BUSINESS MODELS AND VENTURE GROWTH IN SOCIAL ENTREPRENEURSHIP

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I. SUMMARY

The severity of global sustainability challenges has led to the emergence of entrepreneurial ventures, which pursue market opportunities by addressing social needs and catalyzing social change (Mair & Martí, 2006). Social entrepreneurship occurs as a result of market failure when social needs are, on the one hand, not met through commercial market forces or, on the other hand, not satisfied through governmental interventions (Austin, Stevenson, & Wei-Skillern, 2006; McMullen, 2011). Market failure thus creates entrepreneurial opportunities, which social entrepreneurs seize by mobilizing resources and creating new organizations with the potential to address and solve complex social problems. In doing so, social entrepreneurs create ventures and deliver social value to benefit needs of disadvantaged individuals in society (Martin & Osberg, 2007) and pursue neglected problems of advantaged segments of populations (Santos, 2012). With the purpose of creating and delivering social value (Moss, Lumpkin, & Short, 2008; Weerawardena & Sullivan Mort, 2006), social ventures emerge within and across different sectors and adopt diverse organizational and legal forms (Austin et al., 2006; Bacq & Janssen, 2011; Choi & Majumdar, 2014; Murphy & Coombes, 2009; Nicholls, 2008). Furthermore, social ventures have a diversity of stakeholders with varying socially and commercially oriented preferences and expectations, and scholars assess their alignment as a critical task for venture survival and growth (Eikenberry & Kluver, 2004; Townsend & Hart, 2008).

Over the last two decades, social entrepreneurship has become an increasingly important international phenomenon. Its growing appeal is strong among socially aware members of society who question the ability of traditional businesses and governments to purposefully target social problems such as poverty, social exclusion, and climate change (Harding, 2007). Leading organizations in the field such as Ashoka, the Skoll Foundation, and the Schwab Foundation actively promote social entrepreneurship by highlighting the innovativeness of social ventures in addressing market failures and by celebrating individual social entrepreneurs as successful change makers (Dacin, Dacin, &Tracey, 2011). At the same time, research in social entrepreneurship is gaining momentum as a new discipline, and scholars investigate in several directions to provide insights for research and practice alike. However, as a complex phenomenon with several intersections to other academic domains (e.g., accounting, economics, finance, management, political science, sociology), research in social entrepreneurship is still in an embryonic state, experiencing the need for a nuanced understanding and greater clarity provided by

academic scholarship through conceptual studies and empirical work (Short, Moss, & Lumpkin, 2009).

In order to develop the nascent field of social entrepreneurship into a promising domain of inquiry, an important stream of research focuses on social business models to understand the various types of ventures with a social mission. The emerging literature has contributed conceptualizations of social business models, which picture a fragmented spectrum from social to commercial ventures with some hybrid structures in between (e.g., Santos, Pache, & Birkholz, 2015; Thomson & MacMillan, 2010; Wilson & Post, 2013; Yunus, Moingeon, & Lehmann-Ortega, 2010). A second major stream of research focuses on social venture growth. Scholars emphasize that ventures with a social mission not only follow attempts to grow organizationally but first and foremost aim to advance social and environmental conditions and, hence, increase their impact (Austin et al., 2006). In both research streams related to business models and venture growth, scholars and practitioners experience a similar increasing awareness for conceptualizations of social ventures and their scalability, whereby especially impact growth of social ventures recently became a popular theme in political debates. Despite an overall interest in the topic and a respective increase in social entrepreneurship research, several questions remain challenging: How are ventures with a social mission conceptually constructed to create, deliver, and capture social value in a self-sustainable manner? How can ventures with a social mission grow their impacts and in which way is impact growth achieved? How are both social and commercial missions combined for growth? And, finally, in which way is social value monetized?

In order to approach these questions, this dissertation comprises a collection of four related studies, which aim at advancing the academic discussion on social entrepreneurship by (i) developing a typological theory of social business models, (ii) revealing determinants and indictors of growth in social venturing, (iii) examining the combination of social and commercial missions for venture growth, and (iv) demonstrating the monetization of social value creation. The four studies of the dissertation are briefly outlined in the following.

The first research paper, *"A Typological Theory of Social Business Models,"* written together with Matthias G. Raith, is motivated by the diversity of social ventures found in practice, which led to much debate among scholars how underlying business models of social ventures can and should be conceptually configured. While prior research portrayed a stylized picture mainly based on anecdotes and case studies (Dacin et al., 2011) that resulted in fragmented classifications of social business models, social entrepreneurship research still lacks the theoretical foundation to meet its diversity in practice (Kistruck & Beamish, 2010). In order to fill in this research gap, the first study takes a theoretical approach in formally characterizing the business model as an equilibrium concept of the market-making entrepreneur (Alvarez & Barney, 2007; Casson, 2003, 2005; Kirzner, 1997; Shane & Venkataraman, 2000). Therefore, the business model is established as a logical sequence of value creation, delivery, and capture, where the relevant business model components–value proposition, customer segment, and generated income–are graphically arranged in a closed cycle. The closed structure thereby represents the economic self-sustainability of the business model and, accordingly, the equilibrium state.

In the course of the study, the theoretical business model structure is applied to situations of market failure to develop a typology of market-making social business models. The typology comprises varying strategic orientations of business models, acknowledging prior research that emphasized different mission foci (i.e., social provision and social integration) and contrasting market orientations (i.e., social market and commercial market) in social venturing. The strategic orientations within the typology yield four alternative theoretical business models, i.e., the donor model, the self-help model, the asset model, and the corporate model. For each business model, illustrative examples are provided, which complement the theoretical typology by a taxonomy (Baden-Fuller & Morgan, 2010). Due to the business models' parsimonious structure, each of them serves as a cognitive construct for generative cognition, a process in which new business models are developed through analogical reasoning and conceptual combination (Martins, Rindova, & Greenbaum, 2015). Through this process, the typology is extended by new conceptual combinations of business models, i.e., the volunteer model, the matching model, the leverage model, and the partner model. In conclusion, the study provides a typological theory for social business models that, on the one hand, covers the diversity of social ventures found in practice and, on the other hand, serves as a cognitive approach to business model innovation and development.

An important research implication of the first study relates to growth in social entrepreneurship, where the analysis suggests that the meaning of growth for the social venture very much depends on the market orientation of the business model. Accordingly, the second research paper, *"Determinants and Indicators of Growth in Social Venturing,"* acknowledges the variety of socially and commercially driven ventures in social entrepreneurship and aims to provide a nuanced understanding of their attempts to achieve social venture growth. Although ventures with a social mission grow as organizations, the literature in the field emphasizes their growth mainly for the purpose of increasing social impact (e.g., Dees, Anderson, & Wei-Skillern, 2004; Sezgi & Mair, 2010; Waitzer & Paul, 2011; Weber, Kroeger, & Lambrich, 2012). Scholars find evidence of a strong pull of ventures into rapid growth by demanding beneficiaries (Austin et al., 2006) and a heavy push towards growth from financiers (Lumpkin et al., 2013), as they prefer to financially support initiatives with the greatest social impact. Although, ventures experience a demand for fast growth, current research does not provide deliberate latitude of growth approaches.

In order to shed light on the complex process of social venture growth (Vickers & Lyon, 2012), the study argues that pursuing growth opportunities requires strategies to grow both the organization and its impact. As a unit of analysis, a business model lens is applied to examine generic missions of social venturing and related growth approaches. The study's business model framework therefore differentiates between processes of value creation, delivery, and capture, which are used to compare four generic missions of self-sustainable social venturing: the empowerment, the employment, the service, and the giving missions. In characterizing the missions' growth approaches, the analysis reveals that empowerment and service missions feature an impact-driven growth while employment and giving missions grow in an organization driven fashion. Within each mission, the study also identifies social growth indicators to quantitatively measure and evaluate growth in social venturing while, at the same time, locating their position within the business model. In conclusion, the study provides a comprehensive collection of indicators by treating growth in a disaggregated form, in order to acknowledge the diversity of stakeholders and their individual socially or commercially oriented preferences and expectations of social venture growth.

Within the scope of both research papers, one finds a majority of business models in which social and commercial missions coherently coexist. Unified within one entity, hybrid ventures pursue social missions by implementing commercial earned-income strategies (Santos et al., 2015). Scholars have investigated competing social and commercial missions with an increasing interest, where particularly contrasting institutional logics were assessed (Pache & Santos, 2013) and tensions of organizational paralysis (Pratt & Foreman, 2000) were highlighted. In pursuing social venture growth, these tensions can increase due to resource scarcity (Battilana & Dorado, 2010), leading to a shift from social toward commercial orientation with a potential sacrifice of social objectives (Chambers, 2014). Growth attempts can thus result in the phenomenon of mission drift, which not only endangers the credibility of hybrid ventures but also threatens the organizational culture by compromising the social mission.

In order to provide understanding of the interplay between social and commercial missions in times of growth, the third research paper, *"Growing a For-Profit Venture: A Longitudinal Case-Study,"* written together with Franziska Günzel-Jensen and Sabine Müller, investigates how hybrid ventures pursue social and economic missions simultaneously and, moreover, how different strategies affect growth outcomes. Therefore, qualitative data of six hybrid ventures were gathered in two-waves of semi-structured founder interviews to conduct an exploratory study. To ensure comparability of dual missions, the selected cases are characterized by the same buy-one give-one or buy-one donate-one business model structure. The empirical analysis reveals three distinct micro-level approaches in combining social and commercial missions: the intertwined, the economic-first, and the social-first approach. By examining their effects on growth, the study shows that intertwined dual missions grow sustainably, while the economic-first approach results in growth with a risk of commercial mission drift and the social-first approach leads to a failure in growth due to a drift toward the social mission. In conclusion, the paper reveals how hybrids with dual missions can achieve sustainable growth and conceptualizes the phenomenon of social mission drift, an over prioritization of social objectives leading to a neglected profit-making mission with the potential to endanger the self-sustainability of the venture.

The intersection of the before mentioned research papers emphasizes that ventures with a social mission can differ significantly in their business model designs and in their implementation of growth approaches. These research findings suggest that social ventures may also pursue different strategies to finance their missions. Prior research assessed that ventures with a social mission should use the full range of options, operating like traditional commercial businesses in the way they acquire resources and distribute products or services (Dees, 1998). In order to provide insights on the acquisition of financial resources, the fourth research paper, *"Monetizing Social Value Creation – A Business Model Approach,"* written together with Susanne Dohrmann and Matthias G. Raith, explores how the financing of social ventures varies with the design of the underlying business model. In applying the detailed business model framework of Osterwalder and Pigneur (2010), the study conceptually describes how social value creation can be monetized by strategically shifting the financial focus from revenues *for* the social mission to revenues *with* the social mission. The change in financial focus thereby results in a change in financing options from donations to market revenues. In particular, the study demonstrates that the monetization of social value creation increases through the changing role of the social mission within the business model, revealing that external funding from third parties acquired for the social mission is gradually replaced by market revenues generated with the social mission. In conclusion, the analysis emphasizes that a transformation of the income structure increases the potential for profitability of the venture; however, the overall effect on market performance depends on the nature of the social mission and the composition of the chosen customer segments.

The four research papers of this cumulative dissertation contribute to several important streams of research in strategic management, entrepreneurship, and social entrepreneurship. The key contributions are briefly outlined in the following.

In all four research papers, the concept of the business model plays a crucial role, both as a theoretical framework and a unit of analysis. With a focus on theoretical typologies, the dissertation advances research in strategic management and entrepreneurship on business models by providing a theoretical structure of the business model as an equilibrium concept of the market-making entrepreneur. In doing so, a new business model representation at an abstract level is added to existing conceptualizations in the literature (e.g., Amit & Zott, 2001; Casadesus-Masanell & Ricart, 2010; Osterwalder & Pigneur, 2010), which extends the body of literature particularly by providing a cognitive framework for proactive strategy-based business model development and innovation. With a focus on social venture growth, the dissertation offers a unifying business model framework for analysis, revealing the conceptual construction of social and commercial value as well as the positioning of growth indicators within the business model. Moreover, the dissertation sheds light on the interplay of social and commercial missions within the business model and potential risks of mission drift leading to success or failure in growing social ventures.

Each study of the dissertation also contributes to key research themes in entrepreneurship and social entrepreneurship. The dissertation advances the literature by providing a typological theory of social business models, which covers the diversity of

social ventures found in practice and unifies existing business model classifications (e.g., Osterwalder & Pigneur, 2010; Santos et al., 2015; Thomson & MacMillan, 2010; Wilson & Post, 2013; Yunus et al., 2010). In taking a broader perspective on the field of social entrepreneurship, this research work subsumes conceptual characterizations of business models and generic missions in social venturing with a dominant goal of social value creation and social value delivery to beneficiaries, including disadvantaged, underprivileged, and powerless segments as well as neglected problems of advantaged populations. This way, the dissertation's comprehensive approach takes into consideration the variety of socially and commercially driven organizations and initiatives achieving social impact that largely benefits social target groups and society. In particular, the studies add to the research streams on sustainability and growth by providing conceptual insights on economic self-sustainability as a basis for social ventures' long-term survival and by emphasizing a nuanced understanding of strategies, processes, and consequences of growth in social venturing.

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II. A TYPOLOGICAL THEORY OF SOCIAL BUSINESS MODELS

A Typological Theory of Social Business Models

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Abstract Social entrepreneurship enhances economic value creation by an additional social dimension, which social entrepreneurs in practice must integrate into their business model. In this paper, we formally characterize the self-sustainable business model as an equilibrium concept of the market-making entrepreneur, which is particularly relevant for the satisfaction of social needs, where markets often fail to exist. Our theoretical approach thus acknowledges the equilibrium role of the business model in economic theory. Contingent on the focus of the social mission and the market orientation of the venture, we theoretically develop a typology of social business model archetypes for social as well as commercial markets and with a focus on social provision as well as social integration. For each strategic orientation, the typology points out the ideal type of business model. We characterize each business model graphically to obtain cognitive constructs, which we then use to enhance our typology through business model development based on the cognitive process of conceptual combination. By drawing on illustrative examples of social ventures, we complement our typology of social business model archetypes by a taxonomy of role models. Our typological theory thus provides a formal basis for strategic business model development and proactive business model innovation.

Keywords: business models, generative cognition, social entrepreneurship, sustainability, typology

Introduction

Social entrepreneurship is widely understood as a process devoted to creating social and economic value by stimulating social change or meeting social needs (e.g., Austin, Stevenson, & Wei-Skillern, 2006; Dacin, Dacin, & Tracey, 2011; Mair & Martí, 2006). The domains, in which social ventures operate, however, pose economic challenges, as their social missions address beneficiaries who cannot or will not pay for the values they receive (Santos, Pache, & Birkholz, 2015). In order to compensate for market failure (Austin et al., 2006; McMullen, 2011), social entrepreneurs have to design economically self-sustainable social missions, which requires sufficient resources to uphold operations, as would be expected of any regular business (Dees, 1998). To what extent and in which form a social mission can or should be configured as a business has been subject to much debate in the literature. Yet, research in social entrepreneurship is often characterized by an anecdotic and case-based view that portrays a largely stylized picture (Dacin et al., 2011). As a growing field of study, social entrepreneurship still lacks a theoretical foundation to meet its diversity in practice (Kistruck & Beamish, 2010). Our objective in this paper is to fill this research gap by introducing a theoretical and graphical structure of the business model as an equilibrium concept. By applying this structure to situations of market failure, we conceptually develop a typological theory of business models in social entrepreneurship.

With research into the complexity of social entrepreneurship gaining momentum over the past decade (Short, Moss, & Lumpkin, 2009), the relevance of business models in social entrepreneurship has also risen, as especially social entrepreneurs, who are committed to create and deliver social value, must find innovative ways to also capture value (e.g., Martin & Osberg, 2015; Sanchez & Ricart, 2010; Thomson & MacMillan, 2010). In pursuing social missions, social entrepreneurs require business model structures, i.e., logical and practicable processes for creating, delivering, and capturing value that ensure self-sustainability of their ventures and, in many cases, enable growth as a means of achieving greater impact. Past research has provided a fragmented spectrum of business models ranging from social to commercial ventures with different hybrid structures in between (e.g., Battilana & Lee, 2014; Dohrmann, Raith, & Siebold, 2015; Haigh, Kennedy, & Walker, 2015; Osterwalder & Pigneur, 2010; Santos et al., 2015; Yunus, Moingeon, & Lehmann-Ortega, 2010). What is missing, though, is a general, typological theory for business models in social entrepreneurship that provides a formal basis for the conceptual design of business models as well as their innovation and development processes.

In this paper, we address this deficit by interpreting the business model as an equilibrium concept of the market-making entrepreneur, and we highlight the entrepreneur's role in establishing a market equilibrium–and often even the market itself–in situations of market failure (Alvarez & Barney, 2007; Casson, 2003, 2005; Kirzner, 1997; Shane & Venkataraman, 2000). In order to substantiate our theory of the business model for various types of social missions, we follow Doty and Glick's (1994) approach for modeling typological theories. Specifically, we refer to the three basic business model components–value proposition, customer segment, and income–as first-order constructs, where the causal relations among them describe the business model with a logical self-sustainable sequence of value creation, delivery, and capture, which we define as an equilibrium state. Graphically, we arrange the business model components in a logically closed cycle, which represents conceptual self-sustainability and, accordingly, an equilibrium.

Our parsimonious characterization of the self-sustainable business model features a high level of abstraction, which corresponds to Massa and Tucci's (2014) notion of an archetype. In our subsequent analysis, we apply this theoretical structure to develop a typology of social business model archetypes. We thereby take into consideration that entrepreneurs differ in their mission focus as well as in their approach to market making. Specifically, we acknowledge that social missions may focus on the provision of goods and services to beneficiaries or on the productive integration of beneficiaries (e.g., Agafonow, 2014; Hockerts, 2015; Santos, 2012). With respect to market orientation, we take into account that social ventures may target social markets as well as commercial markets (e.g., Dees, 1998; Santos et al., 2015; Wilson & Post, 2013; Yunus et al., 2010). With these two bi-polar characterizations of mission focus and market orientation, we obtain four generic strategy approaches for social venturing.

Contingent on the strategy constellation, our typology reveals four generic social business model archetypes, which, due to their formal graphical structure, are cognitive constructs in the sense of Martins, Rindova, and Greenbaum (2015). These contingent archetypes serve as analogies to find the appropriate business model for a given social mission. Moreover, the archetypes can be used for business model innovation by constructing new business models through conceptual combinations of existing schemes.

We thereby expand our theoretical typology through the cognitive process of combining conceptual logics of existing archetypes. For each theoretical archetype in our analysis, we identify several distinctive examples, thus complementing our theoretical typology by a taxonomy of role models (Baden-Fuller & Morgan, 2010). We choose prominent, well-documented ventures as illustrative analogies. In particular, we draw on social ventures of the Ashoka network, the world's oldest global organization for social entrepreneurs, which all have a distinct reputation of pursuing social missions.

With this study, we make the four following contributions to research in management and entrepreneurship. First, we establish the business model as an equilibrium concept, thus giving the business model a crucial role in economy theory (cf. Teece, 2010). Second, we formulate the business model as a theoretical construct that unifies three perspectives in extant theory–Doty and Glick's (1994) approach to organizational theoretical typologies, Massa and Tucci's (2014) characterization of business model archetypes, and Martins et al.'s (2015) cognitive approach to business model development and innovation. Third, we contribute to social entrepreneurship research by applying the theoretical structure of the equilibrium business model to situations of social-market failure, thus creating a theoretical typology of social business model archetypes that covers the diversity of social ventures in practice. Fourth, we advance research in cognitive strategic analysis by offering a graphical characterization of a business model that serves as a cognitive construct to proactively foster change and innovation processes in business model design.

In the following section, we develop our theoretical structure of the business model as an equilibrium concept, which we apply to situations of market failure in social entrepreneurship. In the third section, we use our theoretical structure of the economically self-sustainable business model to generate a typology of social business models. We continue by extending our typology through conceptual combinations of archetypes. Finally, we conclude with a discussion of our contributions and implications for theory and practice.

Developing a Typological Theory of Social Business Models

Research on business models has gained momentum in recent years, which has led to a branching of the scholarly literature (Massa, Tucci, & Afuah, 2016) and a variety of conceptualizations of business models in the field of management (Zott, Amit, & Massa, 2011). As a common denominator, there appears to be a general agreement among scholars that a business model describes the logic, design, or architecture that a firm implements to create, deliver, and capture value (Casadesus-Masanell & Ricart, 2010; Osterwalder & Pigneur, 2010; Teece, 2010). Yet, as fundamental as the business model may be in order to understand and convey the logic of business success or failure, the discussion of the concept itself has been largely constrained to the entrepreneurship and management literature. As there is no theoretical founding of business models in economics, Teece (2010: 175) concludes that "business models have no place in economic theory," specifically due to the fact that the issues addressed by the business model play no role in market equilibrium. Interestingly, the same conclusion has been drawn for the role of the entrepreneur, who has no proactive function in equilibrium theories simply because, in equilibrium, there is nothing entrepreneurial left to do (Casson, 2005), let alone set up a business model.

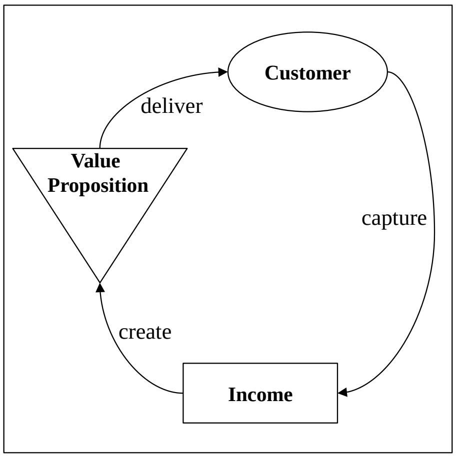
The Business Model as an Equilibrium Concept of the Market-Making Entrepreneur

Rather than discard equilibrium theory as a foundation, we view the role of the entrepreneur as crucial for establishing a market equilibrium (Kirzner, 1997; Shane & Venkataraman, 2000) and, often more fundamental, for establishing the market itself (Casson, 2003, 2005). Within this setting, we characterize the business model as an equilibrium concept of the market-making entrepreneur. Market making means devising a differentiated value proposition for a product or service and then finding a customer segment willing to provide the revenues required to maintain an economically sustainable business. The entrepreneur's business model, describing the logic of value creation, delivery, and capture, thus, characterizes the equilibrium of an at least locally monopolistic market, since a competitive market with atomistic, price-taking suppliers of a homogenous good leaves no room for a producer rent or a competitive advantage.

The business model as an equilibrium concept requires a theoretical foundation. As Arend, Sarooghi, and Burkemper (2015) argue, to qualify as such, a theory has to meet established criteria (cf. Dubin, 1969). In order to develop a typological theory along these lines, we specifically follow Doty and Glick (1994: 233), who postulate "three primary criteria that theories must meet: (a) constructs must be identified, (b) relationships among these constructs must be specified, and (c) these relationships must be falsifiable." Applied to business models, we refer to components of the business model as first-order constructs (a), where the relationships among the components describe the process of value creation, delivery, and capture (b), which we conceptually require to be economically self-sustainable (c) for the business model to establish a market equilibrium.

In fulfilling the before-mentioned criteria of a theory, we focus on three basic business model components, which are characteristic for any business model representation found in the literature–the value proposition, the customer segment, and the generated income. To depict these three first-order constructs and their causal relations, we order them graphically in a logical sequence of value creation, delivery, and capture, as shown in Fig.1. If the sequence establishes a graphically closed cycle, we can interpret the model as conceptually self-sustainable, which represents the equilibrium state.

Fig. 1: The Theoretical Structure of an Economically Self-Sustainable Business Model



We depict the value proposition by a triangle, the customer segment by an ellipse, and income by a rectangle. We further illustrate the causal relations between components by arrows, where the meaning of the individual arrows depends on the business model components that they connect. The *deliver* arrow always connects a value proposition with an associated customer segment that is addressed with a product or service. The *capture* arrow always originates from a customer segment that is able and willing to offer something in return for the obtained value, and it characterizes a monetary payment if it points to the income rectangle as in Fig. 1. The *create* arrow always points to the value proposition, and its origin shows which resources (e.g., in Fig. 1, the generated income) are available to support the creation of value.

The arrangement of business model components in Fig. 1 to a self-sustainable sequence of value creation, delivery, and capture characterizes what Doty and Glick (1994: 232) refer to as an "ideal type." A typology is then a collection of qualitatively different ideal types representing alternative business models, which are all conceptually self-sustainable. However, as Teece (2010: 191) notes, “a business model cannot be assessed in the abstract; its suitability can only be determined against a particular business environment or context.” Hence, when ideal types are compared with real ventures, the suitability of the former can be empirically tested against the self-sustainability of the latter, thus ensuring the falsifiability of the typological theory.

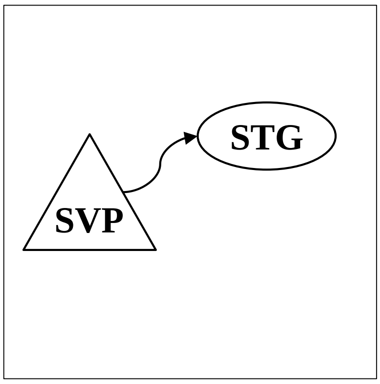
By focusing on three fundamental components of the business model, our ideal types feature a high level of abstraction, thereby corresponding to what Massa and Tucci (2014) refer to as archetype schemes of business models. Archetypes represent a more simplified and parsimonious conceptual representation of business models than tabular frameworks (e.g., Osterwalder and Pigneur, 2010), meta-models (e.g., Gordijn & Akkermans, 2001), and activity systems (e.g., Amit & Zott, 2001; Zott & Amit 2010). According to Massa and Tucci (2014), the concept of an archetype enables a clarified cognition and far-sighted assessment by focusing attention, drawing analogies, and combining concepts. In the terminology of Baden-Fuller and Morgan (2010: 157), archetypes are “scale models,” i.e., abstract versions of possible ventures displaying the most important elements to represent the conceptual logic of value creation, delivery, and capture. Our graphical characterization of an archetype in Fig. 1 also corresponds to what Martins et al. (2015: 103) define as a business model “schema,” i.e., a formal cognitive structure consisting of attributes or slots (business model components) and the relations among them. This latter analogy is particularly important for our cognitive approach to strategic business model development.

Applying the Market-Making Approach to Social Entrepreneurship

As Casson (2005) emphasizes, the market-making perspective enables us to analyze not only how the entrepreneur discovers and exploits (disequilibrium) opportunities in existing markets, but, even more relevant for innovation, how “[r]adical forms of market-making entrepreneurship […] involve designing products or specifying services that did not previously exist and for which there was, therefore, no market” (Casson, 2005: 336). This market-making approach is especially applicable to situations of social-market failure, in which societal or institutional restrictions prevent the construction of a working market (Austin et al., 2006). In social entrepreneurship, those needing the products and service usually experience an inability or unwillingness to acquire them (Santos et al., 2015). Market making in this situation poses a particular challenge to entrepreneurs, who “may have to build organizations in order to perform activities for which markets are not yet ready" (Teece, 2010: 175). In other words, social entrepreneurs must find ways to create the market needed to meet the demand (McMullen, 2011), which requires market-making business models for socially oriented opportunities and the creation of organizations with a social mission. For the implementation of a market equilibrium, social entrepreneurs must therefore make two strategic decisions in designing their business models: First, the focus of their social mission and, second, the type of market that they wish to enter or create. In the terminology of Doty and Glick (1994), these are contingency factors that determine a typology of qualitatively different ideal types (archetypes) of social business models, as we will show in the next section.

