (RQ)	Interview questions (protocol)
RO2. - to explore and understand the strategies social enterprises are using in order to adapt in light of resource-constraints	(**RQ2).** How are social enterprises operating considering resource constraints?	**II. The resource-based view** • Forms of financing or raising capital? • How would you describe your income streams and costs? • Are there any limitations in your resource base? • Are there any challenges you are facing?

RO3. - to critically evaluate the concept of social innovation within a social enterprise context and its perceived usefulness	**(RQ3).** What defines social innovation within a social enterprise context?
	
	(RQ4). What is the perceived usefulness of social innovation for social enterprise actors?
		III. Organisational change
		• What are the biggest areas of change that you have witnessed in your enterprise? (last 1-2 years)
		  ○ what brought the changes about?
		  ○ how was the change achieved? (i.e. resources, skills, working with other stakeholders or customers, ways of working)
		  ○ was has the outcome of the change been?
		• What are your plans for the future (e.g. plans for growth)?

Research objective (RO)	Research question (RQ)	Interview questions (protocol)
RO3. - to critically evaluate the concept of social innovation within a social enterprise context and its perceived usefulness	**(RQ3).** What defines social innovation within a social enterprise context? **(RQ4).** What is the perceived usefulness of social innovation for social enterprise actors?	**IV. Discovering innovation** ○ Would you see yourself as innovative? ○ How would you define innovation? ○ What are the costs of innovating and for whom? (please offer examples if possible) ○ What drives you to innovate as an organisation? (please give examples if possible) ○ On reflection, what do you feel you have learnt as an organisation from the mentioned innovation process (or activity)?
RO3. - to critically evaluate the concept of social innovation within a social enterprise context and its perceived usefulness	**(RQ3).** What defines social innovation within a social enterprise context? **(RQ4).** What is the perceived usefulness of social innovation?	**VI. 'The political landscape for SE and innovation'** • Is there a supportive environment for SE work? • Does local politics affect social enterprise work? • How is innovation framed and presented by various actors interacting with SE? • Is there a culture around running a SE?

Appendix C. Table 3.3.2. The match between the literature and interview questions (Source: The Author)

Authors	Interview protocol: **Section 1** 'The context SE operates in'	Interview protocol: **Section 2** 'The resource based view'	Interview protocol: **Section 3** 'Organisational change'	Interview protocol: **Section 4** 'Discovering innovation'	Interview protocol: **Section 5** 'Outcomes of SE activity and value measurement'	Interview protocol: **Section 6** 'The political landscape for SE and innovation'
Nicholls and Murdock, 2012	**x**			**x**	**x**	
Mason, 2012				**x**		**x**
Voorberg et al., 2015				**x**		
Jenson, 2015				**x**		**x**
Larsson and Brandsen, 2016			**x**	**x**		
Coburn, 2003			**x**			
Andre and Pache, 2014	**x**	**x**				
Dees et al., 2004	**x**				**x**	
Borzaga and Bodini, 2014	**x**			**x**		
Kickul et al., 2010		**x**	**x**		**x**	
Di Domenico, Haugh and Tracey, 2010	**x**	**x**	**x**		**x**	

Authors	**Interview protocol: Section 1** ‘The context SE operates in’	**Interview protocol: Section 2** ‘The resource based view’	**Interview protocol: Section 3** ‘Organisational change’	**Interview protocol: Section 4** ‘Discovering innovation’	**Interview protocol: Section 5** ‘Outcomes of SE activity and value measurement’	**Interview protocol: Section 6** ‘The political landscape for SE and innovation’
Seelos and Mair, 2017	**x**	**x**	**x**	**x**	**x**	
Foster and Heeks, 2013			**x**	**x**		
Huybrechts et al., 2014	**x**				**x**	
Andersen et al. 2016	**x**			**x**		
Defourney et al., 2014	**x**				**x**	
Desa and Basu, 2013		**x**		**x**		
Dey and Teasdale, 2016	**x**		**x**	**x**		**x**
Tracey and Stott, 2017			**x**			**x**
Harrison, 2010	**x**			**x**		
Chew and Lyon, 2012	**x**			**x**		
Barnett et al., 2015	**x**	**x**		**x**	**x**	
Mullins et al., 2012	**x**					**x**