In the course of our analysis, we use our theoretical framework (cf. Fig. 1) to develop a typology of market-making social business models, which are built around an underlying social mission addressing a failure of the market because traditional market forces do not meet social needs. Within our framework, we formally define a *social mission* as a social value proposition (SVP) delivered to a social target group (STG), as is illustrated in Fig. 2.

Fig. 2: An Economically Unsustainable Social Mission



SVP = Social Value Proposition; STG = Social Target Group

The social value proposition addresses the consumption or production needs of a social target group which, depending on the nature of the social mission, may consist of a specific group of beneficiaries up to all members of society. To highlight its particular value focus, we depict the social value proposition graphically by an upright triangle, in contrast to the (market) value proposition shown in Fig. 1. The social target group is depicted by an ellipse in Fig. 2, indicating that beneficiaries are treated as a social customer segment (cf. Miller et al., 2012; Yunus & Weber, 2011), regardless of whether or not they pay for the value that they receive. According to our definitions above, the arrow connecting the social value proposition with the social target group unambiguously characterizes social value delivery. Note that the *social mission* in Fig. 2 is economically unsustainable, because it does not feature a closed cycle of value creation, delivery, and capture as in Fig. 1. As the social target group typically cannot or will not pay for the value received, there is no capture of income from social customers.

In order to make the *social mission* economically self-sustainable, its conceptualization must include a capture of value in the form of income or natural resources. Graphically, this requires an amendment of Fig. 2 that closes the cyclical process of value creation, delivery, and capture. If value cannot be captured from the social target group itself, then other customer segments with the capability and the willingness to pay must be attracted to generate the income needed for maintaining the *social mission*. This may occur in the form of donations or revenues, where the latter form of income will typically require additional commercial value propositions. As we enrich the composition of the three business model components in the course of our analysis, we will require more detailed specifications of their nature and content. The components that are relevant for our analysis are specified and briefly explained in Table 1.

Table 1: Specifications of Business Model Components

Graphical Characterizations	Business Model Components	Meaning of Arrows	Specifications of Business Model Components	Descriptions
Triangle	*Value proposition(s)* of the venture	From triangle to ellipse = *deliver* value propositions to customer(s)	*SVP* = social value proposition(s)	Solution to a need that cannot be conveyed through the market
			MVP = market value proposition(s)	Solution to a need that can be conveyed through the market
Ellipse	*Customer(s)* of the venture	From ellipse = *capture* income from customer(s)	*MDon* = monetary donor(s)	Individuals/institutions that support social missions through monetary donations
			InDon = in-kind donor(s)	Individuals/institutions that support social missions with physical resources
			STG = social target group(s)	Individuals with needs that are addressed by a social value proposition for which they do not pay
			MTG = market target group(s)	Individuals with needs that are addressed by a market value proposition for which they must pay
Rectangle	*Income* of the venture	To triangle = resources used to *create* value propositions	*R* = market revenues	Income received from a market target group
			D = monetary donations	Income received from a monetary donor

The "components" of the business model archetype correspond to "first-order constructs" of the business model as a theoretical ideal type (Doty & Glick, 1994: 234), and, at the same time, they refer to "attributes" or "slots" of the business model as a cognitive construct (Martins et al., 2015: 103), which take on different “fillers” (listed in Table 1 as specifications), and where the “relations” among the “slots” are graphically characterized by the arrows. Note, however, that we do not treat corresponding terms synonymously–we use them alternately to emphasize when we view the same construct from an entrepreneurial, a theoretical, or a cognitive perspective.

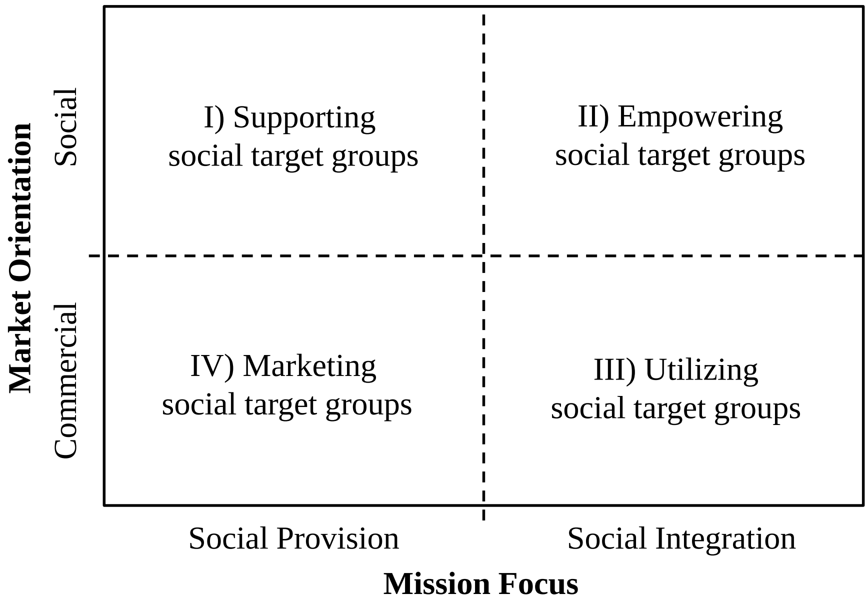
As we show in our subsequent analysis, the elements in Table 1 can be conceptually combined to different ideal types of self-sustainable social business model logics. Our objective is to develop a typology of social business models that covers the diversity of social venturing found in practice. We develop “recipes” (Baden-Fuller & Morgan, 2010: 166) for self-sustainability, and we complement theoretical archetypes with distinctive real-life examples of social ventures, creating “role models” to be admired or imitated (Baden-Fuller & Morgan, 2010: 157).

A Typology of Social Business Models

In configuring an appropriate business model for their venture, market-making social entrepreneurs face two strategic decisions. First, they have to decide how to meet the needs of their social target group. In social entrepreneurship research varying mission foci have been addressed (e.g., Agafonow, 2014; Hockerts, 2015; Santos, 2012), which we broadly categorize as *social provision*, i.e., serving a group of beneficiaries with consumption needs, and *social integration*, meaning the productive mobilization of beneficiaries with production needs. Second, entrepreneurs have to consider the type of market they wish to enter or create where prior research has revealed a spectrum of social and commercial market approaches (e.g., Dohrmann et al., 2015; Dorado, 2006; Nicholls, 2009; Santos et al., 2015; Wilson & Post, 2013; Yunus et al., 2010). In our analysis, we differentiate between a *social* market orientation, referring to entrepreneurs that acquire donations from third parties, and a *commercial* market orientation, which involves strategies to generate revenues. By combining the entrepreneur’s *mission focus* and the venture’s *market orientation* as the two basic strategy dimensions in constructing social business models, we obtain the 2x2 matrix shown in Fig. 3 with four generic design strategies.

The two strategy perspectives of *mission focus* and *market orientation* represent contingency factors (Doty & Glick, 1994) that guide the entrepreneur in choosing among the four generic strategies of social venturing shown in Fig. 3. In the following subsections, we first develop generic business model archetypes for each of the four strategic orientations, thus filling each quadrant of the matrix (Fig. 3) with content, i.e., with a contingent ideal type (Doty & Glick, 1994). At the core of each business model is an unsustainable *social mission* (Fig. 2), which is conceptually completed to achieve self-sustainability. The relative positions of the ideal types within the matrix thereby establish a typology of social business models, which we support by illustrative examples to also create a complementary taxonomy of role models.

Fig. 3: Strategies of Social Venturing

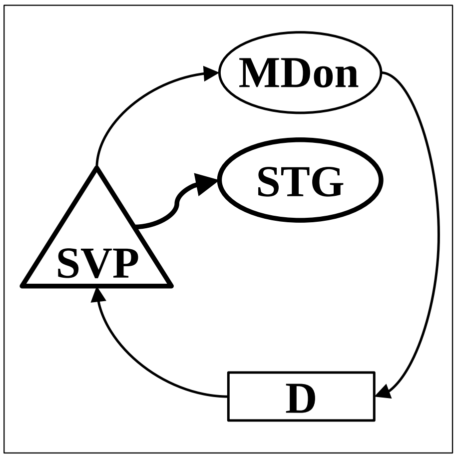


I) Supporting Social Target Groups

The support of social target groups refers to ventures built around social missions that focus on the consumption needs of beneficiaries. Due to beneficiaries' disadvantaged or underprivileged situation, donations from third parties are required to provide the social products or services. In the literature, this business model logic is often referred to as third-party funded or nonprofit (e.g., Dees, 1998; Foster & Bradach, 2005; Osterwalder & Pigneur, 2010; Wilson & Post, 2013; Yunus et al., 2010). The nonprofit characterization indicates that donations typically cover only given expenditures but leave little room for a producer rent to pursue further opportunities.

Conceptually, the *social mission* (Fig. 2) becomes self-sustainable by addressing monetary donors as a second customer segment, as illustrated by the graphical archetype in Fig. 4, which we label the *donor model*. Monetary donors support the value creation for social target groups by providing donations to make the social mission available. The value capture from donors financially supports the otherwise economically unsustainable *social mission* and thus enables the sustainable creation of social value propositions for social target groups. Rather than buying the goods or services provided by the social mission, the monetary donors "buy in" to the entire social mission, which is indicated graphically in Fig. 4 by the arrow originating at the top of the social value proposition. Note how the capture of donations is conceptually built around the social mission of Fig. 2, in order to close the business model cycle.

Fig. 4: The Donor Model



SVP = Social Value Proposition; STG = Social Target Group; MDon = Monetary Donor; D = Donations

An example for the *donor model* is "drug counseling," where governments (MDon) finance (D) counseling services (SVP) for drug addicts (STG). The Swiss organization *Aiducation International* provides scholarships (SVP) for financially disadvantaged students in developing countries (STG), who are funded (D) as AiduFellows by individual non-governmental donors, called AiduMakers (MDon). In a similar vein, "Ashoka," the leading (nonprofit) organization for promoting social entrepreneurship, awards fellowships (SVP) to selected social entrepreneurs (STG) by raising donations (D) from charitable foundations and individuals (MDon).

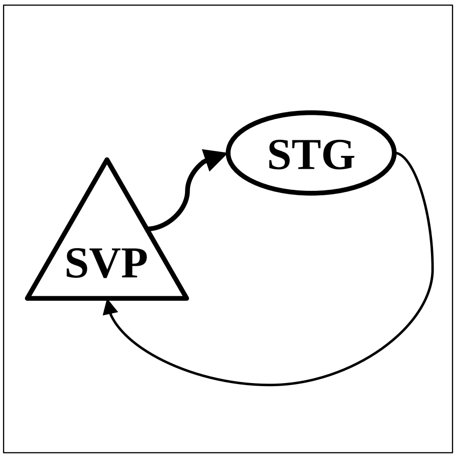
II) Empowering Social Target Groups

The empowerment of social target groups comprises ventures that pursue the social integration of beneficiaries while following a social market orientation. In the literature, the empowerment of beneficiaries is regarded as a self-help principle (e.g., Sharir &

Lerner, 2006; Alvord, Brown, & Letts, 2004; Thompson, 2002) and is praised as an innovative approach for sustainable solutions in society (e.g., Santos, 2012; Swidler & Watkins, 2009).

The unsustainable *social mission* (Fig. 2) can be made self-sustainable by activating the social target group's own resources. In other words, the social target group satisfies its needs by its own means. Self-help thus becomes the mantra of the beneficiaries who provide the resources to create the mission's value propositions themselves. In the *self-help model* in Fig. 5, the productive integration of beneficiaries is depicted graphically through the arrow, which originates at the social target group, thus indicating a value capture, and which points to the social value proposition, thereby revealing that captured resources are directly used to create value.

Fig. 5: The Self-Help Model



SVP = Social Value Proposition; STG = Social Target Group

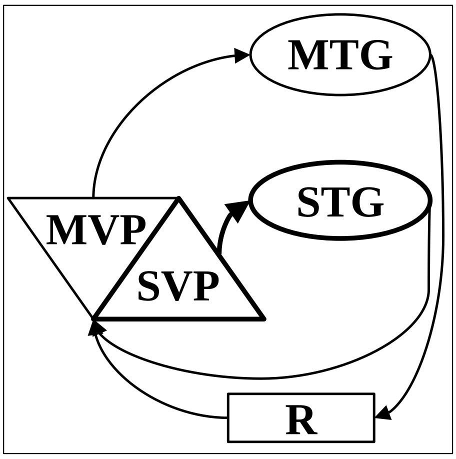
In general, the *self-help model* entails a social mission that addresses both consumption and production needs. In pure self-help groups, all beneficiaries provide the resources to create the mission's value proposition, thereby establishing sustainability. Traditional examples are "Alcoholics Anonymous" that offer self-help addiction programs (SVP), in which all consuming beneficiaries also support the group productively (STG). If self-help does not require the whole group's engagement, and a productive subset is capable of serving the larger consumptive social target group, the social mission takes the form of a differentiated self-help group with a consumptive and a partly productive social target group. An example is "wheelmap," an Ashoka social venture that provides an online street map for urban wheelchair users to locate wheelchair-accessible places (SVP), where the marked access points are constantly updated by a productive subset of the website's wheelchair users (STG). Another prominent example is "Wikipedia," the free-of-charge internet encyclopedia (SVP) that anyone can access, where a subset of users writes and updates the knowledge available to all website users (STG).

III) Utilizing Social Target Groups

The utilization of social target groups refers to business models that focus on the productive integration of a social target group while following a commercial market orientation. Accordingly, the social value proposition is augmented by a market value proposition, thus actively addressing a market target group to generate revenues. In the entrepreneurship literature, ventures combining social and market value propositions are typically referred to as social enterprises, hybrid organizations, or social businesses (e.g., Battilana & Lee, 2014; Haigh et al., 2015; Hartigan, 2006; Holt & Littlewood, 2015; Hockerts, 2015; Yunus et al., 2010).

In order to implement a utilization strategy, the unsustainable *social mission* (Fig. 2) is made self-sustainable by integrating social target groups with special capabilities–viewed as assets–as employed human resources into the venture's value creation process. The *asset model* in Fig. 6 illustrates that the productive integration of social target groups creates market value propositions for market target groups.

Fig. 6: The Asset Model



SVP = Social Value Proposition; STG = Social Target Group;
MVP = Market Value Proposition; MTG = Market Target Group; R = Revenues

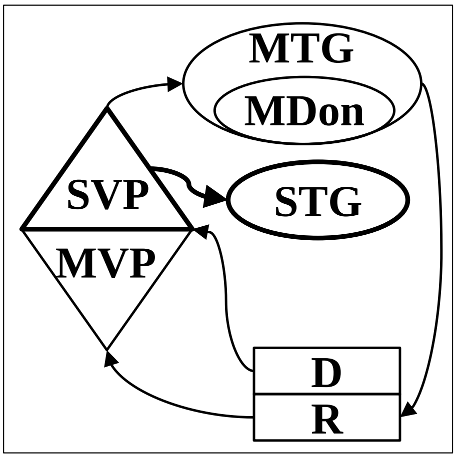
The *asset model* has been strongly promoted in the literature (e.g., Hockerts, 2015; Santos et al., 2015) because it not only characterizes ventures combining social missions with commercially inspired income strategies, but it employs people that are usually excluded from traditional labor markets due to disabilities such as blindness or autism. Their disabilities are regarded as special capabilities to provide innovative or cost-effective problem solutions for the market. Graphically, we indicate the joint creation of social value propositions and the associated market value propositions by aligning both components side by side in Fig. 6. The arrow originating at the social target group, which represents the productive capture of value, points both to the social and the market value proposition to indicate the essential function of beneficiaries as human resources in the creation of marketable products and services. Market customers demand these products or services due to their market value, and entrepreneurs are able to capture income in the form of market revenues. The revenues, in turn, allow entrepreneurs to offer the social value propositions and create the associated market value propositions.

An example for the *asset model* is “Dialogue Social Enterprise,” an Ashoka social venture that employs visually and hearing impaired people (STG) as guides (SVP) for exhibition tours and workshops (MVP) in complete darkness or silence, which are purchased by visitors (MTG) in return for revenues (R). Analogously, Ashoka’s “discovering hands” trains visually impaired women with their strong sense of touch (STG) to become medical tactile examiners (SVP) for detecting breast cancer (medical MVP) at early stages. Their service is purchased by female patients (MTG), which results in revenues (R). The same model has also been implemented by “auticon,” a social venture with autistic employees (STG), who are contracted by firms (MTG) as IT specialists for software testing and quality management (MVP) in return for revenues (R).

IV) Marketing Social Target Groups

The marketing of social target groups involves the provision of products or services to satisfy consumption needs of beneficiaries while following a commercial market orientation. Typically, the *social mission* is added as a premium to traditional market value propositions. Graphically, we characterize this add-on feature by putting the social value proposition on top of the market value proposition, as shown in Fig. 7. This difference to Fig. 6 indicates that the business model conceptualization fully focuses on market target groups, of which a part is attracted by the additional social value proposition and willing to pay extra, thereby simultaneously fulfilling the role of a monetary donor. On the venture side, the captured income is separated into revenues and donations, where revenues are used to finance market value creation while donations are transferred to purposes of social value creation for a consumptive social target group.

Fig. 7: The Corporate Model



SVP = Social Value Proposition; STG = Social Target Group;
MVP = Market Value Proposition; MTG = Market Target Group; MDon = Monetary Donor;
R = Revenues; D = Donations

We name this archetype the *corporate model* to emphasize its focus on market value propositions and market target groups, similar to traditional firms in the commercial sector. Examples for the *corporate model* are buy-one give-one ventures (Marquis & Park, 2014), such as “TOMS Shoes,” a commercial US shoe selling company that donates a pair of shoes (SVP and D) to a child in need (STG) for every pair purchased (MVP and R) by its customers (MTG and MDon). The same model is applied by “Ruby Life ltd,” a Danish social enterprise that offers eco-friendly hygiene solutions (MVP) in the form of menstrual cups to female customers (MTG), whereby every product purchase (R) includes a donation (D) for a further cup (SVP) given to a girl in Africa (STG). Likewise, “beliya,” a German social enterprise, sells premium handbags (MVP) made of up-cycled leftovers from design collections to its customers (MTG), where every product purchase financially supports (D) one year education (SVP) of a child in Africa (STG).

Interestingly, the *corporate model* also matches the description of corporate social responsibility activities of established firms that link the purchase of a product to a social mission. Prominent examples include “Proctor & Gamble’s one-pampers-package-one-vaccination initiative” or “Krombacher’s one-crate-of-beer-one-square-meter-rainforest initiative." In the USA, a commercial firm can register as a B-Corp, if its social responsibility satisfies specified criteria (Hiller, 2013). Its reputation as certified B-Corp thereby increases the price premium on its market value proposition.

Strategic Social Business Model Development

With only the parsimonious collection of business model components listed in Table 1 and their intuitive relations, we were able to develop a typological theory of social business models along the lines of Doty and Glick (1994: 232). The self-sustainable business model archetypes, shown in Fig. 4-7, represent four "ideal types," contingent on the two strategy dimensions of mission focus and market orientation, which market-making social entrepreneurs are inevitably confronted with when setting up their business models. As an additional feature, the comparable graphical schemas of the four generic business model archetypes also serve as cognitive structures in the sense of Martins et al. (2015), thus providing an intuitive foundation for generative cognition. The two cognitive processes advocated by Martins et al. (2015) specifically for business model development are *analogical reasoning* and *conceptual combination*.

For the process of *analogical reasoning*, each of our four generic archetypes can be used by social entrepreneurs as a so-called "source concept" (Martins et al., 2015: 107), in order to derive an analogous "target concept" for their social mission. As each generic archetype is also illustrated by examples of real ventures, we support the process of analogical reasoning, especially in finding similarities in relational structures. Yet, we believe that our graphical archetype schemas with the clear relationship structure between the business model components provides an even stronger cognitive support than the examples, because the analogy between the source and the target concept is abstractly modeled, thus avoiding the risk of being obfuscated by a contextually unrelated business case that is used as a source concept.

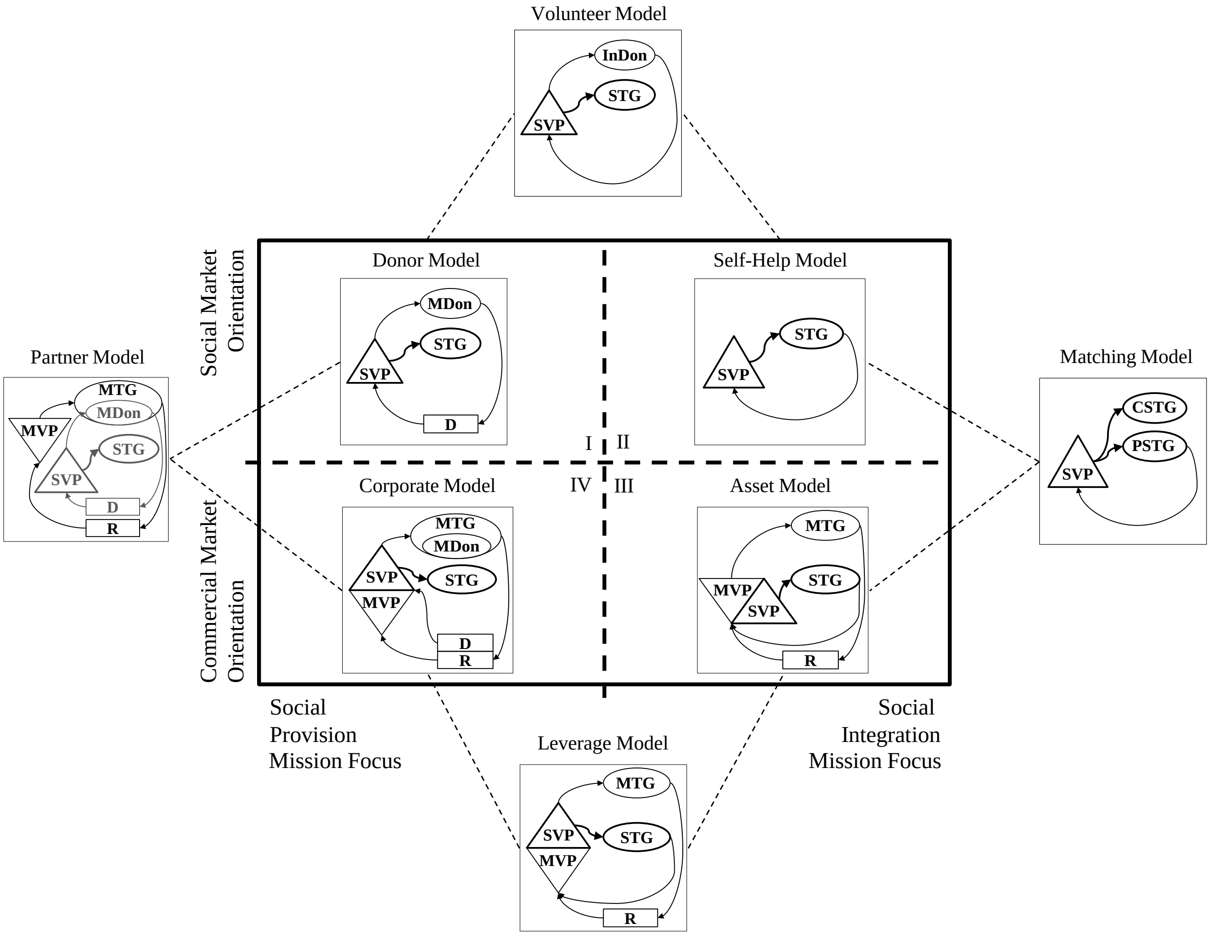
Our strategy matrix in Fig. 3 shows how the typology can also assist entrepreneurs in selecting the appropriate source concept for their social mission, since each archetype is positioned within the matrix and is thereby contingent on entrepreneurs' mission focus and their market orientation. For a given social mission and a clear preference for the form of market involvement, our typology suggests the corresponding archetype as a source concept.

Whereas analogical reasoning is a goal-oriented approach to finding an initial business model for the social mission, *conceptual combination* has particular merits for the innovation of an existing business model. For the process of conceptual combination, our four archetypes also serve as “source concepts.” Moreover, due to their clear distinguishing features, on the one hand, and their common theoretical foundation, on the other hand, the four archetypes are also ideal “modifier concepts” in the sense of Martins et al. (2015: 109), where conceptual combinations of the source and the modifier lead to new target concepts. The process of conceptual combination thus seeks to establish innovative differences in relational structures between source and target concepts, in contrast to analogical reasoning, which focuses on similarities (Martins et al., 2015).

As a simple application, the *donor model* (Fig. 4) can easily be used as a modifier concept for each of the other three source concepts (*self-help model*, *asset model*, and *corporate model*), simply by merging the monetary donor as a customer segment into each of the three business models. This makes sense strategically, especially when self-sustainability of a social business model is difficult to achieve in practice. For example, “Wikipedia,” which we have associated with the differentiated self-help model (Fig. 5) in the previous section, also collects donations from its mass user base with a pay-what-you-want donation scheme in order to cover its growing costs of technological infrastructure and administration.

While the pure merging of the generic archetypes is a straightforward application of conceptual combination, our theoretical typology also allows us to conduct more elaborate exercises in constructing new target concepts. Observe that any two neighboring quadrants in the strategy matrix (Fig. 3) always share one strategy orientation and differ in the other. By using two neighboring business model archetypes as source and modifier concept, we can thus construct a target concept, which features the same strategy orientation that source and modifier have in common, and creates an innovative combination in the strategy orientation in which they differ. Fig. 8 illustrates four new business model archetypes that can be created with conceptual combinations of neighboring ideal types from our typology.

Fig. 8: Conceptual Combinations of Social Business Model Archetypes



SVP = Social Value Proposition; STG = Social Target Group;
CSTG = Consumptive Social Target Group; PSTG = Productive Social Target Group;
MDon = Monetary Donor; InDon = In-kind Donor; D = Donations;
MVP = Market Value Proposition; MTG = Market Target Group; R = Revenues

In the following, we characterize each new business model by pointing out its features and how they relate to the ideal types of the strategy matrix. For each new archetype, we will continue to provide distinct examples to complement our enriched typology of social business model archetypes with a corresponding taxonomy of role models, which is presented in Appendix A. The analogous structure illustrates that there are, indeed, real social ventures behind each archetype in Fig. 8. An alphabetical list of all examples is provided in Appendix B.

The Volunteer Model: Combining Donor Support with Productive Input

For a conceptual combination of the *donor model* (quadrant I) and the *self-help model* (quadrant II), we refer to the former as the source and the latter as the modifier concept, using the terminology of Martins et al. (2015). Both models feature a social market orientation but differ in their mission focus, which provides room for conceptual combination in the latter perspective. The *donor model* is dependent on the acquisition of financial support from a third party to finance the provision of social products or services to beneficiaries. The *self-help model*, in contrast, is based on the acquisition of productive input from beneficiaries to create social value. By combining the direct input of acquired productive resources (from the modifier concept) with the acquisition of a third party (from the source concept), we obtain a target concept, illustrated in the upper center of Fig. 8. We label this as the *volunteer model*, because a third party "buys in" to a social mission by offering productive resources, i.e., in-kind donations, to support the creation of social value. Accordingly, the "slot" (Martins et al., 2015: 103) that we refer to as customer segment (cf. Table 1), characterized graphically by an ellipse, now has in-kind donors as a "filler," replacing monetary donors of the source concept. The arrow indicating the capture of value from in-kind donors now points directly to the social value proposition.

Volunteers, in the literature referred to as in-kind donors (Dees, 1998), are attracted by the created value of the social mission and support its realization physically and free-of-charge. Volunteers serve a venture's key functions, help with fundraising, or provide professional service and service on the ground (Austin et al., 2006; Dees, 1998). The *volunteer model* is particularly useful when social missions do not fulfill strict requirements of funding policies or beneficiaries are not available for self-help concepts. In many cases, social entrepreneurs themselves constitute in-kind donors, supporting and developing their missions through pro-bono work. An example for the *volunteer model* is the traditional "soup-kitchen," serving food (SVP) to needy citizens (STG) of the local community with the help of volunteers (InDon). Another example is "working-class child," an Ashoka social venture that supports young people from non-academic families (STG) to start an academic career (SVP) with the help of local mentors (InDon). Aside from being an archetype of its own, the *volunteer model*, just as the *donor model*, can also be merged with other archetypes. Indeed, many social ventures begin with the founder as an in-kind donor as a form of bootstrapping to get the venture off the ground.

The Matching Model: Combining Productive Input with Complementary Consumption

In quadrants II and III of Fig. 8, the *self-help model* and the *asset model* both have the same integrative mission but differ in their market approach, which becomes the focus of conceptual combination. By taking the productive input of beneficiaries of the *self-help model* (source concept) to create value for a second target group, as in the *asset model* (modifier concept), we obtain the *matching model* (target concept), pictured on the right-hand side of Fig. 8. In contrast to the *asset model*, the served customer segment is not a market target group but instead a social target group with consumption needs. In the "slot" of the customer segment, a consumptive social target group (CSTG) therefore replaces the market target group as a "filler." The graphical model shows two separate social target groups, one on the consumption and one on the production side (PSTG). From the productive group, an arrow points to the social value proposition to display this group's productive input. Accordingly, a social value proposition replaces the market value proposition, and value capture in the form of revenues vanishes from the picture. While the *self-help model* focused one group of beneficiaries, the *matching model* extends the traditional self-help logic by addressing two distinct social target groups in a complementary fashion. An example is "What do I have?," an Ashoka social venture that provides an online translation of complicated medical diagnostic reports (SVP) for treated patients (CSTG). The service is provided by medical students (PSTG) who learn understandable communication in doctor-patient relationships. The same model is applied by "youvo," a non-profit organization that supports charities (CSTG) in marketing and public relations activities (SVP) by engaging creative students (PSTG) who thereby obtain access to design projects and receive job training.

The *matching model* as two-sided social mission (Dohrmann et al., 2015) is similar to the commercial two-sided market in e-business with its dual value delivery system (Baden-Fuller & Haefliger, 2013; Rochet & Tirole, 2003, 2006). For social entrepreneurs, this model is especially interesting when the exclusive work with only one social target group has natural boundaries with respect to the group's capacities and preferences, i.e., when a consumptive social target group does not have the productive capacities or preferences for self-help.

The Leverage Model: Combining Complementary Consumption with Social Add-ons

In quadrants III and IV of Fig. 8, the *asset model* and the *corporate model* share a commercial market orientation but differ in their mission focus, thereby offering room for conceptual combination within the latter strategy dimension. Whereas the *asset model* satisfies a market demand with productive social target group as a resource, the *corporate model* simply adds a social mission as a premium to a traditional market product. By taking the add-on feature of the corporate model (modifier concept), we can restructure the asset model (source concept) to a business model logic (target concept), where the employment of a social target group is sold as a premium with a market value proposition. We name this conceptualization, displayed at the bottom of Fig. 8, the *leverage model*, because disadvantaged or underprivileged social target groups (re)gain access to the labor market through their productive role. An example is "Work Integration Social Enterprises (WISE)," a French organization that reintegrates (SVP) long-term unemployed (STG) by hiring them for event management, catering, and fair-trade products (MVP). Market customers (MTG) accept the premium when they buy the products or services (R). The venture "L.A. Kitchen" provides healthy meals (MVP) made of local ingredients that otherwise would be discarded. The meals are prepared by former unemployed community members (SVP and STG) and sold to fellow citizens (MTG) in return for revenues (R).

In the entrepreneurship literature, the *leverage model* is categorized as a social enterprise or a hybrid organization, which is acknowledged for its work integration approach and management of conflicting institutional demands (e.g., Pache & Santos, 2010, 2013; Santos et al., 2015). Although there is only a small structural difference between the *asset model* and the *leverage model*, the comparison of examples reveals that the respective social target groups are essentially different. While the *asset model* ("Dialogue Social Enterprise," "discovering hands," "auticon") sees its productive social target group as a value-increasing asset to create fully marketable solutions for a market target group, the *leverage model* ("WISE," "L.A. Kitchen") provides employment with quality support, so that the social target group can (re)gain access to the first job market. The *leverage model* thus requires the acknowledgment of market customers for supported employment of beneficiaries. Due to their disadvantages, social entrepreneurs in practice may prefer to begin by applying the *leverage model* with the intension to later adopt the *asset model*. However, due to potential restrictions of targeted beneficiaries, a change from the *leverage model* to the *asset model* with the same social target group poses challenges in human resource management.

The Partner Model: Combining Social Add-ons with Donor Support

Finally, in quadrants I and IV the *corporate model* and the *donor model* share the same mission focus but differ in their market orientation. Observe in Fig. 8 that the complete structure of the *donor model* is embedded in the *corporate model*. For a conceptual combination it is, therefore, easier to begin with the *donor model* as a source concept. If we take from the *corporate model* (modifier concept) the aspect that donors of the social mission are a subset of a market target group, but refrain from integrating the market target group and market value proposition into the business model of social ventures, we obtain the *partner model*, depicted on the left-hand side of Fig. 8. Conceptually, this model separates the social from the market value proposition and, accordingly, also donations from revenues. As a consequence, social and the market value propositions can be provided by separate firms–a commercial firm offering the market value proposition and the social venture providing only the social mission. Nevertheless, both firms remain coupled through the market target group, from which donations are drawn as a premium for the social value proposition in connection with the market purchase.

The *partner model* can also be used for acquiring donations through several firms and, hence, from a diversified market target group. An example is “Germany rounds up,” an Ashoka social venture that provides a system (SVP) for collecting micro-donations from customers (MTG and MDon) who voluntarily round up (D) their payments (R) for consumption goods (MVP) at diverse commercial points of sale. Revenues remain with commercial partners, while donations are given to social projects that fight child poverty in Germany (STG). A more rigid donation scheme is “Alvarum,” an online fundraising platform (SVP) for charities or social projects (STG), e.g., the World Wildlife Fund, where minimum donations (D) are a prerequisite for the purchase (R) of exclusive offers (MVP), e.g., a reserved ticket for the Berlin marathon, so that market customers (MTG) automatically become monetary donors (MDon).

Interestingly, the *partner model* also represents every social venture that cooperates with a commercial business practicing corporate social responsibility. Social entrepreneurs may consider the *partner model* as an alternative to the *corporate model* in order to mitigate competing institutional logics or organizational paralysis (e.g., Pache & Santos, 2013; Pratt & Foremann, 2000). With the *corporate model*, entrepreneurs may find it difficult to maintain a social focus due to the priority of the market target group as the social mission's funding source. Likewise, a strong focus on the social provision may hinder the venture's market performance. A major advantage of the *partner model* is the support of the social mission by a separate commercial firm with a commitment to increase market revenues, which, in turn, increase the donations for the social venture.

Discussion

Our objective with this paper was to develop a theoretical structure of the business model as an equilibrium concept and to establish a typological theory of social business models. Our framework covers the diversity of social venturing in practice and unifies social business model classifications in the literature. We thereby answer several calls in the management and entrepreneurship literature (e.g., Austin et al., 2006; Dacin et al., 2011; Kistruck & Beamish, 2010; Short et al., 2009). With our proposed framework we make four important contributions, which we highlight in the following and complement by discussing implications for theory and practice.

Contributions

The Business Model as an Equilibrium Concept. We contribute to management research by providing a theoretical structure of the business model as an equilibrium concept of the market-making entrepreneur. We view entrepreneurs as crucial not only for discovering the opportunity to establish equilibria in existing market but also for creating new markets (Alvarez & Barney, 2007; Casson, 2003, 2005; Kirzner, 1997; Shane & Venkataraman, 2000). In order to formulate the equilibrium concept of the business model, we focused on three characteristic components of business model representations, i.e., value proposition, customer segment, and generated income. With causal relations that describe the sequence of value creation, delivery, and capture in a logically closed cycle, the structure can be interpreted as conceptually self-sustainable, thus representing the desired equilibrium state. In the terminology of Doty and Glick (1994: 234), our equilibrium concept is a "grand theory," which gives the business model a place in economy theory (cf. Teece, 2010).

Our graphical characterization of a business model archetype as a closed cycle visualizes the archetype's temporary state of balance (Miller & Friesen, 1977). While Miller and Friesen (1978) deduced strategy archetypes from an empirical sample, our business model archetypes have a theoretical foundation. As Doty and Glick (1994: 238) emphasize, "[t]he primary advantage of theoretical specification is that the theory development process is not constrained by the sample because the ideal profiles are not specified with organizations in the sample."

The Business Model as a Theoretical Construct. Our work advances research on business models by providing a theoretical structure that enabled us to develop a typological theory of comparable social business models. In doing so, we added a new business model representation at an abstract archetype level (Massa & Tucci, 2014) which complements the graphical conceptualizations in the field (Johnson, Christensen, & Kagermann, 2008; Johnson, 2010; Osterwalder & Pigneur, 2010). Our theoretical construct of the business model unifies three perspectives in the literature. It corresponds to Doty and Glick's (1994) understanding of a theoretical ideal type (i.e., a focus on theoretical typologies); it is in line with Massa and Tucci's (2014) view of business model archetypes (i.e., a focus on business model architecture); and it satisfies Martins et al.'s (2015) description of a formal cognitive structure (i.e., a focus on business model innovation). We regard the unification of the three perspectives as a particular merit of our approach.

A Typological Theory Social Business Models. We contribute to social entrepreneurship research by applying the theoretical business model structure to ventures with a social mission, thus transferring the entrepreneur's market-making approach to situations of social-market failure (Austin et al., 2006; McMullen, 2011). In developing a typological theory of social business models, we explicitly took two strategic decisions into consideration, the focus of the mission and the type of market entered or created. In accordance with Doty and Glick (1994), mission focus and market orientation are contingency factors for different ideal types of social business models. Our typology thus represents contingent business models ("middle-range theories") for different strategies of social venturing (cf. Doty & Glick, 1994: 234). We identified role models for each ideal type, thus complementing the typology with a taxonomy (Baden-Fuller & Morgan, 2010).

A Cognitive Framework for Social Business Model Development and Innovation. Extant business model conceptualizations (e.g., Amit & Zott, 2001; Casadesus-Masanell & Ricart, 2010; Johnson et al., 2008; Johnson, 2010; Osterwalder & Pigneur, 2010) include graphical and tabular characterizations of business models. To our knowledge, we are the first to provide a graphical characterization of a business model archetype (Massa and Tucci, 2014). Our graphical business model schema provides a cognitive framework for proactive strategy-based business model development and innovation. In line with Martins et al. (2015), our theoretically founded business model archetypes (ideal types) provide a typology of source concepts for the cognitive process of analogical reasoning. Since all of our graphical archetypes are, by design, structurally comparable, each archetype can also be used as a modifier concept for the cognitive process of conceptual combination (Martins et al., 2015). As we have demonstrated in our analysis, our basic typology consisting of four generic archetypes suffices to develop a broad spectrum of social business model archetypes through the process of conceptual combination.

Implications

Implications for Theory and Research. Our study yields important implications for social entrepreneurship research, which in large parts has lacked a theoretical foundation (Kistruck & Beamish, 2010). While previous studies are mostly characterized by an anecdotic and case-based view (Dacin et al., 2011), our paper provides a theoretical construction of social business models, which acknowledges the diversity of social business model classifications found in the literature. Our theoretical typology also reveals analogies to well-known commercial concepts in the business model literature, e.g., the two-sided market (matching model). Due to its free offer to a broad (social) target group, the so-called *freemium model* in e-business (Osterwalder & Pigneur, 2010) can also be constructed by archetypes of our typology, specifically the *asset model* (quadrant III) and the *corporate model* (quadrant IV). These analogies suggest that our theoretical structure of a business model is not restricted to social business models. Indeed, commercial business model archetypes could be constructed within the same conceptual framework, with a similar discussion related to self-sustainability.

Our analysis additionally emphasizes new conceptual insights on economic sustainability as a key factor in social entrepreneurship research, representing a basis for social ventures' long-term survival and growth (Weerawardena & Sullivan Mort, 2006). By construction, all generic business model archetypes in our typology feature economic sustainability, defined as a closed cycle of value creation, delivery, and capture, where social ventures often struggle with capturing or maintaining value (e.g., Dees, 1998; Foster & Bradach, 2005; Austin et al., 2006). With our three basic archetype components–value proposition, customer segment, and income streams–we have three focal points to assess where social ventures experience strengths and weaknesses in achieving economic sustainability. In our view, operationalizing our typology to develop empirical indicators for sustainability evaluation and measurement appears especially promising.

Our research also has implications for the study of growth in social entrepreneurship, which is one of the top priorities of funders (Lumpkin et al., 2013) and a means to achieve social impact (Austin et al., 2006). Our typology suggests that the meaning of growth for a social venture very much depends on the market orientation of its business model. In the context of our theoretical business model structure, growth may refer to three different aspects, viz., the rise in income, the enhancement of the value propositions in quality or quantity, or the expansion of target groups. All three perspectives of growth are thereby relevant for scalability and replication strategies.

Implications for Practice. Our typology provides a comprehensive collection of social business models, which enables entrepreneurs to overcome cognitive inertia to design or innovate the business models of their ventures according to a chosen archetype. By differentiating between social and commercial market orientation, on the one hand, and social provision and integration, on the other hand, we provide entrepreneurs with four basic strategies of social venturing. The typology, in general, and the four strategies of social venturing, in particular, point to possible starting points and plausible developments for new or existing social ventures. Our typology of archetypes thus provides social entrepreneurs, facilitators, managers, and business consultants with a conceptual framework for strategic business model design, innovation, and development. The distinct examples deliver anchor points for these processes, which are especially helpful in selecting the right analogies or modifier concepts. As we have shown, the cognitive process of analogical reasoning helps practitioners to find an initial business model for their social mission, while the process of conceptual combination, when applied to our typology, is a valuable tool for business model innovation. Our research thus advances the understanding of generative cognition for business model innovation, which may "facilitate the development of managerial strategies to assist those who undertake social enterprises" (Dacin, Dacin, & Matear, 2010: 53).

As social entrepreneurs have to deal with a variety of stakeholders, our typology and taxonomy reveal insights not only into the conceptual construction of social business models but also into the structural implications of chosen strategies, i.e., with respect to mission focus and market orientation. As stakeholders' interests may be easier to align with respect to a general strategic approach rather than a specific business model design, our typological theory can guide stakeholders on the path from strategy to structure. The comparable structures of our archetypes facilitate the cognitive process and thus also the communication process between stakeholders.

We believe that our graphical framework and our specific focus on archetypes allows a more far-sighted, creative approach to business model design and development. Indeed, our parsimonious characterization allows us to construct a variety of different business models at an abstract simplified level. This facilitates entrepreneurs' communication and alignment with stakeholders and, in particular, investors. The same advantage applies to facilitating and teaching (social) entrepreneurship and business modeling, because discussions and presentations can be enhanced by the graphical approach. Moreover, proactive business model innovation is not only encouraged but also actively supported by the typology of conceptually related archetypes.

Conclusion

The increasing diversity of social ventures in practice is leading to a more and more fragmented spectrum of social business model classifications in research, especially as a theoretical foundation of the business model construct has still been missing. In this paper, we establish the business model as an equilibrium concept of the market-making entrepreneur and specifically apply this concept to situations of social-market failure. We believe that our typological theory of social business models provides a sound foundation for further theoretical and empirical research. Moreover, we see our graphical characterization of a business model archetype as a cognitive construct, to be used for design, innovation, and development processes in theory, practice, and teaching. We hope to encourage other scholars to advance the presented framework further by following the lines discussed above.

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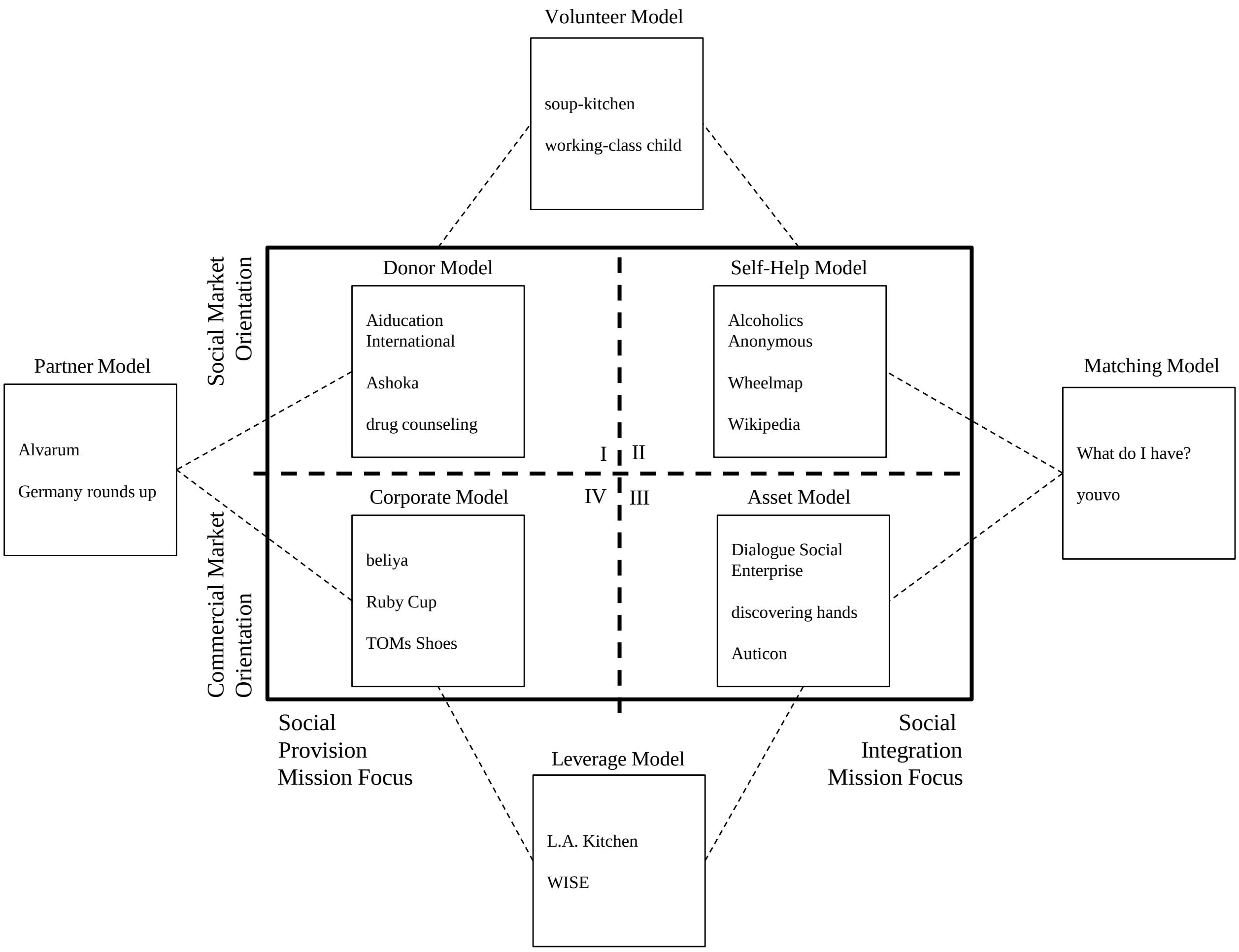
Appendix A

Fig. A1: A Taxonomy of Social Business Model



Appendix B

Table B1: Overview of Examples

Venture Name	Venture Description	Archetype Elements	Archetype Name
Aiducation International www.aiducation.org	Organization that provides scholarships to financially disadvantaged students in developing countries	SVP: Provide scholarships STG: Financially disadvantaged students in developing countries (AiduFellows) MDon: Individual donors in developed countries (AiduMakers) D: Individual monetary donations	*Donor Model*
Alvarum www.alvarum.com	Venture that offers an online fundraising platform for monetary donors to raise funds for social organizations in order to receive access to exclusive offers from external firms (e.g., limited events tickets)	SVP: Support of social organizations STG: Social organizations MDon=MTG: Premium customers MVP: Exclusive offer for premium customers R: Sales of offer D: Donations for social organizations	*Partner Model*
Alcoholics Anonymous	Anonymous self-help programs for alcohol addicted citizens	SVP: Self-help addiction programs STG: Alcohol addicted citizens	*Self-Help Model*
Ashoka www.ashoka.org	Organization that provides fellowships to social entrepreneurs to create social change in society	SVP: Fellowships STG: Social entrepreneurs MDon: Charitable foundations and wealthy individuals D: Monetary donations	*Donor Model*
auticon www.auticon.de	Venture that employs autistic people as data and software experts	SVP: Integrate autistic people into the workforce STG: Autistic people MVP: High-quality IT consultancy MTG: Firms with IT requirements R: Sales of IT consultancy	*Asset Model*
beliya www.beliya.de	Venture that donates one year of education for a child in Africa for every premium handbag sold to its customers	SVP: Educational support of children in Africa STG: Children in Africa MVP: Shoes MTG: Handbag customers MDon: Socially oriented handbag customers R: Sales of shoes D: Donations to education projects	*Corporate Model*
Dialogue Social Enterprise www.dialogue-se.com	Ashoka venture that trains and employs visually and hearing impaired people as guides for exhibition tours and workshops in complete darkness or silence	SVP: Integrate visually and hearing impaired people into the workforce STG: Visually and hearing impaired people MVP: Exhibition tours and workshops in complete darkness or silence MTG: Visitors and participants R: Sales of exhibition tickets and workshop fees	*Asset Model*
discovering hands www.discovering-hands.de	Ashoka venture that trains blind women to become medical tactile examiners to detect breast cancer	SVP: Integrate blind women into the workforce STG: Blind women with strong sense of touch MVP: High-quality and cost-efficient tactile breast cancer examination MTG: Female patients R: Sales of examination service	*Asset Model*
drug counseling	Organizations that provide drug counseling to people with drug addiction	SVP: Provide drug counseling STG: People with drug addiction MDon: Federal government D: Public donations	*Donor Model*
Germany rounds up (Deutschland rundet auf) www.deutschland-rundet-auf.de	Ashoka venture that collects micro-donations from customers who voluntarily round up their payments as donations at commercial points of sale; donations are given to social projects that fight child poverty in Germany	SVP: Support of projects that fight child poverty STG: Children in poverty MVP: Regular purchases MTG: Market product customers MDon: Socially oriented customers of regular household products R: Sales of household products D: Micro-donations from customers for child poverty projects	*Partner Model*

Table B1: Overview of Examples (continued)

Venture Name	Venture Description	Archetype Elements	Archetype Name
L.A. Kitchen www.lakitchen.org	Venture that provides healthy meals made of local ingredients that otherwise would be discarded; meals are prepared by former unemployed needy community members and sold to fellow citizens	SVP: Integrate unemployed needy citizens into the workforce PSTG: Productive people in need MVP: Healthy meals MTG: Citizens R: Sales of meals	*Leverage Model*
Ruby Life ltd www.rubycup.com	Venture that donates an eco-friendly menstrual cup (Ruby Cup) for girls in educational projects in Africa for every menstrual cup purchased by its customers	SVP: Support of education projects that support girls in Africa STG: Girls in Africa MVP: Shoes MTG: Menstrual cup customers MDon: Socially oriented menstrual cup customers R: Sales of menstrual cups D: Donations from socially oriented menstrual cup customers	*Corporate Model*
soup kitchen	Organizations that provide food to citizens in need	SVP: Provide food to citizens in need STG: Citizens in need InDon: Caring citizens	*Volunteer Model*
TOMS Shoes www.toms.com	Venture that donates a pair of shoes for a child in need for every pair of shoes purchased by its customers	SVP: Support of children in need STG: Children in need MVP: Shoes MTG: Shoe customers MDon: Socially oriented shoe customers R: Sales of shoes D: Donations from socially oriented customers	*Corporate Model*
What do I have? (Was hab' ich?) www.washabich.de	Ashoka venture that provides online translations of terminologically complicated diagnostics reports for patients; translations are provided by medical students who are trained for understandable communication within doctor-patient-relationships	SVP: Translation of diagnostic reports and promotion of understandable communication within doctor-patient-relationships CSTG: Patients PSTG: Medical students	*Matching Model*
wheelmap www.wheelmap.org	Ashoka venture that provides an online street map for urban wheelchair users to locate wheelchair-accessible places, where marked access points are constantly updated by an active subset of the website's wheelchair users	SVP: Improve integration and participation of wheelchair users within communities STG: Wheelchair users	*Self-Help Model*
Wikipedia www.wikipedia.org	Organization that provides an unlimited and free-of-charge internet encyclopedia for users accessing and editing articles, while collecting donations from its users to maintain reference work	SVP: Provide unlimited and free-of-charge access to information STG: Encyclopedia users MDon: Encyclopedia users (MDon = partly CSTG)	*Self-Help Model*
Work Integration Social Enterprises (WISE) www.groupe-sos.org/en/163/work-integration	Organization that reintegrates long-term unemployed people by hiring them for a two year period to produce products or services in the field of event management, catering, and fair-trade products	SVP: (Re)integrate long-term unemployed people into the workforce PSTG: Productive long-term unemployed people MVP: Products and services in diverse fields MTG: Market customers R: Sales of products and services	*Leverage Model*
Working-Class Child (Arbeiterkind) www.arbeiterkind.de	Ashoka venture that supports young people with non-academic family backgrounds to start a university career through the help of local mentors	SVP: Improve integration of working-class children in university system STG: Working-class children InDon: Mentors	*Volunteer Model*
youvo www.youvo.org	Organization that provides marketing and PR support for charities by matching them with creative students, who thereby obtain access to design projects and receive job training	SVP: Support in marketing and PR activities and access to design projects CSTG: Charities PSTG: Creative students	*Matching Model*

III. DETERMINANTS AND INDICATORS OF GROWTH IN SOCIAL VENTURING

Determinants and Indicators of Growth in Social Venturing

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Abstract Ventures with a social mission grow as organizations but for the main purpose of increasing social impact. In this paper, we investigate whether impact growth is driven by or, conversely, the driver of organizational growth. Within a business model framework that differentiates value creation, value delivery, and value capture, we compare four generic missions of self-sustainable social venturing: empowerment, employment, service, and giving missions. Our analysis reveals that growth of empowerment and service missions is impact driven, whereas employment and giving missions grow organizationally. For each mission, we identify objective indicators to quantitatively measure and compare growth in social venturing.