Authors	**Interview protocol: Section 1** 'The context SE operates in'	**Interview protocol: Section 2** 'The resource based view'	**Interview protocol: Section 3** 'Organisational change'	**Interview protocol: Section 4** 'Discovering innovation'	**Interview protocol: Section 5** 'Outcomes of SE activity and value measurement'	**Interview protocol: Section 6** 'The political landscape for SE and innovation'
Garrow and Hasenfeld, 2014	**x**				**x**	**x**
Wagenaar and van der Heijden, 2015	**x**					**x**
Nicholls and Teasdale, 2017	**x**		**x**			**x**
Seelos and Mair 2012				**x**		
Mason, 2012		**x**				**x**
Wooten and Hoffman, 2016			**x**			**x**
Battiliana and Lee, 2014	**x**				**x**	
Diochon and Anderson, 2011	**x**	**x**	**x**		**x**	
Woods, 2016	**x**				**x**	
Cooney et al., 2016	**x**				**x**	

Appendix D- Interview Information sheet and consent form

Information sheet

Working title: 'Social innovation within social enterprises (SEs) '

2015-2018

Name of the researcher: Miss Melinda Szocs

You are being invited to take part in a research study. Interviews will be conducted face to face between 2016-2017. Phone interviews could be provided if required.

Before you decide it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Ask me if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part in this study.

This research is conducted as part of my PhD degree in Management at the University of Exeter. The study has been gone through the relevant ethics checks at the University of Exeter.

This research aims to understand the impact of resource constraints on how social enterprises carry out their work and in particular the role of change in responding to these constraints and enabling SE work. It will be of great interest to the study what motivates organisational change and how social enterprises are adapting. The study has the potential to reveal new insight in how SEs work and to understand the impact of such work on the broader community. The results of this research could improve the existing knowledge about social enterprises, expand the existing literature and serve as a reference to future research in the area.

Your participation in this study is voluntary. If you decide to take part in this study, interviews will typically require between 1-2 hours of your time, or as little as you can spare. You are not obliged to answer any of the questions, and you can decide to withdraw from the study at any time, without giving any reason.

The interview data will be stored securely on a password protected computer. Your identity will remain completely anonymous as well as your details. Anonymous quotes will be included in the dissertation resulting from this study. Furthermore, some of the data collected throughout this study might be used in future studies conducted by the same researcher. If this is the case, the same confidentiality terms will apply.

If you have any queries regarding the above, or if you require further information, please do not hesitate to contact me at melinda.szocs@exeter.ac.uk.

Thank you for your participation.

INTERVIEW CONSENT FORM

PROJECT: ‘Social innovation within social enterprises ‘

FUNDER: **Economic and Social Research Council (ESRC) Studentship at the University of Exeter**

RESEARCHER: **Ms Melinda Szocs (melinda.szocs@exeter.ac.uk)**

Thank you for agreeing to be interviewed for this project.

In signing this form, you hereby provide written consent for your involvement in the research. I wish to confirm that:

Interviews are confidential and will remain non-attributable to the individual

Where interviews are recorded and/or transcribed they will be coded in order to protect the identity of respondents. All files will be stored securely in accordance with the UK Data Protection Act.

Any quotations and/or examples used in research outputs (such as reports, conference papers, presentations, etc.) will remain anonymous.

Participation in this research is entirely voluntary. Participants are free to refuse to answer any question or terminate the interview at any point.

If you have concerns or queries about any aspect of this project please contact me (email: melinda.szocs@exeter.ac.uk or contact one of my supervisors at the University of Exeter, Dr Adrian Bailey (email: A.R.Bailey@exeter.ac.uk) or Dr Anne O’Brien (email: Anne.O'Brien@exeter.ac.uk).

………………..	………………………	……………………….
Participant Signature	*Print Name*	*Date*
………………..	………………………	……………………….
Researcher Signature	*Print Name*	*Date*

Appendix E- Interview questions

I. Context- General information about the SE

1. Could you please tell me about your organisation?

- Why was it created?
- How was it created?
  - Legal constitution?
  - Capitalisation?
  - Who were the leaders at the start-up stage?
- What is its core activity?
- What is its membership base?
- What are the relationships with members or clients, its legal and governance structure, and its goals)?
- Who would be the key stakeholders?
- Forms of financing or raising capital?

II. The resource-based view

How would you describe your income streams and costs?

Are there any limitations in your resource base?

Are there any challenges you are facing?

III. Organisational change

- What are the biggest areas of change that you have witnessed in your enterprise? (last 1-2 years)
  - what brought the changes about?
  - how was the change achieved? (i.e. resources, skills, working with other stakeholders or customers, ways of working)
  - was has the outcome of the change been?
- What are your plans for the future (e.g. plans for growth)?