Keywords: impact scaling; organizational growth; social entrepreneurship; social value creation; social venture growth

Introduction

While commercial ventures grow primarily to increase stakeholders' income, the growth of social ventures is understood as a means for achieving greater social impact. Social impact thereby refers to the ultimate purpose of social ventures, which is the creation and delivery of social value to benefit the needs of disadvantaged individuals in society (Martin and Osberg, 2007) or pursue neglected problems of advantaged segments of the population with positive externalities (Santos, 2012). The creation and especially the delivery of social value are considered as immanent for social venturing (e.g., Austin et al., 2006; Peredo and McLean, 2006). Independent of organizational and legal forms, social value is addressed by the venture's social mission (Dees, 1998; Nicholls, 2008; Seelos and Mair, 2005), which targets societal problems and social needs of beneficiaries (Alvord et al., 2006; Mair and Martí, 2006), thereby identifying opportunities to create, deliver, and capture social value (Kuratko et al., 2016). The concept of social value still remains complex and ambiguous (Choi and Majumdar, 2014), creating challenges in measurement and comparison for researchers and practitioners alike (Kroeger and Weber, 2014). Scholars agree that ventures with a social mission, in contrast to commercial ventures, are superior in creating and delivering social value (Austin et al., 2006; Bacq et al., 2013; Dorado, 2006). There is also evidence of a strong pull of ventures into rapid growth by demanding beneficiaries (Austin et al, 2006) and a heavy push towards growth from financiers (Lumpkin et al., 2013), as they prefer to financially support initiatives with the greatest social impact.

Our objective in this paper is to convey a clearer understanding of social venture growth by analyzing growth determinants and growth indicators in social venturing. Prior research in management and entrepreneurship mainly considers commercially oriented organizational growth, providing an extensive account of growth processes and consequences (Delmar et al., 2003; McKelvie and Wiklund, 2010; Shepherd and Wiklund, 2009) and analyzing why, how, and where growth can be achieved (Gilbert et al., 2006). Over the last decade, a second research stream has been established, which largely focuses on strategies to scale up social value (Bloom and Chatterji, 2009; Mair and Martí, 2006). In this domain, growth is acknowledged as a complex process (Vickers and Lyon, 2012), as ventures with a social mission also grow organizationally but first and foremost aim to improve social and environmental conditions. In order to increase their impact, ventures adopt a variety of socially and commercially oriented business models (e.g., Dohrmann et al., 2015; Hockerts, 2015; Santos et al., 2015; Wilson and Post, 2013), and they apply various approaches to achieve impact growth (Dees et al., 2004; Sezgi and Mair, 2010; Waitzer and Paul, 2011). Nevertheless, prior research so far has neglected the differential roles of organizational growth and impact growth in fostering social venture growth. Both approaches to treating growth have largely remained disjunct, and recent studies assume an incompatibility or trade-off between them. Specifically, scholars warn that growth can squander resources, increase financial risk taking, and push ventures towards a drift in their mission from a social to a commercial orientation (Battilana and Dorado, 2010; Doherty et al., 2014; Pache and Santos, 2010).

In our analysis, we acknowledge the variety of socially and commercially driven organizations in social venturing, and we argue that both organizational and impact growth are relevant in pursuing opportunities to grow social missions. In order to cover the multitude of social organizations and initiatives, we apply a business-model lens as a unit of analysis to examine missions of social venturing and related growth approaches. Moreover, the business model framework allows us to distinguish between processes of value creation, value delivery, and value capture, which are required business model modes to ensure the self-sustainability of any form of social venturing.

In considering all forms of ventures that ultimately generate social impact for beneficiaries, we propose four generic missions of social venturing: the empowerment mission, the employment mission, the service mission, and the giving mission. We highlight the conceptually self-sustainable business model of each mission and provide illustrative examples to demonstrate the broad empirical spectrum of our analysis. Within our unifying business model framework, we can differentiate between each mission's social and commercial market orientation. Furthermore, we can identify characteristic mandatory business model structures of each mission while pointing out optional extensions as possible drivers of venture growth. The self-sustainability of the business model places restrictions on growth, as all modes of the business model must grow in a balanced way, in order to preserve economic sustainability of the venture. Hence, if growth is driven by an increasing demand for social value delivery, then the organization must expand accordingly in value capture and creation. Conversely, if a hybrid organization grows due to successful market activities with increasing revenues (commercial value capture), then the social value delivery can be expanded in response. In characterizing the growth approaches of each mission, we reveal that empowerment and service missions feature an impact-driven growth while employment and giving missions implement organization driven growth strategies. Our analysis enables us to identify which measurable factors are targeted to grow in each of the four generic missions and where they are located within the respective business model. As a result, we obtain a comprehensive collection of social indicators to quantitatively measure and evaluate growth in social venturing.

Our paper makes three contributions to research in strategic management, entrepreneurship, and social entrepreneurship. First, we provide a nuanced understanding of social venture growth by looking at the conceptual construction of generic missions of social venturing and related growth approaches. Second, our concept of a self-sustainable business model provides a unifying framework for analysis, revealing not only how the missions are conceptually constructed but also where social growth indicators can be found in a venture's business model. Third, depending on the generic social mission, we demonstrate that different strategies to implement growth are conceivable in social venturing, which results in varying growth indicators. We deliberately treat growth in a disaggregated form, in order to acknowledge the diversity of stakeholders and their individual socially or commercially oriented preferences and expectations of social venture growth.

The paper proceeds as follows. We begin in Section 2 by providing a brief review of research on organizational growth and impact growth. Section 3 introduces the self-sustainable business model framework as a unit of analysis, which we apply in Section 4 to analyze the four generic missions of social venturing. Section 5 then compares the different growth approaches and establishes the social growth indicators of each generic mission. In Section 6, we conclude by highlighting implications and pointing out avenues for future research.

Notions of Growth in Social Venturing

The traditional growth literature in management and entrepreneurship journals represents an extensive body of research, shedding light on consequences and processes of organizational growth (McKelvie and Wiklund, 2010) and providing an understanding of why, how, and where ventures grow (Gilbert et al., 2006). Over the last years, a second research stream on growth has been established in entrepreneurship, which focuses on strategies to increase the impact of ventures with a social mission (Bloom and Chatterji,

2009) by scaling up the social and environmental value that they provide (Weber et al., 2011). In this section, we review growth strategies and measurement indicators discussed in both research streams. We conclude by motivating the research gap that we aim to fill with our analysis.

Organizational Growth

Prior research has acknowledged growth as a complex phenomenon revealed substantial heterogeneity in characterizing growth factors such as time frame, firm demographics, measurement indicators, and growth patterns (Delmar et al., 2003; Shepherd and Wiklund, 2009). The literature in strategic management and entrepreneurship provides mixed answers to the question how ventures grow their organizational structure. Early studies distinguish between *organic growth* and *acquisition growth* (e.g., Delmar et al., 2003; McKelvie et al., 2006; Penrose, 1959). Gilbert et al. (2006) differentiate these two basic types of growth as internal and external modes, respectively. In the former case, ventures use innovative product development or marketing practices to identify and develop products to capture revenues from prospective customers. In contrast, the latter refers to the acquisition of firms in the same or in complementary markets to expand operations. More recently, McKelvie and Wiklund (2010) have suggested further *hybrid types of growth*, pointing to forms that lie somewhere in between organic and acquisitive growth or that combine elements of both. Within this line of research, scholars have contributed much to our understanding of motives, measures, and patterns by considering the organizational growth strategies of internal organic growth (e.g., Davidsson, 1989; McKelvie et al., 2006), external acquisition growth (e.g., Graebner and Eisenhardt, 2004; Katila et al., 2008; Wiklund and Shepherd, 2009), and hybrid types of growth including franchising and licensing (e.g., Combs and Ketchen, 2003; Combs et al., 2004; Fosfuri, 2006) as well as strategic alliances and joint ventures (e.g., Gomes-Casseres, 1997; Madhok, 2006; Park and Kim, 1997; Sakar et al., 2001).[1] All of these hybrid forms consist of contractual relationships that tie external actors to the initial firm while providing a certain ownership and control over corporate assets.

[1] For an extensive review of the literature on organizational growth, see Gilbert at al. (2006) and McKelvie and Wiklund (2010) on venture growth, as well as Demir et al. (2016) on high-growth firms.

The distinction between organizational growth strategies and, accordingly, the entrepreneur's decision to pursue one specific type of growth has crucial implications for entrepreneurial abilities, business requirements, and performance evaluation. Moreover, the outcomes ventures realize in pursuing certain growth strategies also vary. Penrose (1959) argued that ventures growing organically show smoother growth patterns over time than firms that primarily grow through acquisition. She also claimed that organic growth is associated more with smaller and younger firms in emerging industries, whereas growth through acquisition is more likely to be practiced by larger and established firms in mature industries. Empirical evidence for this argument is provided by McKelvie et al. (2006). Delmar et al. (2003) suggest that organic growth is more likely to create additional jobs than acquisition growth, because, in the latter case, existing jobs are usually only shifted from the selling to the buying organization. In a similar vein, Wiklund et al. (2003) find that organic growth is the least risky growth strategy for small ventures, leading to stronger control over operations, more independence in relation to external stakeholders, and higher survival rates. McKelvie and Wiklund (2010) find that firms choosing a hybrid growth type, as opposed to organic and acquisition growth, aim to overcome managerial capacity constraints and a lack of resources.

Scholars have explored many different growth measures of ventures' operations, including sales, number of employees, profit or profitability, assets, equity, and market share (e.g., Delmar et al., 2003; Gilbert et al., 2006; McKelvie and Wiklund, 2010; Shepherd and Wiklund, 2009). Given the diversity of measures used in organizational growth studies, Murphy et al. (1996) find evidence that one positive organizational growth indicator may be a negative predictor of another growth indicator. For example, a marketing campaign may increase growth in sales but decrease growth in profitability (Bamford et al., 2004). Delmar et al. (2003) suggest sales to be the most effective organizational growth measure, as they are easy to observe, apply to all sorts of firms, translate across countries or industries, and are favored by entrepreneurs in practice. However, the authors acknowledge that sales do not always lead the growth process. Indeed, start-ups often grow in employment before growing in sales. Based on their literature review, Gilbert et al. (2006) suggest sales, employees, and market share as the most important measures in organizational growth research. In studying the relationship between the five most important growth measures in prior research (i.e., sales, employees, profit, assets, and equity), Shepherd and Wiklund (2009) find low concurrent validity for most growth measures, where employment growth is the metric featuring the highest concurrent validity. Indeed, the Global Entrepreneurship Monitor uses employment as the metric to track business growth across world economies and multiple phases of entrepreneurial activity (GEM, 2005). Shepherd and Wiklund (2009) emphasize that future empirical research should specify the use of indicators, formulae, and time spans to overcome the fragmentation on indicators in the field.

Impact Growth

In social venturing, growth is primarily understood as a means for achieving greater social impact (Lumpkin et al., 2013; Uvin and Miller, 1996). Accordingly, the social entrepreneurship literature refers to impact scaling or impact growth, and scholars have provided significant insights on resources, capabilities, and strategies related to impact growth (e.g., Alvord et al., 2004; Bloom and Chatterji, 2009; Perrini et al., 2010; Smith et al., 2016). Growth strategies in social entrepreneurship are described as *deepening*, *branching*, *affiliation*, and *dissemination* (e.g., Dees et al., 2004; Sezgi and Mair, 2010; Weber et al., 2012).

The impact growth strategy of *deepening* refers to the scaling of the organization through expanded capacities (Weber et al., 2012). In particular, social organizations build their capacities ‘deep’ (e.g., Bloom and Chatterji, 2009; Desa and Koch, 2014; Uvin, 1995), when their mission focuses on the quality of created outcomes for beneficiaries and the means that are applied to achieve a positive social and environmental change in society. In scaling ‘deep,’ social organizations will develop new social products and services for a given group of beneficiaries or add new activities for further social target groups.

Branching considers the creation of new local sites (i.e., ‘branches’) through one initial organization (Dees et al., 2004) and is, therefore, somewhat similar to the organizational growth strategy of franchising (Bloom and Chatterji, 2009; Bradach, 2003). This mode is also referred to as replication of the social venture, as only little adaption of the initial organization is needed to establish local units (Sezgi and Mair, 2010).

Affiliation as an impact growth strategy describes the creation of coordinated networks and formal relationships of independent organizations that are centered around a common social or environmental mission rather than an initial organization (Sezgi and Mair, 2010). Affiliated networks thereby range from loose coalitions to formal partnerships that share the same goals, procedures, and practices (Dees et al., 2004). Organizations using this strategy can exemplarily increase their impact by delivering social products and services to a larger number of beneficiaries or by inducing partners to offer new activities (Uvin et al., 2000).

Lastly, *dissemination* implies the active provision and sharing of ideas and solutions with other organizations (Dees et al., 2004). Often referred to as diffusion, spread, or open-source change making, this mode is the simplest to implement and can lead to a higher speed of change while applying limited resources compared to other impact growth strategies. Although this strategy allows organizations to increase their impact without expanding in size (Uvin et al., 2000), the process of spreading ideas and knowledge implies little control over new locations (Dees et al., 2004).

In addition to conceptualizing impact growth strategies, scholars have also focused on their implementation. For example, Dees et al. (2004) propose ‘The Five R’s’ (i.e., Readiness, Receptivity, Resources, Risk, Returns) to provide guidance for entrepreneurs in selecting scaling mechanisms and refining their chosen strategy over time. Likewise, Bloom and Chatterji (2009) suggest ‘The SCALERS Model’ (SCALERS: Staffing, Community, Alliance building, Lobbying, Earnings generation, Replication, and Stimulating market forces) as an approach for the organization and its external ecosystem to build momentum for their causes.

Growth strategies in social entrepreneurship involve founders, employees, stakeholders, local communities, and wider institutional influences (Vickers and Lyon, 2012). A major challenge of impact growth strategies is to measure their implication due to problems related to nonquantifiability, multicausality, temporal dimensions, and perceptive differences of created impact (Austin et al., 2006; Dees at al., 2004; Emerson, 2003; Mair and Martí, 2006). In reviewing the literature, we currently find no straightforward measures of impact growth strategies, although we do find discussions about crucial determinants. For example, scholars view beneficiaries as a venture’s customer segment rather than as passive recipients (Miller et al., 2012; Yunus and Weber, 2011), thereby emphasizing that interventions are designed to serve the needs of particular target groups (Kroeger and Weber, 2014). Social organizations like NGOs offer their products or services to disadvantaged consumptive beneficiaries, making the number served the most important indicator of social impact (Uvin et al., 2000). Recent studies have also focused on beneficiaries that are productively integrated in value creation processes of social ventures (e.g., Battilana and Lee, 2014; Dohrmann et al., 2015; Holt and Littlewood, 2015; Hockerts, 2015). Consequently, the number of productive beneficiaries is an essential indicator to measure impact growth as well.

Need for Growth Determinants and Growth Indicators in Social Venturing

Our review of the literature showed that organizational growth strategies consider traditional commercial indicators such an increase in sales, employees, and market share whereas impact growth refers to social indicators such as the number of consumptive and productive beneficiaries. In social venturing, strategies of both modes–organizational and impact growth–are relevant to grow social missions. However, they have largely remained disjoint in past research, and recent studies even assume a dilemma or trade-off between them. For example, an increase in organizational growth may or may not guarantee an enhancement in impact and, likewise, a rise in impact may or may not automatically require organizational growth (Chambers, 2014). Some scholars emphasize that growth might not be the best strategy to achieve greatest impact, as it can squander resources and increase financial risk taking (e.g., Austin et al., 2006), thus detracting ventures from creating social and environmental impact. Often ventures with a social mission experience a strong pull or push towards rapid growth from demanding beneficiaries or resource providers (Austin et al., 2006; Lumpkin et al., 2013) and, therefore, fall into the trap of pursuing more conventional growth strategies due to an easier application of conventional metrics, a stronger control over operations, and a higher familiarity with well-versed business concepts (Waitzer and Paul, 2011). As a consequence, growth attempts may create a mission drift from social to commercial orientation (e.g., Battilana and Dorado, 2010; Doherty et al., 2014; Pache and Santos, 2010).

In order to avoid the waste of resources and a drift in mission, social entrepreneurs need to understand growth as a multifaceted construct, in order to avoid stimulating one growth mode at the expense of the other. In this paper, we therefore acknowledge social venture growth in terms of the organization and impact, and we analyze growth determinants for generic missions in social venturing, which we define shortly. We thereby place special emphasis on which factors are intended to grow and provide a comprehensive collection of social indicators for each generic mission to quantitatively measure growth in social venturing. While subjective measures have been suggested in the literature (e.g., Bloom and Chatterji 2009; Kroeger and Weber, 2014; Smith et al., 2016), we restrict our analysis to objective indicators that can be measured by counting, as they feature a broader focus and a straight-forward measurement. We refrain from aggregating indicators to a single measure of social impact, which we find impractical given the broad spectrum of business models in social venturing that we consider. Instead, we argue for a disaggregated account to acknowledge the diversity of stakeholders and their specific objectives, on the one hand, and to maintain the flexibility of creating alternative measures for the different business models, on the other hand.

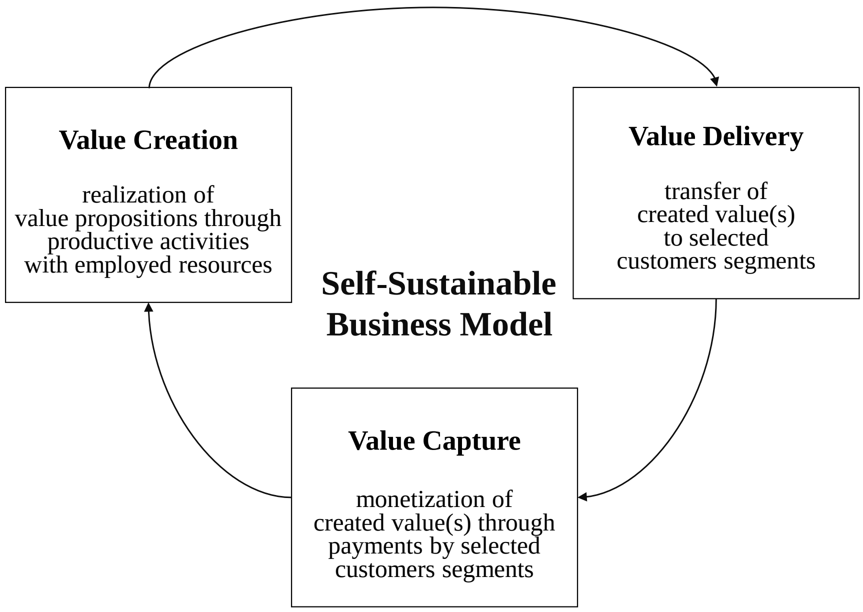
The Business Model as a Unit of Analysis

In order to explore growth strategies of ventures with a social mission, we apply a business model lens, thereby referring to the underlying logic of a venture and the way it creates and captures value for its stakeholders (Casadesus-Masanell and Ricart, 2010). Business models have become an important unit of analysis in entrepreneurship (Demil et al., 2015), where their relevance for ventures with a social mission has been particularly emphasized (e.g., Dohrmann et al., 2015; Dees, 1998; Seelos and Mair, 2005; Santos et al., 2015; Thomson and MacMillan, 2010; Wilson and Post, 2013; Yunus et al., 2010). The business model's economic sustainability ensures the ability of an organization to survive (Santos et al., 2015) and can be understood as a precondition for venture growth. Consequently, the self-sustainable business model is an appropriate unit of analysis to examine growth strategies in social venturing.

In general, the business model describes the rationale of how an organization creates, delivers, and captures value (Osterwalder and Pigneur, 2010). In the business model literature, processes of value creation, delivery, and capture play an essential role. In their seminal work on value processes in e-business, Amit and Zott (2001) find that value creation arises from multiple sources and is as an essential prerequisite for value appropriation within a firm's business model. In their review of the literature, Zott et al. (2011) conclude that business models seek to explain both value creation and value capture. In a similar vein, Baden-Fuller and Haefliger (2013) advocate value creation and value capture as a business model's classical two-part division, proposing that value creation refers to customer identification and customer engagement, while value capture relates to value delivery and monetization. With a stronger emphasis on a conceptual rather than a financial model, Teece (2010) views the business model as a concept that defines the architecture of a business and, thus, determines the design of value creation, delivery, and mechanisms of value capture.

In our analysis, we follow this conceptual view and emphasize the categorization of a business model in three value dimensions: *value creation*, *value delivery*, and *value capture*. In particular, we understand them as complementary and refer to each as an integrated part of a business model. In Fig. 1, we depict the three value modes as synchronized in a circular flow to characterize the self-sustainability of a venture's business model. The *value creation* mode specifies the type of value propositions and how they are created. More precisely, it describes the benefit for the chosen customer segment and the employed processes or technologies for value creation. In order to offer the value propositions sustainably, generated income must be allocated to value creation. Once created, the value propositions need to be delivered to the customer segment. The *value delivery* mode determines how the venture engages with its customers, reaches out to them, and organizes the value transfer.The *value capture* mode defines how value is finally monetized and collected from selected customers.

Fig. 1: The Three Value Modes of a Self-Sustainable Business Model



In the subsequent analysis, the differentiation of value modes allows us to compare generic missions in social venturing and discuss strategies to grow these missions in a sustainable way while placing particular emphasis on indicators to measure growth within each value mode.

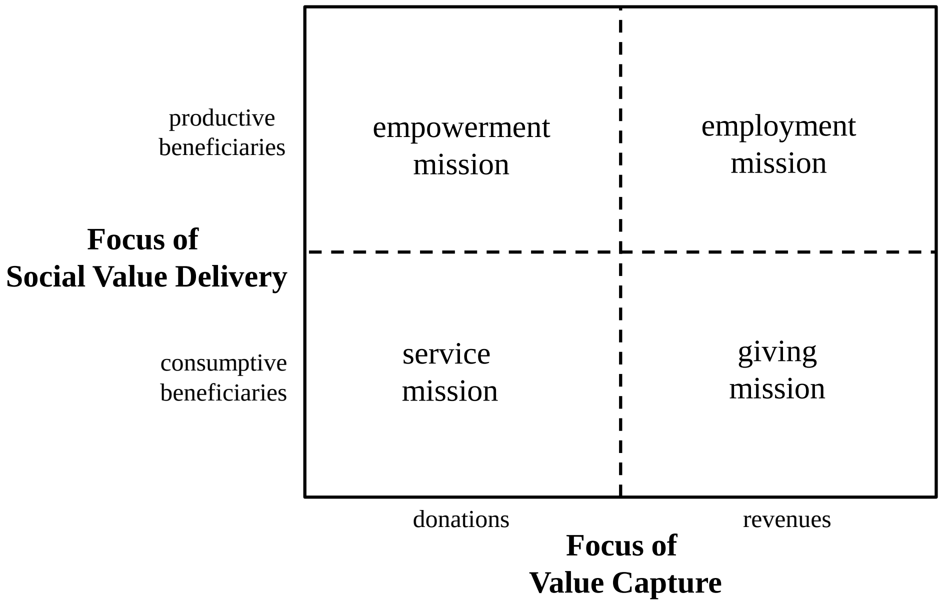
Generic Missions of Social Venturing

Prior research in social entrepreneurship has particularly focused on processes of value creation and value capture (e.g., Agafonow, 2014; Santos, 2012; Santos et al., 2015). By extending this dichotomous view to include the third mode of value delivery, we acknowledge the diversity in social entrepreneurship of organizations and initiatives that deliver social value to beneficiaries in many different forms. This extension thus enables us to consider all types of ventures that generate social impact.

We propose four generic missions for social venturing: the empowerment mission, the employment mission, the service mission, and the giving mission. By viewing each mission through a business model lens, we are able to compare the interaction of the three respective modes of *value creation*, *value delivery*, and *value capture* for each generic approach. Since the four missions cover a variety of social and commercial approaches to social venturing, we need to distinguish for each business model mode between a social and a commercial market orientation. A mission's business model is then self-sustainable if its operations in social and commercial markets are economically sustainable. In distinguishing social and commercial market orientation, we can identify the characteristic mandatory business model structure of each mission and point out optional extensions as possible drivers of venture growth.

Fig. 2 displays the four generic missions of social venturing in a 2x2 matrix by placing particular emphasis on the *focus of social value delivery*, on the one hand, and the *focus of value capture*, on the other hand. The interaction of both foci has conceptual implications for value creation, which are considered in the characterizations of the missions. The *focus of social value delivery* implies that social offerings are directed toward primarily productive or consumptive beneficiaries. *The focus of value capture* refers to the monetary side of social venturing, where social offerings are primarily financed by donations or market revenues.

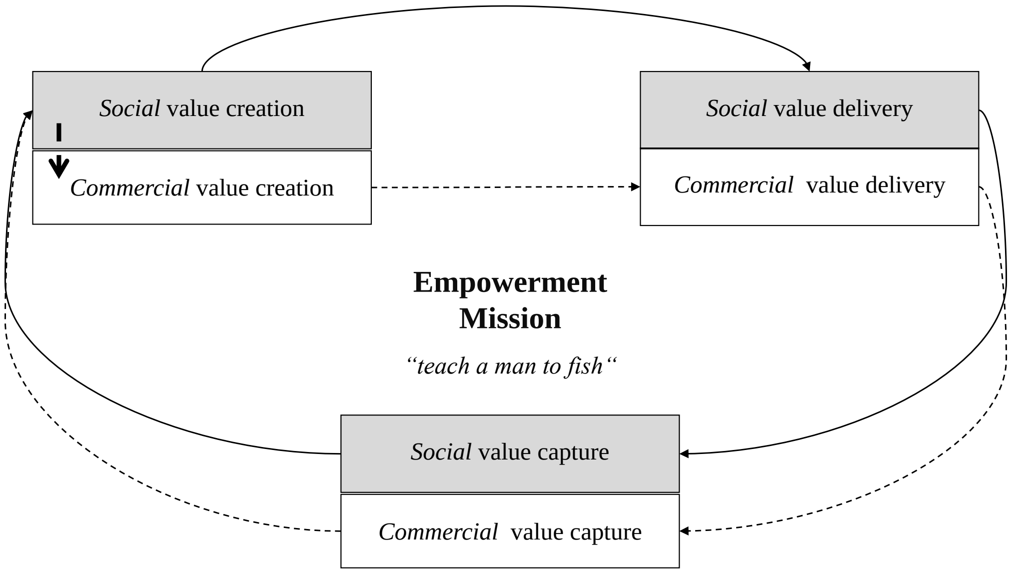
Fig. 2: The Generic Missions in a Business-Model Framework



The Empowerment Mission: Empowering Beneficiaries for Self-Help

According to Santos (2012), empowerment of actors is the dominant logic of action in social entrepreneurship. Given the severe resource constraints of social entrepreneurs (due to low value capture potential and lack of societal awareness), Santos (2012) argues that the best way to achieve sustainable solutions is to empower beneficiaries to become a central part of the solution. The World Bank (2014) defines empowerment as the process of increasing the assets and capabilities of individuals or groups to make purposive choices and to transform those choices into desired actions and outcomes. Traditionally, empowerment is a self-help principle (e.g., Sharir and Lerner, 2006; Alvord et al., 2004; Thompson, 2002), in which a venture’s organizational structure enables beneficiaries to approach their consumption needs by their own means. Accordingly, self-help becomes the mantra of beneficiaries who themselves provide the resources of the venture’s value creation processes. The principle of integrating consumptive beneficiaries as productive human resources is referred to as “teaching a man to fish” (Swidler and Watkins, 2009). Fig. 3 displays the value modes of a self-sustainable empowerment mission.