IV. Discovering innovation

- Would you see yourself as innovative?
- How would you define innovation?
- What are the costs of innovating and for whom? (please offer examples if possible)
- What drives you to innovate as an organisation? (please give examples if possible)
- On reflection, what do you feel you have learnt as an organisation from the mentioned innovation process (or activity)?

V. Outcomes of SE activity and types of benefits

- What is created in the process of operating (what kind of value and for whom)?
- What is the cost of innovating and for whom? (please give examples if possible)
- What are the outcomes of innovating for various stakeholders involved? (please offer examples if possible)
- How do you measure outcomes?

VI. The political landscape for SE and innovation

- Is there a supportive environment in Scotland for SE work?
- How would you compete this to don South, to what is happening in England?
- Has the gradual Scottish devolution made a difference?
- How is innovation framed and presented by various actors interacting with SE?
- Is there a culture around running a SE?

Appendix F. Table 3.4. Type of respondents for the initial data collection

Interview number	Type of organisation	Type of respondent	Time frame and the region for data collection	Duration of the interview
1.	SE working in social care (elderly)	Manager	February-April 2016 Scotland	1 hour and 10 minutes
2.	SE in social care (elderly)	Manager	February-April 2016 Scotland	1 hour and 15 minutes
3.	SE in social care (mental health)	Manager	February-April 2016 Scotland	1 hour
4.	SE in social care (sight loss)	Manager	February-April 2016 Scotland	2 hours and 25 minutes
5.	Biggest funder of SE in Scotland and also active at policy-level	Executive chair	February-April 2016 Scotland	1 hour and 10 minutes
6.	SE that support the rehabilitation of prisoners (WISE)	- Manager - Involvement at policy level	February-April 2016 Scotland	1 hour and 40 minutes

Appendix G. Code book- Table 3.4.1.1. Theory-Driven Codes, Definitions, and Examples (sample)

Code	Description	Example
Hybridity	Respondent alludes to the organisation serving both financial and social outcomes	"We had a social impact report done last year where somebody came and looked at all the processes and costed it out, and it was something like, I've got it somewhere, for every £1 invested there's something like £11 worth of social value." (Respondent, Interview 9)
Governance models	Respondent talks about the way the organisation is governed	"So the governance… the directors of the charity, or better said the trustees of the charity, are also directors of the company." (Respondent, Interview 1)
Tactical mimicry	Respondent alludes or makes direct reference to resisting change and straying the same	"… organisations like ourselves, like any odd social enterprise when they see and opportunity for investment or funding, they will make use of any idea, make it innovative and make it fit for that funding. So even if it is the same old the same old, we are doing something, they will tweak it and word it in a way that will fit. (Respondent, Interview 4)
Social capital	Respondent makes direct reference to working in collaboration, or knowing someone who is beneficial to the organisation and they are working with	"A lot of our elderly are volunteers and they provide social capital that goes into developing that [classes]. A lot of them are beneficiaries, e.g. the end users but sometimes they become volunteers as well." (Respondent, Interview 4)

Code	Description	Example
Bricolage	Respondent talks about doing or making something in light of limited resources. It would need to be used in reference to resource constrains.	"… because we have such restricted funds and we always try to think of new ways of doing more with less." (Respondent, Interview 3)

Appendix H. Table 3.4.1.2. Data-driven codes, Definitions and Examples (coding sample)

Code	Description	Example
Social Innovation within a social enterprise context	Respondent talks about what it means to be innovative in a social Enterprise context. First, the respondents are asked to define what innovation means and later are asked for examples.	"…what we are trying to do is to take the traditional business model and re-examine every aspect of it to make it work. This forces us to innovate. By doing that process in some respects we will find that we will be innovating to a need that mainstream business doesn't see yet. It can be used for very potent change." (Respondent, Interview 2)
Firefighting	Respondent alludes or makes direct reference to not having enough time or resources and needing to deal with the most immediate concern	"...we were saving the organisation from imminent bankruptcy; people were working for free and working ridiculous hours just to get things to hang together. Then there was a huge sense of pride and bonding but of course we were firefighting in the same time." (Respondent, Interview 1)
Political references	Respondent makes direct or indirect reference to the political environment, be that at local or national level that might affect or influence the work the social enterprise is doing	"[social enterprise] weakness is in being affected by political change where public money might change according to different political agenda or changes to meet the needs of charitable funders. That is part of the problem for everyone." (Respondent, Interview 2)