Fig. 3: Self-Sustainable Generic Empowerment Mission



The empowerment mission is based on the mandatory value modes of social value creation, social value delivery, and social value capture, which are illustrated in Fig. 3 by the grey boxes. Conceptually, the empowerment mission is self-sustainable due to the self-help principle, in which the social value is created by the target group that this value is delivered to. Specifically, production support in the form of in-kind donations is captured from beneficiaries, the venture’s social customers. In Fig. 3, this self-sustainable process is depicted by the solid arrows connecting the mandatory grey boxes. Based on the strong social core of self-help, the empowerment mission often attracts monetary donors, leading to further social value capture in the form of monetary donations.

If the momentum of the self-sustainable process is sufficiently high, the social value creation through beneficiaries may also create commercial value to be delivered to market customers, thereby generating market revenues for the venture. Fig. 3 illustrates this additional process with the white boxes and the dashed arrows. Social value delivery is thus complemented by commercial value delivery. As a consequence, social value capture can be complemented by commercial value capture, so that earned market revenues can compensate for more inflexible and earmarked monetary donations, thereby facilitating venture growth.

The popularity of empowerment missions and their range in practice shows that the degree of productive integration of (consumptive) beneficiaries is only feasible when beneficiaries are available, capable, and interested in becoming a productive resource within the social value creation processes. In general, the empowerment mission can be set up in two different forms: *one-sided empowerment* and *two-sided empowerment*.

The One-Sided Empowerment Mission (Pure Self-Help Group). The one-sided empowerment mission consists of one group of beneficiaries that serves its own consumption needs. Ventures applying the empowerment mission often operate at the "grassroots level," at which collective action of a specific community is gathered locally using self-organization and encouraging members to actively engage and contribute to their community (e.g., Alvord et al., 2004; Kerlin, 2010; Smith et al., 2014). This way, the ability of beneficiaries to contribute to an overall solution and to their own welfare is increased. Due to the self-help approach, the marginal costs of social value creation are very low. In this form, the self-help principle is traditionally applied by groups such as "Alcoholics Anonymous," offering self-help programs in which all consuming beneficiaries also support the group productively.

Instead of targeting an entire beneficiary group for self-help, the one-sided empowerment mission may require only a subset of its beneficiaries to serve the whole group productively. Usually, this subset consists of beneficiaries that are the most capable in providing the required production support, which results in higher efficiency. Moreover, the marginal costs of social value creation need to be relatively low to enable one productive beneficiary to serve several consumptive members of its group. Through the focused self-help approach, the social products or services can be offered to a wider consumptive group, which, in turn, brings new productive supporters. This way, the concept of a self-help group becomes easier to scale because it has an embedded growth dynamic. An example is "DC Central Kitchen," a modern soup-kitchen that provides food in Washington, DC, to citizens in need by training homeless people–a productive subset of the consumptive beneficiaries–to cook the free meals distributed by the soup-kitchen (cf. the grey boxes in Fig. 3). The cooked meals are not only provided to needy citizens but, in addition, sold as lunch boxes to schools and corner stores in low-income neighborhoods, capturing revenues to financially support the soup-kitchen (cf. the white boxes in Fig. 3).

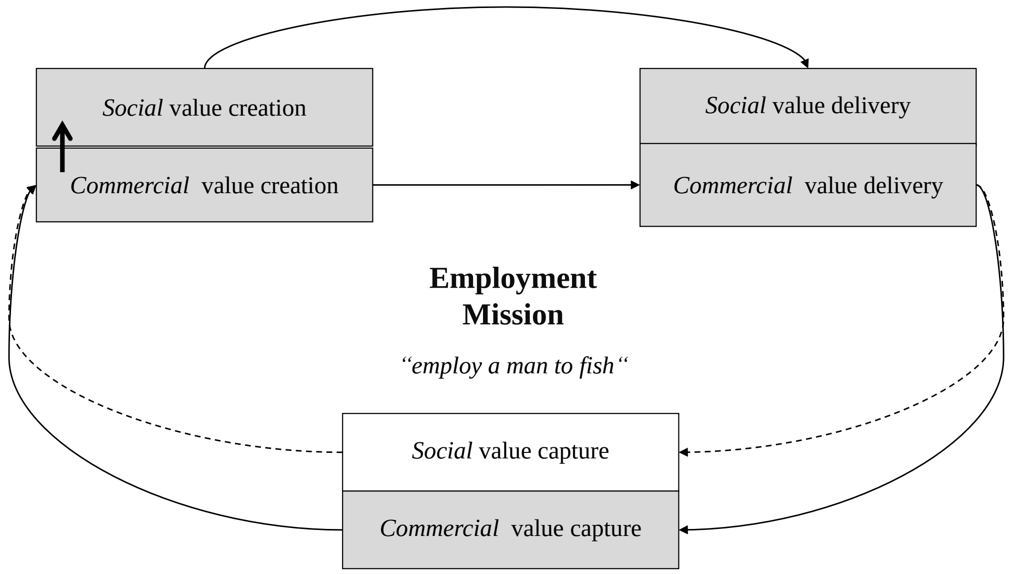
The Two-Sided Empowerment Mission (Matched Self-Help Group). The two-sided empowerment mission matches two distinct beneficiary groups to deliver social value in a two-sided manner. One beneficiary group is on the venture's consumption side, while the second beneficiary group is deployed on the venture's production side as a resource input (Dohrmann et al., 2015). The productive beneficiary group provides production support and, thus, creates social value, which is delivered to the venture's consumptive group. Their consumption, in turn, enables social value for the productive beneficiaries. This way, a complementary two-sided system of value delivery is set up, where two social target groups serve each other. The two-sided empowerment is a conceptual extension of the one-sided empowerment (pure self-help) with two separate social target groups that benefit each other in a complementary fashion (matched self-help). The matched self-help group is self-sustainable as long as one group serves the other. The emphasis on two beneficiary groups and the resulting interaction of the two groups requires the development of coordinated processes of social value creation, delivery, and capture to serve consumption needs and generate production support of separate groups. An example is Ashoka's "What do I have?," (German: Was hab ich?) a medical social venture in Germany that provides patients (consumptive beneficiaries) with translations of their diagnostic medical reports into an understandable language. The reports are provided by medical students (productive beneficiaries) as training on the job. The venture thereby follows a one-to-many approach, in which one productive medical student provides translations for several patients (cf. the grey boxes in Fig. 3). As the translated reports are specified for each patient, a commercial extension to other customer segments is difficult to realize. Instead, "What do I have?" explores how much commercial value the patients themselves assign to the translated reports by offering them a pay-what-you-want revenue model (with an upper limit of € 20 per report), aiming to partially generate a commercial value capture for the consumptive value created (cf. the white boxes in Fig. 3).

The Employment Mission: Employing Productive Beneficiaries as Human Resources

The second generic mission of social venturing is the employment mission, which is oriented towards beneficiaries as a social target group on the production side. In particular, ventures applying an employment mission aim to integrate or reintegrate unemployed members of a social target group by hiring them to produce products and services to be sold on the commercial market (Pache and Santos, 2013). Accordingly, ventures employ the potential of productive beneficiaries as human resources, viewing beneficiaries as a substitute for or a complement of traditional employees. In the entrepreneurship literature, the employment mission received increasing attention due to its strong integration of beneficiaries into society. Beneficiaries are named employee-beneficiaries, social employees, or productive beneficiaries, and the employment mission is commonly implemented by hybrid organizations, social enterprises, or social businesses (e.g., Battilana and Lee, 2014; Dohrmann et al., 2015; Haigh et al., 2015a, 2015b; Hartigan, 2006; Holt and Littlewood, 2015; Hockerts, 2015; Pache and Santos, 2013; Santos et al., 2015). With employment as the highest form of integration in an economically productive society, the characteristic principle of this integrative approach can be formulated as "employ a man to fish."

In order to implement an employment mission, the social target group is productively employed as a human resource within the commercial value creation processes to serve the venture's key functions. Specific focus is laid on people who are traditionally viewed as disadvantaged, underprivileged, or impaired, and, therefore, have been previously excluded from labor markets as employees (Hockerts, 2015). Dependent on beneficiaries' preferences and capabilities, their potential is viewed as an opportunity for commercial value creation, delivery, and capture. In satisfying needs of market customers, market revenues can be captured and used for the venture's commercial value creation. At the same time, the provision of employment and beneficiaries' crucial role in commercial value creation entails social value for beneficiaries. Fig. 4 illustrates the employment mission's mandatory value modes through grey boxes, and the arrows show the connection of value modes to a self-sustainable mission. Due to the enhancement of commercial value through social value, the employment mission may attract donors, thereby extending commercial value capture by social value capture, which is displayed in Fig. 4 through the white box and the connecting dashed arrows.

Fig. 4: Self-Sustainable Generic Employment Mission



The employment mission features a fundamental difference to empowerment missions. In employing beneficiaries, entrepreneurs target a commercially-oriented core, in which beneficiaries become an essential resource to create commercial value to be delivered to market customers. The quality of services or products is a key determinant of purchase (Pache and Santos, 2013) and, consequently, ventures have to ensure meeting the quality requirements of market customers. Therefore, training, supervision, and quality management processes have to be implemented with the help of traditional employees. This leads to high marginal costs of social value creation of employment missions compared to empowerment missions. In general, the employment mission can have two forms: the *supported employment* and the *marketable employment*.

The Supported Employment Mission. This mission targets beneficiaries that are disadvantaged or underprivileged and are thus excluded as employees in commercial ventures because of costly training requirements and quality control. The beneficiaries are supported to meet the requirements of an occupation on the first job market. Besides high production costs for commercial value creation, ventures implementing supported employment missions face high marginal costs of their social value creation for individual beneficiaries. Market customers often acknowledge the supported employment of beneficiaries by demanding the created products or services at regular prices, thereby generating market revenues, which, in some cases, include additional donations, if prices exceed the actual market value. The revenues (and donations), in turn, are used by the social venture to finance the higher production costs of employing needy beneficiaries. An example for a supported employment mission is “Fifteen,” a restaurant chain founded by England’s star cook Jamie Oliver that employs disadvantaged or homeless young people in the restaurant industry. The cooked meals are sold in top class restaurants to local patrons. Another famous example is “Work Integration Social Enterprises (WISEs)”, a private organization in France that reintegrates long-term unemployed people by hiring them to produce products or services in the field of event management, catering, and fair-trade products.

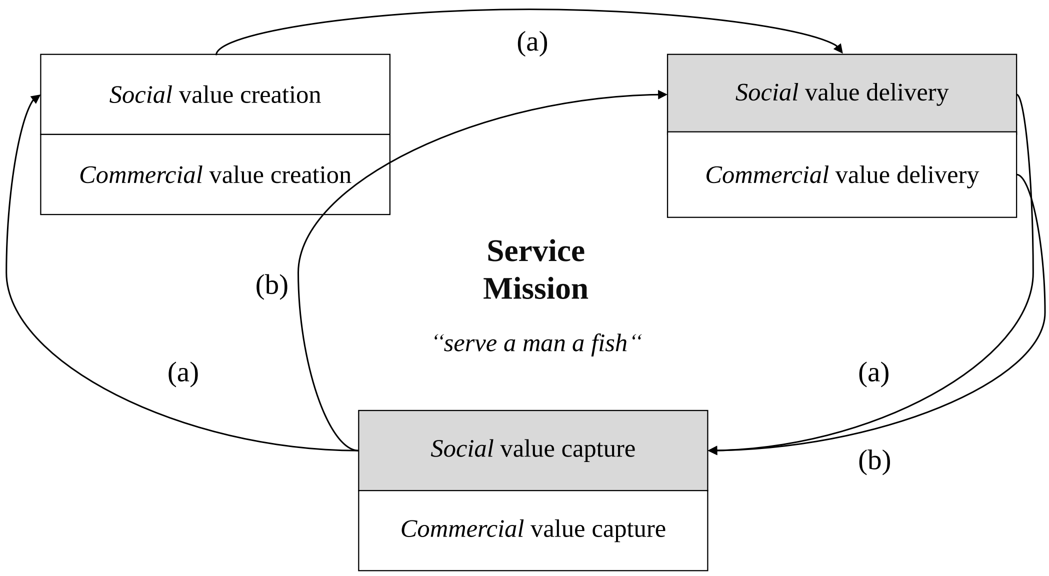
The Marketable Employment Mission. Besides providing labor input that may need supervision and quality control to be deployed on the first job market, beneficiaries may have special capabilities that are often socially associated with disabilities, e.g., blindness or autism, but which, if employed appropriately, can lead to a marketable employment of beneficiaries. In viewing beneficiaries’ special capabilities as value-increasing assets and integrating them in processes of commercial value creation and delivery, ventures can create highly competitive products or services for market customers and provide innovative or cost-effective problem solutions. Due to their competiveness, market customers demand these products and services at regular prices, and market revenues can be captured. Due to employment being fully marketable in the competitive sector, the marketable employment mission is less likely to spawn additional social value capture in the form of donations as compared to supported employment. An example is Ashoka's "Specialists" (Danish: Specialisterne), a social venture in Denmark that employs people on the autistic spectrum as specialists for software testing, programming, and data-entry in the corporate IT sector. Another example is Ashoka's "discovering hands," a social venture in Germany that trains and deploys visually impaired women with highly developed sensory skills as Medical Tactile Examiners for early and low-cost breast cancer detection.

The Service Mission: Serving Consumption Needs of Beneficiaries

The social service mission focuses on serving the consumption needs of beneficiaries such as hunger, housing, healthcare, or education, following the principle of "serve a man a fish." It can thus be understood as the traditional generic social mission of organizations and initiatives in the social sector. Most activities are directed toward offering services to segments of the population that are poor, long-term unemployed, disabled, discriminated, or socially excluded (Seelos and Mair, 2005). These social target groups are disadvantaged, underprivileged, or powerless and experience an inability to pay, a difficulty to access, or the unwillingness to pay for provided services (Dohrmann et al., 2015; Santos et al., 2015). In a majority of cases, social service missions target disadvantaged groups that are not available or capable to be empowered, matched, or employed.

From an entrepreneurial perspective, Santos (2012, p. 343) critically asserts that "helping disadvantaged segments of the population is not (…) the essence of social entrepreneurship." Understood in this narrow sense, though, a variety of social- and commercially-driven organizations and initiatives would have to be excluded from discussions in social entrepreneurship, although these ventures achieve social impact that largely benefits social target groups and society. In order to maintain our broad view of social venturing, we include the social service mission in our analysis. Fig. 5 displays the value modes of service missions.

Fig.5: Self-Sustainable Generic Service Mission



The social service mission is first and foremost based on social value delivery and social value capture, as depicted by the grey boxes in Fig. 5. These two value modes are essential in the service mission to ensure that social value can be sustainably delivered to beneficiaries. Social value delivery and social value capture cannot stand alone, though, and further value modes are required to close the cycle of a self-sustainable business model. As the white boxes in Fig. 5 indicate, sustainability can be achieved by a selection of either social value modes or commercial value modes according to the entrepreneur’s preferences and the venture’s context. The service mission can thereby be set up in two different forms, as *provided service* or *financed service*.

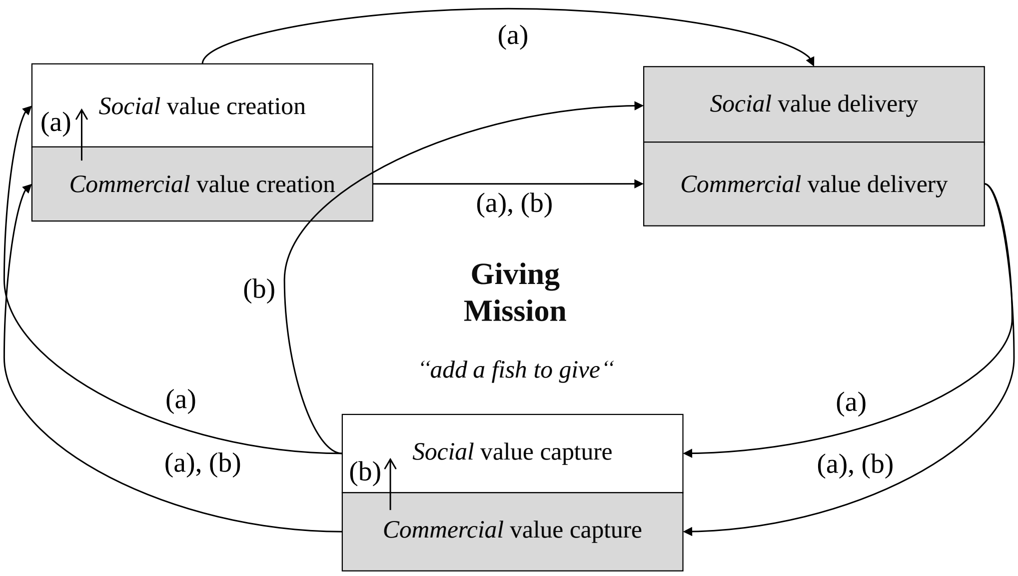
The Provided-Service Mission. In order to deliver social value to consumptive beneficiaries, the provided-service mission focuses social value creation to be delivered to a social target group, which is illustrated by the arrows (a) in Fig. 5. As beneficiaries lack the ability or willingness to pay, the venture has to capture in-kind or monetary donations from third parties to make the mission self-sustainable (i.e., through social value capture). Providing social services for needy beneficiaries incurs production costs for the social venture, which are comparably low due to in-kind donations such as pro-bono work of volunteers. Volunteers thereby serve the venture’s key functions, help with fundraising, provide professional service, or deliver service on the ground (Austin et al., 2006; Dees, 1998). As a result, the marginal costs of social value creation are lower as compared to employment missions. However, without production support or funding from third parties, the social service cannot be provided to beneficiaries. Provided-service missions are widespread and traditionally implemented by non-profit organizations due to their strong social market orientation and conformance to transparency requirements of donor funding policies. Common textbook examples are “soup kitchens,” “drug counseling,” or “start-up support,” where national governments provide funding to organizations and initiatives, making this service available to satisfy the needs of beneficiaries. A famous example of a provided-service mission is the non-profit organization “Ashoka,” the world’s leading initiative for promoting social entrepreneurship and supporting social entrepreneurs. By raising funds from non-governmental donors such as charitable foundations and wealthy individuals, “Ashoka” provides fellowships including consulting, access to their network, and financial stipends for social entrepreneurs to create a positive change in society.

The Financed-Service Mission. The financed-service mission captures social value to finance the delivery of externally created social value to needy beneficiaries. The basic idea of a financed-service mission is to capture donations to deliver social value (i.e., social value delivery and social value capture), which is depicted by the arrows (b) connecting the two required value modes in Fig. 5. Conceptually, this process of social value delivery and social value capture is not sustainable, if the social venture itself is not involved in the remaining value modes in Fig. 5 (i.e., social or commercial value creation, commercial value delivery, or commercial value capture). Accordingly, sustainability needs to be secured through processes involving these modes. However, due to the mission’s specialization in social value capture, these processes are not executed by the venture itself but by other social and commercial partners having experience in serving selected social target groups and demanding market customers. An example for the financed-service mission is Ashoka’s “Germany rounds up,” (German: Deutschland rundet auf) a social venture that fights child poverty in Germany (social value delivery) by providing a system for collecting micro-donations (social value capture). The venture partners with commercial retail stores (commercial value creation, delivery, and capture), where market customers buy consumption goods and voluntarily round up their payments with micro-donations of a few cents. While the revenues for the consumption goods remain at retail partners, the donations collected by “Germany rounds up” are given to social project partners that fight child poverty.

The Giving Mission: Delivering Consumption Goods to Needy Beneficiaries

The fourth generic mission of venturing with a social cause is the giving mission, which focuses on social value delivery to needy beneficiaries. Following the principle "add a fish to give," the giving mission targets beneficiaries with the aim of providing them with consumption goods or services that satisfy their needs. Selected beneficiary groups of giving missions are commonly disadvantaged, underprivileged, or a special interest group in society. This way, ventures deliver neglected value to social target groups and achieve social impact that not only benefits the social target groups. Fig. 6 displays the value modes of self-sustainable giving missions, which can be set up as *one-for-one giving* or *financed giving*.

Fig. 6: Self-Sustainable Generic Giving Mission



The One-For-One Giving Mission. In applying a one-for-one giving mission, the venture primarily follows a commercial value creation approach in which commercial products or services are created and delivered to market customers in return for revenues (i.e., commercial value creation, delivery, and capture). Besides serving market customers, the same products or services are additionally given to beneficiaries (i.e., social value creation and social value delivery), thus providing social value by satisfying their consumption needs in line with market customers. Market customers therefore pay not only for their own consumption but also provide the monetary donation for the consumption good given to needy beneficiaries (i.e., social value capture). This process is illustrated by the arrows (a) connecting the required value modes in Fig. 6. Interestingly, the social value delivery to beneficiaries is often executed by specialized partners of the venture having access to the selected social target group. As a consequence of serving an additional social customer segment, the venture may experience a competitive disadvantage on the commercial market because its prices are higher than those of rival products and services without the one-for-one giving mission. Common examples are so-called "buy-one give-one" initiatives, which are applied by small and medium-size enterprises up to large corporations (e.g., Marquis and Park, 2014). For instance, "Ruby Life ltd," a Danish social enterprise founded in 2011, provides an eco-friendly menstrual hygiene solution to women and girls worldwide by selling and donating silicone menstrual cups. For every "Ruby Cup" purchase, a further cup is donated to a girl in Africa and distributed with the help of local organizations. On a bigger scale, "TOMS," an American commercial shoe selling company founded in 2006, became popular for giving a pair of shoes for a child in need for every pair purchased by its market customers in the US.

The Financed-Giving Mission. With a financed-giving mission, ventures implement a commercial value capture approach by serving market customers and complement this with a product-unrelated giving. In Fig. 6, this financed-giving mission is illustrated by the arrows (b) connecting the required value modes. With the objective of capturing market revenues, commercial products or services are created and delivered to market customers (i.e., commercial value creation, delivery, and capture). Part of the generated revenues (i.e., commercial value capture) are regarded as monetary donations (i.e., social value capture) because customers support the mission by buying the commercial products, and these donations are given to a selected beneficiary group (i.e., social value delivery). Due to internal cost disadvantages, social value delivery is typically delegated to external partners, i.e., experts in the social field with access to beneficiaries, who are also responsible for the creation of social value. Examples of financed-giving missions are so-called "buy-one donate-one" initiatives (e.g., Marquis and Park, 2014). For instance, "beliya," a German fashion start-up, fosters a "be good be beautiful" culture, in which the social enterprise sells premium handbags and accessories made of up-cycled leftovers from design collections. Every purchase of a "beliya" product supports a child in Africa with one year of education. On a bigger scale, "Proctor & Gamble" follows a "one pack one vaccine" initiative with its "Pampers" brand. In partnering with "UNICEF," the corporation donates one tetanus vaccine for every diaper package bought by its customers. Donations are given to “UNICEF,” which distributes the vaccine in developing countries to eliminate maternal tetanus. While it is self-evident that the fashion start-up “beliya” fits the description of a social enterprise integrating a financed-giving mission to its for-profit activities, large corporations applying “buy-one donate-one” initiatives as a part of their social responsibility are viewed much more critically and are often criticized for greenwashing (e.g., Delmas and Burbano, 2011; Laufer, 2003; Ramus and Montiel, 2005). Despite controversial discussions on incentives and potential outcomes, the financed-giving missions of the two examples, “beliya” and “Proctor & Gamble,” are nevertheless conceptually alike.

Growth Approaches in Social Venturing

The business model lens that we used to describe the four generic missions of social venturing also enables us to discuss the mission’s growth strategies and to identify measurement indicators as a means to quantitatively evaluate growth both in terms of the organization and its impact.

Fig. 7: Growth Approaches in Social Venturing

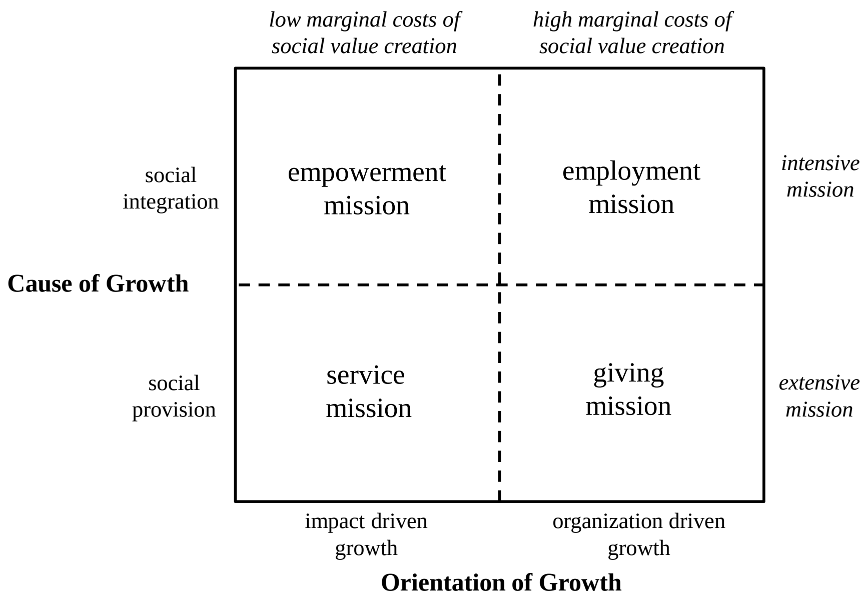


Fig. 7 shows the four generic missions of social venturing again in a 2x2 matrix. This time, we place special emphasis on the *cause of growth*, on the one hand, to understand *why* ventures grow. On the other hand, we focus on the *orientation of growth* to examine *how* ventures grow. The *cause of growt*h refers to the mission’s direction in addressing either primarily the social integration of or the social provision to beneficiaries. As we have shown, empowerment and employment are intensive missions, which follow an integration approach of productive beneficiaries and target a ‘deep’ improvement of outcomes. In contrast, service and giving are extensive missions, which follow a support approach of consumptive beneficiaries aimed at a ‘broad’ or ‘wide’ spread of outcomes. The *orientation of growth* implies the mission’s approach to grow. Our analysis revealed that empowerment and service missions are primarily financed by donations (cf. Fig. 2), which are a means of making the mission available to beneficiaries with the goal of creating positive social impact. Growth is fostered through low marginal costs of social value creation and, accordingly, growth is primarily impact driven. In contrast, employment and giving missions are largely financed by revenues (cf. Fig. 2), which are an end in themselves. Due to high marginal costs of social value creation, growth is largely organization driven. In the following, we discuss the impact driven and organization driven growth strategies while placing particular emphasis on growth measurement indicators that can be found within each of the generic missions of social venturing.

Impact Driven Growth

Empowerment and service missions are donation financed with comparably low costs of social value creation. In particular, financiers of these missions push (Lumpkin et al., 2013), and the low marginal costs further facilitate impact driven growth. The focus on impact growth results from the mission’s social objectives of providing social products or services and serving disadvantaged beneficiaries. As financiers prefer to fund ventures with scalable solutions and high impacts, ventures with social missions are often pulled into rapid growth (Austin et al., 2006; Lumpkin et al., 2013). Depending on the mission’s impact growth strategy (i.e., deepening, branching, affiliation, dissemination), the social venture will need to expand its organizational structure by selecting a complementary organizational growth strategy (e.g., organic growth, franchising, licensing, joint ventures) while maintaining self-sustainability. For instance, expanding social services (i.e., deepening) and creating networks and formal relationships (i.e., affiliation) can be fostered organically, while creating branches (i.e., branching) may require working with franchisees. In terms of sharing solutions openly (i.e., dissemination), impact growth can be achieved without any organizational growth of the initial venture.

The Growth of Empowerment Missions. The growth of empowerment missions is mainly driven by the mission's primary social core, the self-help principle, which places distinct emphasis on impact growth strategies. The self-help principle has a strong local focus, because serving social consumption and production needs of beneficiaries at the grassroots level often requires physical presence. Growing an empowerment mission is thus subject to regional restrictions and implies a natural growth boundary of locally available beneficiaries. Growth can be measured by indicators such as the served *number of productive* and thus *consumptive beneficiaries* (social value delivery) and, accordingly, the *number of donations* or the *amount of donations* (social value capture). An extension of the empowerment mission's social services (i.e., deepening) appears unreasonable because the self-help principle already addresses a deeper service spectrum addressing the production needs of beneficiaries while, at the same time, serving consumption needs. In order to grow beyond the local boundary, the empowerment mission can be replicated in other locations, which requires the creation of branch structures (i.e., branching) or social networks and relationships (i.e., affiliation). Alternatively, the mission can be made widely available (i.e., dissemination). While branches and social networks imply an active provision of social services by the initial venture, an openly available empowerment mission requires no participation of the original venture in the replication of local self-help services.

The modern soup-kitchen "DC Central Kitchen," a one-sided empowerment mission, largely grew through dissemination and branching strategies since its foundation in 1989. Dissemination was practiced by fostering an open-source tradition, helping to start more than 60 like-minded central kitchens across the US in the 1990s. Branching was implemented by launching three additional projects that complemented the soup-kitchen: "The Campus Kitchens Project" in 2001 engaged college students in recovering wasted dining-hall food to be prepared as meals for their communities, the "Healthy School Food" venture in 2008 provided healthy food to schools, and the "Healthy Corners" venture in 2011 supplied small retailers' in low-income areas with nutritious items. The three branches thereby followed the kitchen's overall goal in liberating needy community members from poverty, hunger, and homelessness, enabling the venture to double its social impact and organizational size. Another famous example of a worldwide grown one-sided empowerment mission is "Wikipedia," the free internet encyclopedia that anyone can edit. Owned by the "Wikimedia Foundation Inc.," "Wikipedia" was built into a huge community by establishing local branches (i.e., branching) that engage closely with its beneficiaries. The organization thereby acquires a community with members ranging from intensive production support up to a purely consumptive usage. Since a large share of the consumptive beneficiaries is not needy, Wikipedia includes a potential capture of monetary donations through a pay-what-you-want revenue model. For "Wikipedia," the productive subset of beneficiaries is a substitute for traditional employees. As they are a subgroup of the larger group of consumptive beneficiaries, the organization experiences a leveraged growth through its community and, in addition, by its technology infrastructure, which features extremely low marginal costs of social value creation. To extend its organization internationally, this non-profit organization has chosen to establish subsidiaries to target national markets.

The Growth of Service Missions. Since service missions have a primary focus on processes of social value creation, social value delivery, and social value capture, their growth is mainly driven by strategies to scale social impact. Providing services that satisfy consumption needs, such as hunger, housing, or healthcare, requires the physical presence of beneficiaries and servants. Accordingly, growth is naturally restricted by the local market, implying a bounded number of beneficiaries to be served. In order to grow, ventures can either expand their social services (i.e., deepening) to satisfy further consumption needs or replicate their social services (i.e., branching, affiliation, dissemination) to grow beyond the maximum regional demand. Growth can be measured by social indicators such as the captured *number of donations* or the *amount of donations* (social value capture) and the *number of consumptive beneficiaries* per consumption need (social value delivery). Often service missions arise and grow in the form of community initiatives, non-profit organizations, or foundations and are initially enlarged by pro-bono work of social entrepreneurs and further supporters who care for the mission's social cause. However, in the course of fostering growth, external donations of third parties and financiers are required to serve more consumptive beneficiaries. In case of financed-service missions with a social value capture approach, stakeholders focus on social delivery indicators such as the *number of financial contributions* and the *amount of financial contributions* in order to measure how much of the captured finances are passed on to beneficiaries.

An example of a worldwide service mission with a strong focus on social value creation is the non-profit organization "Ashoka", which grew through the creation of local branches representing subsidiaries of the initial organization located in Virginia, USA. Following this expansion, their provided-service mission is now available in 89 countries and serves more than 3,000 social entrepreneurs. As a further example, “Germany rounds up” expands its social value capture approach through affiliations with social organizations, retail stores, and media companies, which are needed to obtain access to beneficiaries and market customers as well as to promote the rounding up of payments to fight child poverty. Between the years 2012 and 2016, this Ashoka venture collected more than 130 million individual micro-donations from market customers, amounting to 6.2 million Euros that served almost 60,000 underprivileged children cared for by German partner organizations.

Organization Driven Growth

Ventures applying employment and giving missions feature a strong dependency on revenues with comparably high marginal costs of social value creation, which results in organization driven growth strategies (e.g., organic growth, franchising, licensing, joint ventures, acquisition) to finance the extension of their social missions. The focus on organizational growth strategies serves objectives such as the employment of disadvantaged beneficiaries or the capture of market revenues with monetary donations as add-ons. Nevertheless, organizational growth strategies need to be implemented under strict consideration of desired social growth indicators to not jeopardize a balanced growth of the organization and social impact.

The Growth of Employment Missions. Employment missions are praised for providing entrepreneurial solutions to pressing social problems (e.g., Hockerts, 2015; Santos et al., 2015) and, accordingly, their potential growth raises hopes for scalable solutions. The growth of employment missions is mainly driven by its commercially oriented core, which places emphasis on the employment of beneficiaries and their production support in creating commercial value to be delivered to and captured from market customers. Within the commercial value creation process, the availability of and demand for beneficiaries as a human resource fosters growth in terms of the organization, as productive beneficiaries serve as a substitute for traditional employees. Indeed, they may even outperform the latter due to specific capabilities that coincide with their disabilities, as the examples of “Specialists” and “discovering hands” show. As growth is driven by the commercially oriented core, employment missions largely grow with respect to their organizational structure. Quantitatively, as a measurement of growth, indicators such as the *number of sales* and the *amount of revenues* (commercial value capture) or the *number of productive beneficiaries* (commercial value creation and social value delivery), the *number of placements* (social value delivery) of beneficiaries on the first job market, and the *number of served market customers* (commercial value delivery) account for organizational and impact growth. Importantly, productive beneficiaries have a dual function: they are integrated as a human resource in the commercial value creation and they are incorporated in the social value delivery as a major social customer segment. As a consequence, they foster not only the growth potential of the organization but also its social impact.

In order to grow their employment mission, the “Specialists Foundation” has chosen an organizational growth strategy based on national subsidiaries in several European countries as well as Australia, Brazil, and the US to provide local talent and career development programs for employees with autism. The market for IT consultancy is a competitive industry with a regionally limited market demand. With regard to human resources, the availability of autistic people that are both capable and interested is also regionally restricted, as they constitute a rather small target group with highly valuable capabilities but special needs at the same time. “Specialists” has clients such as the software giant SAP, which use the specific skills of autistic people for their software testing services. In contrast, “discovering hands” extends its mission by focusing an organizational growth strategy of partnerships and personnel licensing. Specifically, the venture trains visually impaired women as Medical Tactile Examiners, who are employed by local gynecologists, i.e., partners of the social venture, or employed directly by “discovering hands” and licensed by local gynecologists that offer breast cancer examinations to their patients. Currently operating in Germany and Austria, the venture has future plans to roll out its services through franchises in further countries.

The Growth of Giving Missions. The growth of giving missions is driven by organizational growth strategies due to the mission’s approach in adding social value delivery to its commercial market processes. Besides the organization’s traditional (commercial) growth indicators, the growth of the attached giving mission can be measured by social growth indicators such as the *number of donations* or the *amount of donations* (social value capture), which are important to, in turn, enhance the venture’s *number of financial contributions*, the *amount of financial contributions* and thus the *number of consumptive beneficiaries* (social value delivery).

An example for a one-for-one giving mission (with a focus on commercial value creation) is “TOMS,” the American commercial shoe selling company with the “buy-one give-one” culture. “TOMS” shoes are distributed at more than 500 stores due to contracts with major department stores in the US and abroad. This way, growth is fostered by reaching out to more market customers, thus generating more shoe sales with the overall aim to increase the number of donated shoes and thereby the number of served children. Since its foundation in 2006, the company has given 70 million pairs of shoes to children in need in more than 70 countries worldwide. Nevertheless, buy-one give-one ventures experience difficulties due to their conceptual logic of providing giving missions as add-ons. Additional social value propositions (e.g., given shoes) limit the profit generation compared to competing firms with pure commercial missions. The strong focus on selling more market products to more market customers to, in the end, increase social value delivery to beneficiaries can therefore cause mission drift. In order to grow organizationally, companies might be forced to over-prioritize commercial goals and downgrade or even sacrifice social objectives (e.g., Battilana and Dorado, 2010; Chambers, 2014; Doherty et al., 2014; Pache and Santos, 2013).

For buy-one give-one ventures, this shift may lead to changing their initiatives over time into a buy-*three* give-one or buy-*five* give-one manner. If the cost pressure is still too high, buy-one give-one ventures may transform into financed-giving missions with a commercial value capture approach (so-called buy-one donate-one initiatives or CSR activities), in which the ventures end up donating a certain proportion of their revenues for a social value delivery to beneficiaries. The social value delivery is thereby executed by specialized partners with access to beneficiaries and comparably low marginal costs for their social value creation. The lower the cost of the partner organization, the more beneficiaries can be helped with constant financial contributions. Conversely, however, with a low-cost partner organization, less financial contributions are required to maintain the buy-one donate-one venture. Exemplarily, in the context of their “one package one vaccine” campaign, “Procter & Gamble” has donated more than 16 million Euro to its partner organization “UNICEF” since the year 2006. With this amount, 300 million vaccinations where given to approximately 100 million mothers and their babies worldwide. Although these indicators are quite impressive, “Procter & Gamble” has been criticized by other charities and non-profit organizations for their campaign, as only a rather small amount of 0.056 Euro (i.e., the price of one vaccine) per sold diaper package (UNICEF, 2017) was donated to "UNICEF."

Summary of Social Growth Indicators

In the previous subsections, we have discussed the growth strategies of the four generic missions of social venturing. In doing so, we have identified possible social growth indicators of each mission that can be applied to quantitatively measure growth in social venturing. We propose to measure growth in a disaggregated form, which allows us to acknowledge the diversity of stakeholders in entrepreneurship and their social or commercial preferences and expectations of social venture growth. Table 1 shows the social growth indicators of the four generic missions. The indicators are categorized according to the cyclical business model modes. Within the framework of our business model lens (cf. Figure 1), the identified social growth indicators can be related to the modes of value creation, value delivery, and value capture, leading to their division into three categories: social *input* indicators (value capture), social *process* indicators (value creation), and social *output* indicators (value delivery).

Table 1: Quantitative Social Growth Indicators of Social Venturing

Generic Missions of Social Venturing	**Social *Input* Indicators (Value Capture)**	**Social *Process* Indicators (Value Creation)**	**Social *Output* Indicators (Value Delivery)**
Empowerment Mission (Figure 3) Empowering beneficiaries to serve their own consumption needs *"teach a man to fish"*	# Donations $ Donations	# Social Products/ Services	# Productive Beneficiaries # Consumptive Beneficiaries
Employment Mission (Figure 4) Employing beneficiaries to serve market customers *"employ a man to fish"*	# Sales $ Revenues	# Social Products/ Services # Market Products/ Services # Productive Beneficiaries	# Productive Beneficiaries # Placements # Served Market Customers
Service Mission (Figure 5) Serving consumption needs of beneficiaries *"serve a man a fish"*	# Donations $ Donations	# Social Products/ Services	# Consumptive Beneficiaries # Financial Contributions $ Financial Contributions
Giving Mission (Figure 6) Adding consumption goods for beneficiaries *"add a fish to give"*	# Donations $ Donations	# Social Products/ Services	# Consumptive Beneficiaries # Financial Contributions $ Financial Contributions

= number; $ = amount

In general, the cyclical self-sustainable arrangement of value modes requires the social indicators to grow in a balanced fashion. However, within the cycle of value creation, delivery, and capture, growth can also be leveraged or drained. For example, low marginal costs of social value creation serve as a growth driver to leverage social venture growth. As an empowerment mission, “Wikipedia,” the free internet encyclopedia, has extremely low marginal costs of social value creation due to its technology infrastructure, which leverages the growth potential in the modes of value delivery and value capture. The design of their social product as an online platform (value creation) enables the venture to easily reach out to a mass of beneficiaries (value delivery) with a pay-what-you-want approach (value capture) at almost zero costs and without regional restrictions (except for language barriers, although “Wikipedia” is available in nearly 300 languages). In contrast, growth can also be hindered through a drain mechanism within the business model cycle. For instance, donations or sales and revenues (value capture) in empowerment and employment missions may be withdrawn from the venture as stakeholder income and are thus not available as input factors. Consequently, growth is restricted in the mode of value capture, leading to restricted growth in the modes of value creation and value delivery as well.

Our disaggregated selection of social growth indicators in Table 1 can be used either for static comparisons of different ventures or for a dynamic evaluation of a given venture’s performance over time. In the former case, diverse stakeholder groups of ventures with a social mission can select and aggregate individual indicators according to their own preferences in order to evaluate and compare the growth of different ventures in terms of their organization and social impact. The social growth indicators can further be applied to create different ratios to measure, such as the social demand on supply (process-output-ratio considering beneficiary request of social products and services) or a monetized social return on investment (input-output-ratio). In the latter case, social growth indicators can be used to evaluate the development of a social venture over time. For example, a shift within a venture from social towards commercial objectives over time (mission drift) can be determined by measuring and evaluating the *number of sales* and the *amount of revenues* compared to the *number of productive beneficiaries* in employment missions or the *number and amount of financial contributions* over time in giving missions.

Conclusion

Research in management and entrepreneurship so far has neglected the differential roles of organizational growth and impact growth in fostering social venture growth. Although in practice more and more ventures with social missions arise and pursue sustainable growth to scale their impacts, the growth theme has not been adequately addressed in entrepreneurship research. While scholars in management and entrepreneurship predominately focus on organizational growth strategies, social entrepreneurship scholars are interested in strategies to scale impact. The purpose of this paper is to advance the academic discussion on growth in social venturing by (i) highlighting the conceptual construction of generic missions in social venturing, (ii) discussing the specific approaches of the generic missions towards achieving growth with respect to the organization and social impact, and (iii) identifying social growth indicators of the generic missions to quantitatively measure growth in social venturing.

Contributions and Implications

Our analysis contributes to several themes in entrepreneurship and social entrepreneurship. First, we contribute to a better understanding of social venture growth by looking at the conceptual set up of generic missions of social venturing and related growth approaches. Most studies in social entrepreneurship have a narrow focus on one specific type of social mission. We take a broader perspective by examining generic missions of social venturing with a dominant goal of social value creation and social value delivery to social target groups or special interest groups in society, including disadvantaged, underprivileged, and powerless segments. This way, we support previous work that social venturing occurs within and across different sectors and can adopt diverse organizational or legal forms (e.g., Austin et al., 2006; Bacq and Janssen, 2011; Choi and Majumdar, 2014; Murphy and Coombes, 2009; Nicholls, 2008). In particular, we provide a comprehensive approach to understanding growth in social venturing by taking into consideration a variety of socially and commercially driven organizations and initiatives that achieve social impact and benefit social target groups and society.

Second, by using a business model lens with a social and a commercial market orientation we contribute to the literature on business models in social entrepreneurship (e.g., Dohrmann et al., 2015; Santos et al., 2015; Thomson and MacMillan, 2010; Wilson and Post, 2013; Yunus et al., 2010), and we add to literature revealing differences and similarities between social and commercial ventures (e.g., Austin et al., 2006; Bacq and Janssen, 2011; Dorado, 2006; Gras and Lumpkin, 2012; McMullen, 2011). The business model lens and, specifically, our self-sustainable business model approach provides a unifying framework that reveals how the four generic missions of social venturing are conceptually constructed and how the underlying value modes of each mission relate to each other. In terms of growth, our business model framework reveals which social growth indicators can be found in which value modes.

Third, our study contributes to research in social entrepreneurship by demonstrating that different strategies to implement growth are used in social venturing. As we showed, the specific form of growth depends on the mission's *cause of growth* (i.e., social integration or social provision) and the *orientation of growth* (i.e., impact driven or organization driven). In the course of our analysis, we showed that the variations in cause and orientation result in different indicators to quantitatively measure growth in social venturing. We treated growth in a disaggregated form to acknowledge the diversity of stakeholders and their socially or commercially oriented preferences and expectations of social venture growth. This supports previous work that finds the alignment of stakeholder expectations a challenging task for social venture survival and growth (e.g., Eikenberry and Kluver, 2004; Townsend and Hart, 2008). The disaggregated selection of indicators further allows comparisons of scale or efficiency and it enables the creation of social performance ratios. Contributing scholars have pointed to severe challenges in comparing growth and impact of heterogonous social initiatives (e.g., Austin et al., 2006; Dacin et al., 2010; Mair and Martí, 2006; Nicholls, 2009; Polonsky and Grau, 2011; Zarah et al., 2009). Our results suggest that growth can be compared within and across generic missions of social venturing. For instance, the social growth indicators provide a frame to compare two ventures that focus on serving homeless citizens (e.g., serving hunger needs vs. serving housing needs) as well as two ventures that target empowering and employing homeless citizens (e.g., teaching them to cook vs. employing them in restaurants). Comparisons are especially feasible for initiatives that target the same beneficiary group and the same cause of growth. In contrast, a comparison becomes more difficult for initiatives that focus on different beneficiary groups or causes. While the social growth indicators provide a frame for a quantitative comparison, respective stakeholders such as social financiers have to decide whether they prefer to support serving food to a certain number of homeless citizens (i.e., social provision based on service mission) or employing a certain number of disadvantaged youngsters in the restaurant industry (i.e., social integration based on the employment mission). Our results enable a static and dynamical evaluation of growth by looking at either an overall performance assessment or a development over time. The development over time thereby quantitatively measures mission drifts based on selected social growth indicators. This also contributes to prior literature conceptualizing and analyzing the phenomenon of mission drift in entrepreneurship (e.g., Battilana and Dorado, 2010; Chambers, 2014; Doherty et al., 2014; Pache and Santos, 2010).

Future Research

Our work points to several important avenues for future research. An insightful area of interest would be the development of key ratios for social venturing. While our approach to growth is based on the disaggregation of social indicators, the development of management metrics that drive and control the performance in social venturing is promising for purposes of social business planning and impact investing. Key ratios could therefore focus on the comparison and relation of various indicators, revealing information about performance benchmarks, sustainable development, and growth equilibria with respect to the organization and social impact. For example, ratios could consider the value capture in social venturing, in which metrics may provide insights on acquired in-kind donations such as liquidity in volunteer contributions or flow of volunteer contributions.

A further field of research includes the aggregation of social growth indicators with regard to the diverse stakeholder groups in social entrepreneurship, which also offers scope for empirical testing. Future research could develop and test aggregated measurements for social entrepreneurs and co-founders, employees, social investors and financiers, volunteers, beneficiaries as well as the wider community or the government. As these groups have varying preferences and expectations of social venturing, this should be reflected in respective individual measures. For example, social investors and financiers may be interested in ventures that focus on social integration, while communities and governments may prefer ventures that focus on social provision. Accordingly, different generic missions and measurement indicators should be considered for varying stakeholder groups.

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IV. GROWING A FOR-PROFIT SOCIAL VENTURE: A LONGITUDINAL CASE STUDY

Growing a For-Profit Social Venture: A Longitudinal Case Study

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Abstract This paper investigates how social and economic missions can coherently coexist to grow a hybrid for-profit social venture. This is important because hybrids must adopt strategies to scale and grow their businesses commercially to maximize their social impact. Through an exploratory and longitudinal study of six hybrid ventures, we find three distinct micro-level approaches to combine dual missions—intertwined, economic-first, and social-first—and show their effects on growth. We make two important contributions to the entrepreneurship literature. First, our study provides a nuanced understanding of the necessary conditions for ventures with dual missions to achieve sustainable growth; to our knowledge, ours is one of the first studies to investigate this issue empirically. Second, we add another dimension to the concept of mission drift—namely, social mission drift, or the risk of overprioritizing social goals and objectives, which can cause serious neglect of the profit-making mission.

Keywords: social entrepreneurship; hybrids; growth; dual missions; mission drift

> "We believe in both purpose and profits together. Future capitalism must be a driver of societal solutions – basically earning money on saving the world. When doing the right thing becomes visible on the bottom line, that's when you get the big fish involved, that's when you change the world. And that's why we want to become '… social millionaires'." (Co-founder of case company GreatHealth)

Introduction

With origins in the field of nonprofit, early literature on social entrepreneurship focused to a great extent on the creation and scaling of new nonprofit organizations (Wilson and Post, 2013). Accordingly, this research emphasized the nonprofit nature of social entrepreneurial activities as a distinctive feature of social entrepreneurship and supported an either/or argument of social and economic missions (Mair and Martí, 2006). In this traditional view, scholars categorize organizations as either nonprofit entities with a focus on social value creation or as for-profit ventures with a focus on economic value creation (Alter, 2007). In contrast, an emerging group of scholars has delineated the former distinction as a rather theoretical differentiation, which in practice has shifted into a blurring organizational landscape with varying configurations of social and economic value creation (Wilson and Post, 2013). In this line, Austin et al. (2006) depict social and commercial entrepreneurship not as dichotomous but as a continuum ranging from purely social to purely commercial, in which even at its extremes, elements of both can be found. Within this spectrum, organizational forms range from social to commercial, with hybrids at the center (e.g., Austin et al., 2006; Haigh et al., 2015; Mair and Martí, 2006; Smith and Stevens, 2010). Hybrid organizations, also often called "hybrids," "hybrid social ventures," "benefit corporations," "hybrid firms," or "social enterprises," have received increasing research attention in recent years (see, e.g., *California Management Review* special issue edited by Haigh et al., 2015). These hybrids pursue social missions while relying on commercial business models with earned income strategies (Santos et al., 2015).

Hybrid social ventures offer new approaches to address social problems in creative ways and bring about social change by unifying social and economic missions (Bacq and Janssen, 2011). In pursuing these dual missions (Doherty et al., 2014), these ventures are constantly exposed to multiple, contrasting institutional logics (Pache and Santos, 2013). Competing social and economic missions and institutional logics provide hybrids with alternative strategic ways of engagement and stakeholder choice (Pratt and Foreman, 2000). Various studies have investigated specific organizational practices to accommodate these dual missions (e.g., Battilana and Dorado, 2010; Lounsbury, 2007). For example, Hockerts (2015) argues that combining social and economic logics can lead to sustainable social impact and competitive advantage for hybrids, in that they can, for example, appropriate value of antagonistic assets inaccessible to traditional for-profits. However, other scholars are rather critical and question whether and how social and economic missions can successfully and coherently coexist (Mair and Martí, 2006; Peredo and McLean, 2006) or even argue that higher levels of social missions imply lower levels of economic outcomes (Stevens et al., 2014). Furthermore, several studies underscore tensions between multiple missions that might even lead to organizational paralysis (Pratt and Foreman, 2000).

These tensions might be augmented in times of growth, when hybrids might shift from a social toward a commercial orientation, often due to resource scarcity (Battilana and Dorado, 2010). In this so-called mission drift, hybrids might be forced to sacrifice all or some of their social objectives to achieve firm growth (Chambers, 2014). Attaining long-term social impact and achieving sustainable growth without mission drift might be the biggest challenge a hybrid venture faces (Chambers, 2014). It is therefore important to investigate how potentially competing missions can be pursued simultaneously without sacrificing either social or commercial objectives in times of growth (Dacin et al., 2011; Doherty et al., 2014). The current study answers recent calls to shed better light on the interplay between social and economic dimensions of for-profit social ventures in times of growth (Doherty et al., 2014; Pache and Santos, 2013). Thus, we put forth the following research questions:

(1) How do hybrids pursue social and economic missions simultaneously?
(2) How do different pursuits affect growth outcomes?

To address these questions, we conducted comparative longitudinal case studies of six hybrids with growth ambitions.

Our study makes two important contributions to the entrepreneurship literature: First, it provides a nuanced understanding of the conditions under which ventures with dual missions can achieve sustainable growth; to our knowledge, ours is one of the first studies to investigate this issue empirically. Second, we add another dimension to the concept of mission drift—namely, social mission drift, or the risk of overprioritizing social goals and objectives, which can cause serious neglect of the profit-making mission.

The remainder of the paper proceeds as follows: First, we provide an overview of the literature on the relationship between social and economic missions of hybrids as well as the opportunities and threats hybrids face in times of growth. Second, we describe our methodology and research strategy. Third, we present our findings and then provide a concluding discussion, including implications for research and practice.