Code	Description	Example
Mission and value driven work	Respondent talks about work they do as a social enterprise and how it connects to their values and/ or mission	“What we have done is tendered only for those [projects] that aligned with our values, with our strengths and our skill set... Values drive the social enterprise forward. “(Respondent, Interview 4)

Appendix I. Table 5.2.2. Social innovation and innovation within social enterprise context- Respondent definitions

Definitions	Characteristics (initial coding)
Respondent 9: "I think social innovation is based on an existing social challenge that is looked at in a very different way."	**Addressing a social challenge**
Respondent 11: "It is about bringing something new, breaking from the ordinary. Something refreshing. Those are the words I would use, and I would only call it innovation if it was refreshing in a positive way. So, it would be holistically improving the situation. So, if something is changing and it is new, but it is making something worse than it is not innovative. It has not made the situation better. So, I think it is about change in a new pay with a positive state. Innovation has to break from the norm... It is a different kind of innovation, it is social innovation as it is dictated by the need."	**An improvement addressing a social need and it needs to be novel**
Respondent 12: "Innovation for me would be to try something that is new. Think that innovation can be seen often as a buzz word. People often actually talk about innovation and am not sure if they are. Things are not particularly innovative, but yeah."	**Newness, buzz-word**

Respondent 13 "Creative, daring to be different, unusual, I think like a trail blazer. Something that isn't available now but can be replicated."	**Creativity, different, radical innovation**
Respondent 15 "guess innovation in general is partly about change, and for the better, trying new things. I think it is fundamentally risky and reflective learning. I am coming at this with a community development background, and I think it might look on the surface to be the same but it continuously learning and growing and changing, by reflective learning might actually be highly innovative, even if on the surface, the methods look quite similar to what they did ten years ago."	**Risky, based on reflective learning, change**
Respondent 16 "I think innovation is about finding creative way to solve difficult problems"	**Creativity, problem-focused**
Respondent 17 "… for anything to be innovative, it needs to be to look at something from a different angle, so new but it needs to shine a fresh light on something and get a better outcome than has come before."	**New, improvement**

Respondent 18 "I think that one of the things we are doing which is new and innovative, but I have to be honest we're struggling with it is we have got this kind of sense of joint working".	**Newness**
Respondent 19 "I think for us it means that we would be running activities in a new and a different way, and that might be in a different environment"	**Running activities in a new and different way**
Respondent 2 "Well, if it's never been done before, it must be novel. But I don't think you can define innovation by the type of innovation. So, I don't think it has to be something that has never been imagined before. It just has to be doing something that has not been done before. I guess you can innovate, you can do something that has been done before in a different way, as well. That would also be innovation.	**Newness, different**

Respondent 2 "So innovation for me, in the context of social enterprise it is less about necessarily finding invention, although there are aspects to that in our business, but more about finding new ways to do things."	**New ways of doing things/ ways of working**
Respondent 7 "I suppose all innovation has a purpose of some sort or at least certainly a social impact. Mainly a lot of innovation is successful because it is fulfilling a social need… I don't think that social innovation is only owned by a voluntary or only the social enterprise sector. Social innovation is broadly owned by everyone, by all sorts of organisations. I think this means that anyone and everyone can do it."	**Need based and focused on social impact**
Respondent 1 "Innovation for me it is the ability to be able to really see a vision of where you want to take things and to innovate in steps towards achieving that vision by thinking differently and imaginatively about solutions, but then we need to be very clear how are you going to take the solutions forward, to realistically move towards to the vision."	**Creativity, different, solution based**

Respondent 9 “You have to think more innovative because if you think of trying something that’s different or want to work out whether that’s possible, you can just do it, you sit down with however many staff are involved in it, or with your management teams or whatever… So we’re working on that at the moment, that’s quite innovative I guess. Again got to because it’ll save money as well.”	**Lack of resources**
Respondent 3 “Well I suppose my idea of innovation is finding a way to do something different and unique that other people aren’t doing that grabs attention. Doing something that attracts the things you want as an organisation so participants form better systems and processes. Innovation is something that the third sector is always good at because we have such restricted funds and we always try to think of new ways of doing more with less.”	**Different, improvement to systems and processes**
Interview 4 “Innovation is obviously a new way of approaching an old problem. I don’t think there are ever new ways, but in the context of the organisation we do sometimes reinvent the wheel. This is done because it suits culture, and our current time. I however never use innovation. I know it is the flavour of the month… however, I use adaptability, flexibility, or evolution. In other words, evolving. Innovation seems to me to be stuck at that there is one solution.”	**Newness, solution focused, buzz-word**

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