The Relationship of Dual Missions in Hybrid Ventures

Several studies advance knowledge on the relationship between social and economic missions (Battilana and Dorado, 2010; Dacin et al., 2010; Hockerts, 2015; Pache and Santos, 2010, 2013; Pratt and Foreman, 2000; Stevens et al., 2014; Voss et al., 2006; Wilson and Post, 2013). The outcomes of these studies vary; some emphasize that the combination of social and economic missions benefit each other (e.g., Battilana and Dorado, 2010; Pache and Santos, 2013; Wilson and Post, 2013), whereas others conclude that dual missions detract from each other (e.g., Pratt and Foreman, 2000; Stevens et al., 2014; Voss et al., 2006). Studies focusing on the positive spillover effects view the creation of social value as closely linked or even integral to the successful achievement of economic outcomes (Wilson and Post, 2013). Ideally, the generated financial resources are employed to achieve social missions (Dacin et al. 2010, 2011), thereby creating a reinforcing mechanism. However, other research acknowledges a trade-off between social and economic objectives (e.g., Austin et al., 2006). Studies finding negative and cannibalization effects between dual missions underscore the conflicting demands of social and economic goals and warn of the potential danger of drift in mission toward prioritizing economic objectives (Stevens et al., 2014). This shift in the organization's mission from social to commercial orientation leads to sacrificing social goals to prioritize economic objectives and financial sustainability (Battilana and Dorado, 2010; Mersland and Strøm, 2010; Pache and Santos, 2010). In the following, we present the two dominant research streams grounded in organizational and institutional theory that investigate the link between social and economic missions in hybrid ventures:

The first stream of research stresses that hybrid organizations have an intrinsically dualistic identity, due to their focus on combining social and economic missions (Miller and Wesley, 2010). Hybrid ventures display an equivalent utilitarian (e.g., economic rationality, maximization of profits, self-interest), though larger normative (e.g., traditions and symbols, internalization of ideology, altruism), identity than commercial entrepreneurial ventures (Moss et al., 2011). Moreover, by incorporating dual organizational identities, hybrids have better capacity to meet the demands of larger or more diverse stakeholder groups (Pratt and Foreman, 2000) and to achieve stronger stakeholder commitment and involvement (Peredo and Chrisman, 2006). However, dual identities can also hinder attention from important stakeholders because they cannot easily categorize or label them as social or commercial enterprises. Although hybrids typically are able to attract and interact with a large stakeholder group (e.g., customers, social investors, supplies, nonprofit organizations, media), these stakeholders may be challenged to fully understand—and thus support—the venture's identity and dual missions. Moreover, organizational attempts to harmoniously combine parallel identities can lead to emotional conflicts among internal stakeholders and drain of resources (Voss et al., 2006), resulting in organizational paralysis (Pratt and Foreman, 2000), which in turn can lead to a decrease in efficiency.

The second research stream investigates dual missions from an institutional theory perspective and addresses how hybrids deal with multiple institutional logics. Hybrids face conflicting institutional demands due to the dual logics embedded in their operations (Pache and Santos, 2010). Pache and Santos (2013) show that hybrids cope by selectively coupling elements prescribed by competing social welfare and commercial logics to protect legitimacy without costly deceptions or negotiations with external stakeholders. The authors find a "Trojan horse" pattern in which commercial ventures with low legitimacy strategically incorporate elements from the social welfare logic. Hybrids, thus, can deceive stakeholders in an attempt to gain legitimacy and, ultimately, a larger market share (Pache and Santos, 2013). In addition to these micro-level approaches, other studies identify specific organizational practices to deal with competing institutional logics at the organizational level and to enable sustainable social impact and competitive advantage (Hockerts, 2015). For example, Battilana and Dorado (2010) show that alternative hiring and socialization strategies help balance the competing expectations of institutional environments. Other studies identify workforce downsizing and contracting strategies (Lounsbury, 2007) as organizational practices organizations use to survive and thrive when they are embedded in pluralistic institutional logics. Furthermore, through unique combinations of untapped resources, hybrids create value (Hockerts, 2015). However, internal gaps may emerge because internal stakeholders adhere to competing norms and values (Battilana and Dorado, 2010). In addition, internal challenges with competing logics might arise from simultaneously satisfying demands of important external stakeholders, such as customers or beneficiaries, with different interests (Pache and Santos, 2010, 2013; Tracey et al., 2013). The result can be a lack of external support from stakeholders required to survive or grow the hybrid organization. To maximize the social impact, hybrids must adopt strategies to scale and grow their businesses commercially, which we address in the following section.

Growth of Hybrid Organizations

In the social entrepreneurship domain, growth of hybrids is often understood as a means to achieve greater social impact (Lumpkin et al., 2013). Growth ideally improves financial indicators, market share, customer satisfaction, and number of employees, and it increases the organization's social impact (Austin et al., 2006). However, increasing financial performance does not guarantee an increase in social impact, but increasing social impact may not be achievable without economic growth (Chambers, 2014). Hybrids either seek growth and competitive advantage in similar ways to mainstream businesses or are attracted by sustainable practices and deepening impacts within specific niches and communities (Vickers and Lyon, 2012).

Hybrid organizations' growth processes are complex (Perrini et al., 2010). They involve values, skills, and capabilities of founders, employees, stakeholders, local communities, and wider institutional influences (Vickers and Lyon, 2012). Austin et al. (2006) argue that hybrids are often pulled into rapid growth as a result of pressure from investors, a competitive aggressiveness in funding policies, and a demand for their products and services. However, growth is not always the best way to achieve the greatest impact because it can squander resources and increase financial risk taking, thus inhibiting hybrids from creating any impact (Austin et al., 2006). Growth in hybrids can lead to mission drift from a social to a commercial orientation (Battilana et al., 2012), which can damage their reputation and consequently jeopardize future funding as the venture loses its credibility. Furthermore, mission drift can threaten the organizational culture by lowering employee morale, leading to internal conflicts (Chambers, 2014). Thus, hybrids must prevent mission drift in their ambition to grow and find growth strategies that do not compromise their social mission. However, research on this important topic is extremely scarce (Blundel and Lyon, 2015; Steiner and Teasdale, 2016; Vickers and Lyon, 2012). Our study aims to fill this gap by examining micro-level approaches to combining the dual missions of hybrids and how they influence growth outcomes.

Research Design and Methods

We applied a multiple case study research strategy (Eisenhardt, 1989; Yin, 1994) that investigates six hybrids to explore processes of social venturing and to uncover potential causal links between economic and social missions in relation to growth. This research design enables the investigation of a "contemporary phenomenon within its real-life context" (Yin, 1994, p. 13) and cross-case comparisons to uncover emerging patterns (Eisenhardt, 1989). A qualitative methodology is especially useful to obtain new insights into how hybrids approach social and economic missions simultaneously and how this strategy affects growth, as too little theoretical knowledge is available to warrant a deductive investigation of this topic.

Theoretical Sampling

We purposefully selected the six cases to ensure analytical generalization (Eisenhardt, 1989) according to the following six criteria: ventures must (1) be new organizations (Gartner, 1988), which we define as younger than 10 years (see also Davidsson, 2005); (2) be for-profit social ventures, so that we can examine both the economic and social elements (Doherty et al., 2014); (3) offer a physical product rather than a nonphysical/online product or services; (4) offer different product categories from one another to avoid results that merely capture specifics of a product category and industry; (5) be new ventures, not spin-offs of incumbents, to avoid differences in legitimacy and resource acquisition (Davidsson, 2005); and (6) be hybrids that have adopted a buy-one give-one (B1G1) business model, which provides unique insights to answer our research questions. We focus on the B1G1 model for two reasons: First, it connects economic and social missions inherently, and second, it allows for a clear analytic separation between both missions (for an overview of the cases, see Table 1). Four of the six sampled cases grew in the data collection period, and two did not. Therefore, this purposefully selected sample allows us to identify similarities and differences and compare common patterns across cases regarding our research questions (Patton, 2002).

Table 1: Case Characteristics

Case[a]	Business Model[b]	Core Activity	Est. year	Industry	No. of employees in 2015	Type of social impact created	Experiencing growth or No-growth
Glorious Fashion	B1D1	Fashion design and distribution	2012	Fashion	7	Education	Growth
Great Health	B1G1	Hygiene product design and distribution	2011	Hygiene	5	Health and Wellbeing	Growth
Grace Art	B1D1	Art and photography selection and distribution	2012	Art and Photo-graphy	2 (+2 freelancers)	Helping community	Growth
Grand Shoes	B1G1	Shoe production and distribution	2013	Fashion	2	Health and Wellbeing	Growth
Never Textile	B1D1	Textile design and distribution	2010	Textile	0	Education	No-growth
No Lights	B1G1	Lamp design and distribution	2007	Solar lamps	1 part time	Health and Wellbeing	No-growth

[a] The 'G' as the first letter of the case ID signifies a for-profit social venture experiencing growth, while an 'N' signifies no or limited growth.
[b] We differentiate two types of social enterprise that fall under the label "B1G1" (Marquis and Park, 2014): the original B1G1, in which an identical product is provided to the social target group, and buy-one donate-one (B1D1), in which a fixed percentage of the turnover is donated to the social target group (often provided via a partner organizations).

Data Collection

The study is based on inquiring (interviewing) and examining (secondary materials) techniques to collect rich data (Wolcott, 1994). Primary data were collected in two waves of semi-structured interviews with the founders, which resulted in 12 interviews (~300 single-spaced pages). In addition, we received access to a full set of press releases (~37 single-spaced pages) and collected comprehensive secondary data (~470 single-spaced pages). Whenever possible, we triangulated and compared the different types of data to ensure the credibility of information and statements in the material (Denzin and Lincoln, 2005).

Primary Data. We collected primary data in two waves. We interviewed the same six cases at two different points in time, first in October 2014 and second in September 2015. This two-wave strategy allowed us to follow up with and probe the ventures' development. Each interview lasted between 50 and 80 minutes and was transcribed verbatim. The interview questions of the first wave were based on six overall categories, geared to understanding (1) the history of the venture and founder(s), (2) the choice of social and economic mission, (3) the rationale for the B1G1 business model, (4) the structure of the B1G1 business model, (5) the firm's market positioning, and (6) its operations in buying and donating markets. The second wave focused on five categories: (1) the ventures' development in the past year, (2) stakeholder feedback and learning, (3) the founders' perceptions and assessments of their ventures' social and economic impact, (4) concrete social and economic growth and profit indicators, and (5) how dual missions are related.

Secondary Data. We triangulated the primary data with myriad secondary data consisting of either organizational documents (prepared by the founders) or materials prepared externally. Organizational data include company websites, marketing materials, press releases, book chapters written by founders, and social media accounts from the firm's Facebook, Twitter, and YouTube channels. External data include publicly available media, newspaper articles, blog posts, and radio/television interviews. When possible, sources date back to the inception of the ventures, which helped us obtain additional accounts of each firm's development. These data provided important insights into (1) how the firms advanced in terms of product development and diversification, distribution network expansion, customer reach, and branding; (2) how the entrepreneurs engage and interact with stakeholders; (3) how the firms communicate their dual missions to various stakeholder groups; and (4) how the ventures employ (or do not) various media and distribution channels for different purposes. The use of multiple secondary sources in addition to the interview accounts mitigates respondent and retrospective bias, as data are constantly compared and validated (Miles and Huberman, 1994; see also Shepherd et al., 2014).

Data Analysis

We undertook a rigorous coding and analysis process according to established inductive procedures (Gioia et al., 2013; Miles and Huberman, 1994). Our coding process was supported by QSR NVivo 10 software, which we used to organize, code, and analyze. Two of the three authors physically discussed and assigned codes and created a codebook together, to ensure interrater reliability. The codebook helped us maintain consistency and create transparency of the relationships between codes (MacQueen et al., 2008). The third author remained an outsider to stay objective to the data (see Goia et al., 2012) when critically assessing the coding. To further ensure trustworthiness (Lincoln and Guba, 1985), we asked an experienced entrepreneurship researcher to join several coding sessions to question and evaluate our analyses, interpretations, and conclusions.

The coding process followed several iterative cycles, which means we worked recursively among the data, the emerging patterns, and existing theory. In a first cycle, we used attribute and open- (or topic-) coding techniques. The former codes factual information about the entrepreneurs and ventures such as age, gender, founding year, business sector, type of business model, and number of employees (Lofland and Lofland, 1995). The latter is an initial systematic categorization of textual raw data, which identifies themes (Miles and Huberman, 1994). In this step, we evaluated the raw data to determine what each passage/paragraph was about. We then assigned representative theme names (codes), which resulted in 47 open codes.

After reducing the data and gaining an initial understanding through the open-coding process, in the next cycle we recoded the data, which resulted in 23 first-order codes (Gioia et al., 2013) (see appendix 1 for an overview). Next, we categorized the first-order codes into (thematic) second-order categories. As a first step in interpreting the data, we attempted to determine what each statement was an expression/example of.

Finally, we engaged in pattern and relationship coding to uncover causal links (Denzin and Lincoln, 2005). This step enabled us to uncover important similarities and differences between growing and nongrowing hybrids. We explored potential patterns and relationships across cases and themes by making extensive use of NVivo's coding query functions to clarify coding connections between categories (Denzin and Lincoln, 2005), which allowed for cross-case comparisons. The coding was concluded after four cycles of (re-)coding. We assumed theoretical saturation when information, constructs, and relationships were exhausted (Eisenhardt, 1989).

Findings

All six case companies identify themselves as for-profit social ventures that are driven by their social mission. Their social mission is at the heart of the ventures, as the following quote illustrates:

> "We believe in our mission and we will always have it, we have already been advised to leave it aside, focus on the product and, maybe, it would (then) be possible to sell for a lower retail price and have a higher margin. But we would never do that, GreatHealth is a brand that makes no sense without the social

> mission. It is where we come from and what we want to do." (Interview GreatHealth, 2014)

All case companies strive for compatibility in their social and economic missions and have received various awards and scholarships that honor and legitimize their approach. The entrepreneurs all perceive a trend toward more conscious consumption in the Western world triggered by, for example, the economic crisis and the Transatlantic Trade and Investment Partnership:

> "We believe that there will be a separate category of GOOD SHOPPING and that it will be an important purchase criterion for customers to be more conscious about a careful use of resources in the world."
>
> (Newspaper interview GloriousFashion 2013)

In addition to their social and economic missions, all six case companies strive for environmentally conscious and sustainable supply chain design and management. In their original setup, they all favor local production, short transportation ways, and producers that meet the Fairtrade, Global Organic Textile, and ISO 9001 standards. In doing so, they ensure cooperation with partners that share the same values. They want to positively influence not only their beneficiaries but also all stakeholders involved in the value chain.

> "The goal was to offer a product that speaks the same language in the entire supply chain." (Interview GrandShoes 2015)

In addition to these commonalities, all informants articulated growth ambitions in the first interview in 2014. One year later, all six ventures had developed. Four companies had grown in number of sales and employees, while two had not; both were preparing to close down their businesses by the end of the year. When we examined the six case companies more closely, we found differences in their approach to combining economic and social missions as well as implications for growth and organizational development. We explain these differences in the following sections.

Three Approaches to Combining Social and Economic Missions

Overall, we identify three micro-level approaches to combining dual missions: an intertwined approach, an economic-first approach, and a social-first approach. Each approach resulted in different growth outcomes and was influenced by different imprinting sources (see Table 2).

Table 2: Summary of Findings

Micro-level approaches to combining dual missions	Imprinting source 1: Personal motivation	Imprinting source 2: Emotional attachment	Mediator: Mission spillover effects	Growth outcome	Implications
Intertwined approach	Change the world	First world strong Third world strong	Strategically evolving	Growth	Sustainable growth of dual missions
Economic-first approach	Give back to the world	First world strong Third world moderate	Strategically constructed	Growth	Risk of mission drift toward economic
Social-first approach	Prove themselves to the world	First world weak Third world strong	Accidental	No-growth	Failure due to mission drift toward social

The first imprinting source is the founders' *personal motivation* for founding a hybrid venture. Human motivation influences how founders undertake entrepreneurial processes (Shane et al., 2003; Yitshaki and Kropp, 2016)—in our case, how they approach dual missions. We identify three motivations for founding a hybrid: wanting to (1) change the world, (2) give back to the world, and (3) prove themselves to the world. Founders motivated to change the world believe in their ability to tackle the root causes of social problems and create ripple effects to make a fundamental and lasting difference. In contrast, founders driven by a guilty conscience are motivated to give back because they feel they owe the world. Last, founders motivated to prove themselves believe it is now their time to show that social solutions can and should be achievable.

The second imprinting source is the founders' *emotional attachment* to the social and economic missions. We observe that the greater the emotional attachment to the first and third-world offerings (i.e., customers and beneficiaries), the more likely the venture blends the two missions sustainably. We categorize founders' emotional attachment into strong, moderate, and weak. A strong emotional attachment means that the founders are deeply connected to their product or customers/beneficiaries because of, for example, longtime relationships with the region/cause. Founders with a moderate emotional attachment care about their product or customer/beneficiary group but do not have long-standing and ongoing relationships. A weak emotional attachment means that the founders are relatively distanced from their product or customer/beneficiary group.

We found that these two imprinting sources influenced the micro-level approaches entrepreneurs chose in combining dual missions. In the intertwined approach, both social and economic missions are interdependent. In contrast, in the economic-first approach, both the social and economic missions are constructed to mutually benefit each other but are independent. In the social-first approach, both social and economic missions are also independent but do not mutually benefit each other; rather, the economic mission is just the means to the social end.

Our analysis suggests that each of the three identified micro-level approaches is associated with varying degrees of mission spillover effects (MSEs), which refer to attaining (un)intended benefits to reach the economic mission as a consequence of pursuing a social mission, and vice versa. We identify three types of MSEs: (1) strategically evolving, (2) strategically constructed, and (3) accidental. A strategically evolving MSE is a mix of intended and unintended benefits that further entangle the dual missions over time. Strategically constructed MSEs are sought out and intended benefits between the social and economic missions. Finally, accidental MSEs are unintended benefits between the social and economic missions. We find that these MSEs mediate the relationship between the micro-level approaches to dual missions and growth outcomes. In the following subsections, we provide a more in-depth description of each of the three approaches to combining dual missions, the two imprinting sources, MSEs, and implications for growth.

Intertwined Approach

Imprinting sources. This simultaneous pursuit of dual missions is possible due to two imprinting sources: strong emotional attachment to both the first-world offering and the third-world target group as well as a strong motivation to make a lasting difference in the world. In this approach, the motivation to "change the world" was common among the founders. For example,

> "GreatHealth will bring about change in health. We just know this is where we can make a difference as women and as business students."
>
> (Blog GreatHealth, 2015)

When founders talk about their motivation, the discourse tends to be positive and passionate. They do not perceive any limitations to their ability to achieve a lasting social impact, nor do they perceive an end to the impact they could potentially achieve. In addition, the founders worked with the concrete social cause for many years before they began their social venture. Therefore, their social mission is very dear to their hearts, and they had the opportunity to acquire in-depth knowledge, understanding, and a relevant network to fulfill their social mission.

> “We have worked intensively with the economy of developing countries and had therefore chosen the theme ’microfinance’ for our thesis. After graduating we worked in big corporations. But we could not get away from what we had experienced in Africa. (Later) we developed our first plans. We thought about which products could help support the kids. Later we then opted for fashion as every woman has an emotional attachment to fashion – as well as to kids.” (Interview GloriousFashion, 2015)

Because the founders have such a strong emotional attachment to their social mission, they make an effort to continually reinforce this connection as well as trying to instill this connection in their employees. For example, the founders of GloriousFashion travel to their beneficiaries every year to be better informed about local needs and to advance their social impact. Furthermore, intertwined hybrids stay focused on their social mission and do not adapt it over time.

Founders also have a strong connection with and knowledge about their first-world offering; they care deeply about the quality and authenticity of their commercial products. One of the founders of GloriousFashion has worked for known fashion houses and acquired a great deal of industry-specific knowledge. In addition, the founders have business savvy as a result of their education in business or prior work experience. Our data indicate that it is perhaps because of this business mind-set that these founders do not believe that charity is a sustainable solution for social problems in general.

Arriving at an Intertwined Approach. Emotional attachment to and knowledge of both commercial and donor markets enable the intertwined hybrids to emotionally connect first- and third-world offerings. For example, GloriousFashion connects fashion and children’s well-being, topics that they and their first-world customers feel strongly about. They identify strongly with both missions and therefore cannot separate social from economic mission, as the following quote shows:

> “Yes, naturally, our overall goal is to support children in Africa. But one needs to find a way to make this attractive for customers. Here design and quality come into play as they are very important, but through the combination (with the social

> mission) it gets a high identification factor. So customers can really identify with GloriousFashion products.... It's the mix that's doing the trick. I really couldn't say what is more important or that one is more important than the other. It all hangs together, nothing works without the other." (Interview GloriousFashion 2014)

MSEs. These ventures gain and build on multiple MSEs that are strategically evolving. Their social mission helps the firms win resourceful and high-status partners, achieve cost reductions, and receive favors from stakeholders. For example, GreatHealth was able to use a partner's production facility for a fraction of the price, and GloriousFashion's distribution partner offered free shipping for the first year. Furthermore, both case companies received a great deal of support from advisers:

> "Because we have that social mission we have a huge network that supports us. We have [advisers] who are very experienced, who give us advice because they like so much what we do." (Interview GreatHealth, 2014)

These examples illustrate how a social mission can have a positive spillover effect on the economic mission. Moreover, we find that the economic mission supports the social mission in intertwined hybrids. To continue the preceding examples, cost reductions enable the hybrid firm to offer a more competitively priced first-world product, which leads to more customers and thus more resources to pursue the social mission. In general, these ventures seem to be extremely creative in finding solutions to reduce the price for their first-world offering and stay competitive. GloriousFashion, for example, buys leftover materials from large textile manufacturers that are comparably cheap. This "upcycling" allows the venture to stay price competitive while pursuing an environmentally conscious business approach. GreatHealth involves its beneficiaries in producing and co-designing products, thereby empowering and creating an income source for the venture's beneficiaries while saving costs. The social and economic missions reinforce each other consistently over time, which results in what Casadesus-Masanell and Ricart (2010) refer to as a virtuous cycle.

Growth Outcomes and Implications. The virtuous cycle strengthens and reinforces the interdependence of the dual missions. Through this interdependence, the venture unlocks MSEs that increase not only its resource base and assets but also the number of partnerships, which are crucial for staying competitive. When the venture does well economically, it generates greater social impact, which in turn enables it to reach a larger market share; both missions grow in tandem. This strong focus and interdependence protects these ventures from mission drift:

> "It's the beauty of what we do. When we sell more (in the first world) we can donate more. When we reach more children we sell more. There is no end." (Interview GreatHealth, 2014)

Economic-First Approach

Imprinting Sources. The motivation "to give something back" to the world was common among founders adopting an economic-first approach. The informants reported, for example, that they have a guilty conscience or regret previous behaviors and now want to make up for it.

> "In the beginning there was the bad conscience (of the founder). Increasingly he thought of his trips around the world and felt that it was not fair to take pictures of people without their consent and without them benefitting (from the image sale). In discussions with others he noted that many felt the same way."
>
> (Press release GraceArt 2012)

Compared with the founders of the intertwined approach, the discourse here is more rational and thoughtful. The rationality is mirrored in the founders' moderate emotional attachment to their target social group or social problem area. For example, although a founder of GrandShoes has roots and personal contacts in the donor market, he has no relationship with his venture's beneficiaries. Thus, he is able to make informed and rational evaluations of which beneficiaries to address with what kind of product.

> "We have decided to offer shoes to our customers as well as beneficiaries because people only [seldom] donate shoes." (Interview GrandShoes 2014)

In contrast, these founders have a strong emotional attachment to their economic mission, which is enacted through a rationally chosen first-world market offering. Their previous industry experience augments their ability to identify market opportunities. For example, one of the founders of GrandShoes previously founded another textile venture, and the founder of GraceArt has sold his own art pieces before.

Arriving at an Economic-First Approach. These ventures' strong attachment to their economic mission results in more effective customer orientation. GraceArt, for example, continually highlights the importance of competitive pricing:

> "It is very important for us that our customers do not pay more than they would somewhere else. Our donation is not [an] add-on to the price. It's rather our suppliers who forgo parts of their income." (Interview GraceArt 2014)

These firms find cost-cutting solutions through market analysis. For example, GraceArt discovered that suppliers obtain only very small margins; therefore, the venture grants its suppliers a higher margin but forces them to donate most of it to the venture's social mission. Ultimately, the suppliers receive approximately the same margin as if they would have supplied their art to another platform, but they contribute to a social mission. GraceArt itself only donates a small percentage of its margin to the social cause. Moreover, to be efficient, economic-first hybrids outsource the operational work connected with the social mission to established partners, requesting pictures and impact reports to assure their first-world customers that their donations have been used effectively.

MSEs. Because each mission operates independently, the economic-first hybrids have only limited MSEs, and they are strategically constructed. The social mission positively affects the economic mission; most often, we found that persuading stakeholders and partners becomes easier because of their social mission. For example, GrandShoes was able to attract a renowned business adviser who would usually not support start-ups. In addition, the ventures tell stories around their social mission to gain publicity. Storytelling is a central part of ventures' commercial product offering, and they purposefully use their social mission as a value proposition:

> "For us it's easiest to grow through [public relations]. In comparison to other brands we have the advantage that we can tell a story…. And thus for many journalists we are an interesting topic.… We have been covered in various nationwide newspapers and TV shows.… We hope to have even more collaborations with TV stations in the future." (Interview GrandShoes 2014)

Furthermore, we find that economic-first hybrids tend to use their social mission to strategically attract employees who are willing to work for a lower salary because of the venture's social mission. However, in contrast with the intertwined hybrids, we do not find evidence that the economic-first hybrids continually reinforce employees' commitment to the social mission.

Growth Outcomes and Implications. In contrast with the intertwined approach, in the economic-first approach the dual missions are independent and clearly analytically separable. Because these firms use the B1G1 business model, the social and economic missions still reinforce each other. The business model encourages cooperation between the dual missions to achieve economic growth and social impact; in other words, one hand washes the other.

Economic-first ventures grow as they attract a larger customer segment. They report that up to 50% of their customers buy their product because of the social mission. The first-world customers are central to the ventures' development. From the beginning, customer feedback has guided their commercial product development. Over time, it also shapes the social mission of the venture. We find evidence that these ventures slowly drift away from their original social mission; that is, they experience economic mission drift. The informants report that they would change their social mission if their first-world customers requested them to do so:

> "Another social mission would just be as good; as long as it can be as easily explained. As a company we primarily look at the administrative effort. [We would like] to be able to control exactly what's happening."
>
> (Interview GrandShoes 2015)

GraceArt is already a step ahead. The venture has implemented a system that allows its first-world customers and suppliers to suggest new social projects, some of which already have been pursued. Therefore, economic-first hybrids develop into social ventures without a definite social mission; if customer preferences or value chain costs change, they want to be able to adapt and change. Rather than pursuing their own social mission, these ventures want to enact a social mission that is at the heart of the customer.

Social-First Approach

Imprinting Sources. In this approach, founders are motivated by the belief that it is now their time to be social and prove to the world that social venturing is the best way to do business.

> "In the textile industry, experts do not believe that companies can comply to social and environmental standards and be competitive in the long run. We want to prove them wrong!" (Website NeverTextile 2015)

When social-first founders talk about their motivation, the discourse is filled with deep concerns with current business practices that are harmful and ultimately will destroy the world. They have a weak emotional attachment to the commercial offering but a strong attachment to their third-world market and beneficiaries. They care deeply about their social mission, typically because they have worked and lived in the region for a long time. For example, the founder of NoLights has worked for 20 years with the beneficiary group that his current venture is addressing. During this time, the founder has become devoted to the people and the cause to help them. In contrast, founders are not nearly as attached to the economic mission. In line with the founders' motivation, their choice of commercial product is guided more by a general ethical concern than by a passion for the product:

> "The social mission is the core motivation behind NeverTextile. Our (first-world) product is rather secondary. If we could help someone (in need) by selling cat food, we would also do that. But we have decided to go into the textile industry as this industry faces serious ethical problems (that we can help addressing)." (Interview NeverTextile 2014)

The founders have little interest in either the product or the customers; they perceive and treat them as donors. The role of the economic mission is exclusively to finance the social mission.

Arriving at a Social-First Approach. The founders' social motivation dictates how these ventures pursue their economic mission. This approach results in high-quality commercial products that are made according to the highest ethical, environmental, and socially responsible standards. For example, NeverTextile was the first national producer of textiles that were fully certified by Fairtrade, Global Organic Textile Standard, and International Organization for Standardization. However, this approach also leads to increased costs, which makes the products more expensive than competitors'. With their lack of engagement with the first-world market, they typically perceive the B1G1 business model to be such an original way of conducting business that they assume customers are willing to finance the social mission and high-quality product with a price premium:

> "All we need is that people hear from us. Then they will automatically buy from us because our [business model] approach is so cool."
>
> (Interview NeverTextile 2015)

Founders adopting this approach firmly believe that economic success will automatically follow because of the social mission. Because their social mission is so central and they view their B1G1 business model as the differentiating factor, social-first hybrids believe that they do not have (m)any competitors in their commercial market. This approach poses challenges in that they reject customer and market feedback.

MSEs. Social-first hybrids tend to have only few, accidental MSEs. The founder of NeverTextile explained that the firm sometimes discovers newspaper articles written about it because of the public relations value but that it does not deliberately take advantage of its social mission to gain popularity. Sometimes the firm is also discovered by "social" celebrities who want to join the cause and offer to become ambassadors—which reinforces their "socialness."

Growth Outcomes and Implications. As in the economic-first approach, the dual missions of the social-first hybrids are independent and clearly separable. In contrast, however, the social and economic missions do not reinforce each other. The founders adopting a social-first approach are unequivocally driven by the social mission and believe that everyone else should and will buy their products simply because of the social good they do. This uncompromising social positioning enables them to win a niche customer segment—typically the extremely dedicated, socially conscious customer. According to our data, however, these customers are not enough to grow the business to a break-even point or beyond. With their scrupulous focus on achieving the social mission, they reject important market input, which results in unattractive market offerings for the larger audience. The economic mission decreases in importance, which can result in a social mission drift and an unsustainable financial situation.

Discussion

Social entrepreneurship research has received increased scholarly recognition in the past three decades. However, despite its growing popularity, no unifying conceptual framework of social entrepreneurship has yet emerged (Choi and Majumdar, 2014). Definitional debates thus dominate much of the prior research in the field (e.g., Bacq and Janssen, 2011; Peredo and McLean, 2006). In recent years, hybrid social ventures have received increasing attention, in both practice and research. These social ventures combine, as the term implies, social and economic missions. Researchers have been occupied with questions such as the following: How does a hybrid social venture pursue its dual missions? And how does hybridity influence growth? Our empirical study is one of the first to provide novel insights to answer these questions.

Through an exploratory and longitudinal study of six hybrid social ventures, we find three approaches to combining dual missions—intertwined, economic-first, and social-first—and show their effects on growth. We make two important contributions to the entrepreneurship literature. First, our study provides a nuanced understanding of the conditions under which ventures with dual missions can achieve sustainable growth, which to our knowledge is one of the first studies to investigate this issue empirically. Second, we add another dimension to the concept of mission drift—namely, social mission drift, or the risk of overprioritizing social goals and objectives, thereby causing serious neglect of the profit-making mission. In the following subsections, we discuss these contributions and then conclude with implications for further research, practice, and education.

Sustainable Growth and Mission Drift

Achieving sustainable growth is one of the most elusive challenges any start-up faces. For a hybrid, growth is an important and necessary factor in having continued social impact. However, it is also one of the most contested factors, as it often is associated with mission drift or not being "social enough" to qualify as a social business (Chambers, 2014; Mersland and Strøm, 2010). On the basis of our findings, we argue that profit-oriented social ventures have an opportunity to be efficient and effective custodians of their assets, networks, and social goals and objectives when they take an intertwined approach to dual missions. This approach results in sustainable growth of both missions. We find this approach to be the best path to optimizing social impact and economic growth, as both missions are truly integrated in the venture's business model and anchored in the founder's personal motivation and emotional attachment. Here, the social value created is integral to successfully achieving economic growth (Wilson and Post, 2013) because of the strategic use of MSEs that naturally evolve. Thus, hybrids have an opportunity to achieve both social and economic impact continually and sustainably. We observe that the intertwined hybrids are market driven and close to their first-world customers, though these customers do not influence the social mission. In contrast, the economic-first approach inevitably results in mission drift toward the economic mission, neglecting the social goals because of a stronger attachment to their first-world customers' needs. Economic-first hybrids allow their first-world customers to dilute their social mission over time. Thus, we argue that in the long run, this approach will lead to growth of the commercial but not the social operations. In line with Perrini et al. (2010), we find that growth processes of hybrids are complex, involving founders' emotional attachment, motivation, and business savvy, as well as that of employees and stakeholders. Sustainable growth of a hybrid venture is more likely if the social mission is only altered on the basis of feedback from the beneficiaries, and the economic mission is altered according to market/donor feedback. Thus the first-world customers/donors should have no or only very limited influence on the social mission to avoid economic mission drift.

Extant literature has long acknowledged the phenomenon of economic mission drift, in which a venture's focus eventually shifts toward its economic goals (Doherty et al., 2014; Young and Kim, 2015). When resources are scarce, founders are forced to prioritize; depending on founders' emotional attachment to the social beneficiaries and motivation, some prioritize the social mission, while others prioritize the economic mission. Whereas economic-first hybrids can still survive and grow as a result of their commercial business, the social-first hybrids eventually exhaust all their resources, do not grow, and ultimately fail to deliver on both missions. Entrepreneurs engaging in the economic-first approach run the risk of drifting so far from their social purpose that it becomes merely an add-on instead of being the driver and soul of the business. At its worst, this is known as the Trojan horse problem (Pache and Santos, 2013), in which firms use social purpose as a manipulative strategy to attract and satisfy socially conscious customers and receive positive public relations. The venture could face similar repercussions as businesses that engage in greenwashing, such as loss of credibility, authenticity, and trustworthiness or even lawsuits and financial penalties (Mitchell and Ramey, 2011).

Entrepreneurs engaging in the social-first approach prioritize their social mission over the economic mission, leading to social mission drift, in which a hybrid's focus eventually shifts or drifts toward its social mission and neglects the profit-making part of the business. In cases studied herein, these ventures were unsuccessful because they lacked an economic foundation for their business model, which left them economically fragile. Social-first hybrids tend to overrate the value of the venture's social mission for their first-world customers because they assume that the customers will mirror their own social conviction. Thus, they believe that social mission will carry and drive the (commercial) business, which is a futile assumption. A hybrid organizational form requires an economic component to survive and grow; therefore, for these ventures, a nonprofit organizational form may be a better solution.

Imprinting Sources

According to our findings, individual-level factors have an effect on the combination of dual missions and thus have an indirect effect on success or failure in terms of growth. This finding complements Dufays and Huybrechts’s (2015) conceptual argument that entrepreneurial team heterogeneity serves as an avenue for the emergence of hybrid organizations. The authors argue that the more heterogeneous the founding team, the more likely it will create a hybrid venture. We advance this understanding by showing empirical evidence of two individual-level factors that have an imprinting effect on the design of hybrid ventures: founder’s motivation for selecting a social mission and emotional attachment to the economic and social mission. Ideally, the founder possesses a strong connection with both the commercial and social missions in addition to being highly motivated to offer solutions to society’s greatest social problems.

The first necessary condition to reaching an intertwined approach is founders’ strong emotional attachment to the commercial product/offering as well as the social problem and beneficiary group. Because entrepreneurs with an economic-first approach have a relative lack of attachment, we argue that it may be particularly important for these ventures to attract founding team members or key employees who possess a strong connection with either the first- or third-world offering to complement the entrepreneur. Battalina and Dorado (2010) argue that hiring employees committed to both missions and “socializing” these employees to acquire the venture’s desired value system are crucial for success. We extend this argument by suggesting that the founder or founding team must undergo the same socialization process to create a resilient and intrinsically dualistic organizational identity (Miller and Wesley, 2010) that fosters and reinforces commitment to accomplish the dual missions.

The other sufficient condition pertains to the personal motivation for selecting a social mission. A key difference between founders who engage in an intertwined approach and those who engage in an economic-first approach is that the former types are primarily motivated to change the world while the latter are driven by a guilty conscience. This difference might further explain why economic-first hybrids seem more prone to economic mission drift: If founders overcome their feelings of guilt, the social mission loses relevance for them.

Founders' motivations are as diverse as organizational forms are in social entrepreneurship. Germak and Robinson (2014) emphasize that the blended motivation of social entrepreneurs includes components of personal fulfillment, a desire to help society, a focus on things other than money, a need for achievement, and closeness to the social problem at hand. Likewise, London (2010) highlights that they are motivated to perform because of deep-rooted personal reasons such as a personal connection with a particular social issue or a desire to advocate for a particular cause, which is closely related to what we find. Consequently, entrepreneurial behavior in designing social ventures can be understood as multidimensional and varying depending on context and personal disposition of the entrepreneur, as are the approaches chosen to address social problems.

Conclusion and Implications

Entrepreneurs—social and commercial alike—are influenced by the shifting value system of society, in which a trend toward being environmentally friendly and socially conscious has gained ground. In addition, recently a further transition toward applying business principles using resources appropriately and thoughtfully has emerged (Haigh et al., 2015). Western societies have experienced rapid growth in the market for socially conscious products and services, making hybrid venturing popular because of a clear market opportunity. The presented study investigates the complexities of growing a sustainable hybrid venture. Arriving at an intertwined approach is demanding but worthwhile. We identify the danger in blindly promoting hybrid venturing without careful consideration of whether a particular venture has the potential to survive, be sustainable, and ideally grow. Social-first hybrids can be a threat to other hybrids because they might saturate the market with unsustainable products, and economic-first hybrids may cause a bad reputation if the social mission becomes a Trojan horse.

Implications for Research

In line with previous research (e.g., Bacq and Janssen, 2011; Doherty et al., 2014), we argue that all entrepreneurial ventures can be located on a continuum from social to economic value creation. Therefore, we show the importance of including social ventures in our samples when studying entrepreneurship issues. Furthermore, we present social mission drift as a valuable avenue for research to help social hybrids overcome the challenges of becoming economically sustainable.

Furthermore, although our study explores the venture level, we find two individual-level factors that influence venture-level outcomes. Further research of the potential imprinting effect of the founder on the type and extent of hybridity is necessary. Thus, we call for multilevel and multimethod studies to investigate the influence of individual-level antecedents on the combination of dual missions.

Implications for Practice

Our findings indicate that entrepreneurs can increase their likelihood of achieving sustainable social and economic growth by optimizing the founding team constellation. If the founder or founding team lacks a connection with the first- or third-world market offering, customers, and beneficiaries or if they are not motivated by a positive, world-changing attitude, they should consider seeking co-founders or early employees who can complement them. Furthermore, investors or other stakeholders can use the filtering mechanisms to screen hybrids and their potential for sustainable growth.

Implications for Entrepreneurship Education

Entrepreneurship educators have an opportunity to integrate hybrid venturing as a means for achieving both social and economic impact in their education. Doing so could make entrepreneurship more appealing to a wider range of students, as it becomes possible to pursue entrepreneurial opportunities in various ways. Furthermore, entrepreneurship students may become more aware of the opportunities and pitfalls of integrating dual-mission goals.

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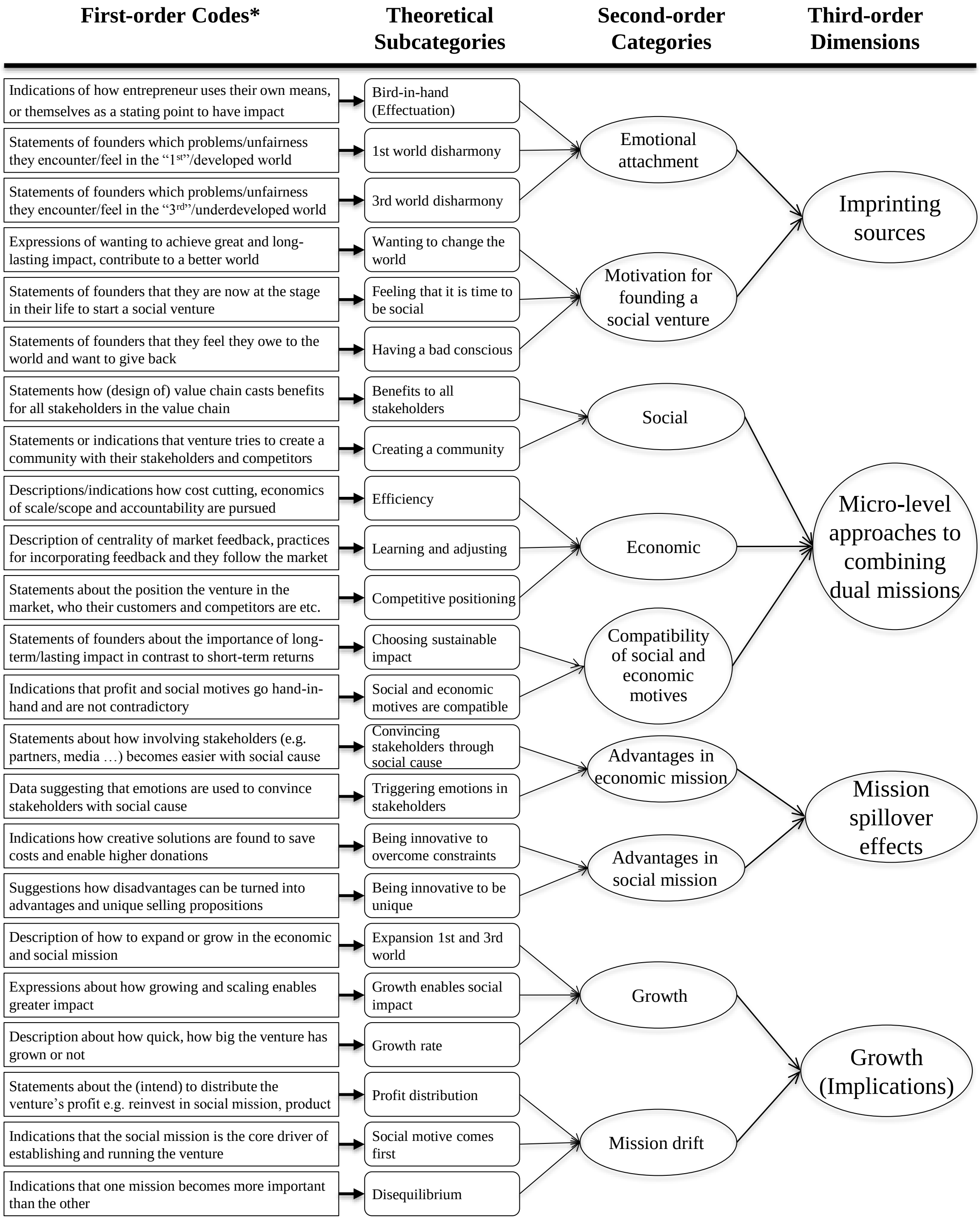
Appendix

Fig. A1: Data Structure



*The first-order codes are either (1) statements, expressions, or descriptions that arise directly/explicitly from the data (no or limited interpretation by researcher), or (2) perceptions, indications, and suggestions that emerge indirectly/implicitly from the data, which require interpretation by the researcher.

V. MONETIZING SOCIAL VALUE CREATION – A BUSINESS MODEL APPROACH

Monetizing Social Value Creation – A Business Model Approach[a]

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Abstract The creation of social value through entrepreneurial ventures occurs in various dimensions, which are often difficult to compare. From an economic standpoint, however, value creation requires resources and activities that lead to expenditures. The sustainability of social ventures, therefore, depends on how these expenditures are financed. We develop a general framework in which business models of diverse social ventures can be analyzed and categorized. Using a gallery of real-life case studies, we illustrate that social business models can be characterized and ordered by the degree to which they monetize social value creation and the level of generated market revenues in excess of expenditures. Our analysis reveals a positive correlation between the monetization of social value creation and financial output, and it shows that relatively simple changes in the business model can have a significant impact on monetization and market performance. Our framework thus yields several strategic implications for business modeling.

Keywords: business modeling, monetization, social mission, social value creation, social entrepreneurship

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Introduction

Social Entrepreneurship describes a business field that is oriented towards efficiently serving basic human needs which existing markets and institutions have failed to satisfy. According to Austin, Stevenson, and Wei-Skillern (2006), social entrepreneurship is defined "as an innovative and social-value creating activity that can occur within or across the nonprofit, business, or government sectors." Perrini and Vurro (2006) explain the rising popularity and adoption of social entrepreneurship, on the one hand, by requests from stakeholders of the non-profit sector to increase economic efficiency and organizational effectiveness, and, on the other hand, from stakeholders of the for-profit sector to facilitate socially responsible behavior. In line with this diversity, Dees (1998a) finds social entrepreneurs ranging from a primary focus on a social mission to a mainly commercial orientation with secondary social objectives. In his view, a social enterprise should be neither purely philanthropic nor commercial to achieve a productive balance. Accordingly, a social enterprise should use the full range of options and it should operate like a business in the way it acquires resources and distributes products or services. As a consequence, the acquisition of financial resources for social enterprises should also be considered with the full spectrum of options ranging from public or private donations *for* the social mission to market revenues generated *with* the social mission.

In this paper, we analyze how the financing of social missions varies with the design of the business model for the social venture. We describe how social value creation can be gradually monetized by strategically shifting the financial focus from revenues *for* the social mission to revenues *through* the social mission or, beyond, to revenues *with* the social mission. Accordingly, the nature of the earnings changes from social investments to market revenues. With this transformation the potential for profitability also rises.

Within a standard business-model framework, we develop a conceptual setting in which business models of social enterprises can be analyzed as well as categorized. In order to be able to deal with a broad variety of social missions with social value being created along a multitude of dimensions, a clear focus is laid on the design of the social mission's underlying business model with special regard to financing forms and sources. Specifically, we argue that every social business model can be characterized by the degree to which it monetizes social value creation and the level of market revenues that it generates in excess of expenditures through or with the underlying social mission.

In order to substantiate our claim, we draw on a sample of prominent social enterprises by Ashoka Fellows in Germany as well as well-known and well-documented global case studies. We categorize these ventures by their business models, and we demonstrate how the classes of business models can be ordered according to their degree of monetization.
As the monetization of social value creation increases through the changing role of the social mission within the business model, our analysis reveals how external funding, e.g., through donations, is gradually replaced by market revenues. Although this shift in the structure of revenues increases the potential for profitability of the venture, we find that the overall effect still depends on the nature of the social mission and the composition of the customer segments.

The major conceptual contribution of our paper is a general framework for analyzing the monetization of social value creation based on social enterprises' underlying business models. By acknowledging that different types of social business models generate qualitatively different sources of revenue streams, our approach intuitively reveals a positive correlation between the monetization of social value creation and the generation of market revenues. Furthermore, the strategic orientation illustrates that relatively simple changes in the business-model structure can have a significant impact on the monetization of value creation and financial output.

The rest of the paper is structured as follows. In section 2, we first establish necessary working definitions for the concepts that we analyze within our framework. In section 3, we then present the general framework for the categorization of social business models, and we illustrate how the diverse cases that we draw on fit into this setting. Section 4 deals formally with four distinguishable generic business models that are illustrated by diverse cases of real-life social enterprises. In section 5, we discuss the strategic implications of our analysis for social business planning. Section 6 concludes with the general implications of our analysis for entrepreneurship research, teaching, and policy.

Diverging Perspectives of Social Enterprises

In order to deal with the financing of social enterprises, one must first have a general notion of social entrepreneurship, in general, and a clear but broad enough understanding of what characterizes social enterprises, in particular. The vast literature in this area has developed in several directions, often driven by specific cases that themselves have often been highly diverse.

As a working definition, we view social entrepreneurship as any operation involving the resourceful use and efficient combination of resources to create opportunities that foster social change or meet social needs. Hence, social entrepreneurs as founders combine resourcefulness with a social mission to create a sustainable change in society. Mari and Martí (2006) see social entrepreneurship as a practice that integrates economic and social value creation.

The entrepreneur's mission represents the cornerstone of his venture and provides a clear understanding of the organization's purpose and reason for being to all people involved – leaders, funders, and customers (cf. Dees et al. 2002). According to Perrini and Vurro (2006), the mission represents an organization's soul and beliefs in describing the company's service area, service recipients, and main expected outcome. In addition, key elements such as innovation, entrepreneurship, and tension towards specific social changes are outlined. Dees (1998b) finds that a social mission is oriented towards fundamental changes in the way things are traditionally done, thus declaring social entrepreneurs as reformers, revolutionaries, and change agents in the social sector. As such, social entrepreneurs aim at reducing needs rather than meeting them; they create systematic change and, thus, achieve sustainable improvements. For that matter, serving customer desires, creating wealth, and making profit can be part of the business concept, but the crucial aspect is the social impact based on lasting improvements. Peredo and McLean (2006) claim that the idea of social entrepreneurship must allow some actors to have "selfish motives behind their social mission, or be less than relentless, or be uneven in their performance, or be otherwise less than exemplary."

With a strong focus on social value creation, our working definition of a social mission describes any process that creates social value by combining resources efficiently. All resource combinations intend to encourage the adoption of social value by meeting social needs and activating systematic social change. In detail, social value is generated by any form of stimulating or satisfying consumption needs (e.g., hunger, housing, health, supply), employment needs (e.g., education, work) or society needs (e.g., environment, policy, security). As emphasized by Perrini (2006a), social expected value can enhance social conditions, e.g., through working conditions, access to technological progress, or integration and participation within the community. In following a social mission, we view the social entrepreneur as a change agent within the social sector, serving not only customer desires and creating wealth but also enabling the generation of profits.

With the social mission on their agenda, social entrepreneurs need to avoid a drift too far away from their underlying social welfare objectives (cf. Hockerts, 2006). Indeed, the social entrepreneur distinguishes himself from the commercial entrepreneur essentially through the pursuit of a social mission addressing a social need or problem. Despite a consensus over this basic differentiation, the literature nevertheless provides a variety of discussions on where to draw the line between both concepts, where researchers mainly debate on the weight given to social goals in relation to financial aims.

At one end of the spectrum, the priority is laid on social wealth creation relying extensively on philanthropy. For that matter, Peredo and McLean (2006) find that a negligence of earned income is legitimate, due to the exclusive concentration on social gain, analogous to the way traditional charities are treated (cf. Zahra et al., 2009). However, although this focused construct may yield innovative approaches to social problems, it lacks a clear objective towards a sustainable, long-term, and self-financed venture (cf. Mari and Martí, 2006; Weerawardena and Sullivan Mort, 2006).

The other end of the spectrum features ventures with primary financial and subordinate social goals. This broader construct may have advantages for business activities, but the element of some social value creation is seen to be characteristic for almost all forms of entrepreneurship, regardless of a fundamental social mission, making it difficult to distinguish between social and commercial entrepreneurship. For example, commercial enterprises benefit society in the form of efficient resource usage and sustainable business models including long-term employment (cf. Austin et al., 2006).

Given this multitude of approaches in the literature, it thus seems appropriate for our subsequent analysis to allocate social ventures along a continuum ranging from purely social to purely commercial. As a consequence, the acquisition of financial resources for social enterprises should be considered with the full spectrum of options ranging from public or private donations for the social mission to market revenues with or through the social mission.

Weerawardena and Sullivan Mort (2006) advocate the idea of a social enterprise that creates social value while simultaneously pursuing financial viability. Described as a double bottom line, Peredo and McLean (2006) additionally underline the art of simultaneously pursuing both financial and social returns on investments in social entrepreneurship, which also implies some form of income-generating ventures. The combination of non-profit with for-profit organizational features is referred to in the literature as a hybrid form. In order to acknowledge the diverse entrepreneurial constructs, we consider social business models to be dedicated to creating social value while simultaneously generating economic viability and sustainability. Thereby, financial needs can be met through very different funding sources ranging from earned income over investments to donations (cf. Lumpkin et al., 2013).

Categorizing Business Models of Social Ventures

In the social sector, the business model concept in its entirety has attracted much attention from researchers over the last years.[1] Particularly Osterwalder and Pigneur (2010a, 2010b), Perrini (2006b), Seelos and Marti (2005), and Dees (1998a) have advocated innovative forms of social business models including new value propositions, value constellations, and profit equations. Especially hybrid forms of social ventures that generate social, economic and environmental benefits are given careful consideration.
Besides the accentuation of financing mechanisms for social enterprises, Perrini and Marino (2006) state that the special challenge for the social entrepreneur is the typically broad and diverse stakeholder community, which, however, can be met by placing emphasis on the process of business planning. We, therefore, wish to provide a framework for social entrepreneurs to achieve a more strategically and result-oriented procedure of business modeling and planning as well as to determine appropriate financing forms and sources according to the social enterprise's underlying mission.

In order to provide a common economic basis for comparing the multitude of diverse social ventures found in practice, we lay a clear focus on the design of the social mission's underlying business model with special regard to financing forms and sources. In particular, we classify every social business model according to two characteristics: First, by the degree to which it strategically monetizes social value creation and, second, by the level of market revenues that it generates in excess of expenditures through or with the underlying social mission.

The monetization of social value creation refers to the strategic direction of a social business model and describes the enterprise's position between acquiring funds for the social mission and earning money with the social mission. At one end of the business-model spectrum, the social mission itself constitutes the value proposition, for which the

[1] Cf. Osterwalder and Pigneur (2010a, 2010b), Yunus et al. (2010), Perrini (2006b), Foster and Bradach (2005), Seelos and Mair (2005), and Dees (1998a).

entrepreneur seeks to acquire funds, and, at the other end, the social mission becomes a means with which a further commercially oriented value proposition is generated. In between are business models, in which the social mission has commercial value that can be marketed.

The market revenues generated by a social venture indicate to which extent an enterprise has established a commercial position on a consumer market, as revenues are acquired by the sale of products and services. Since all social ventures incur expenditures, sustainability of the social venture requires expenditures (E) to be met by either market revenues (R) or other social investments (F), e.g., public funds or private donations. Formally, sustainability requires

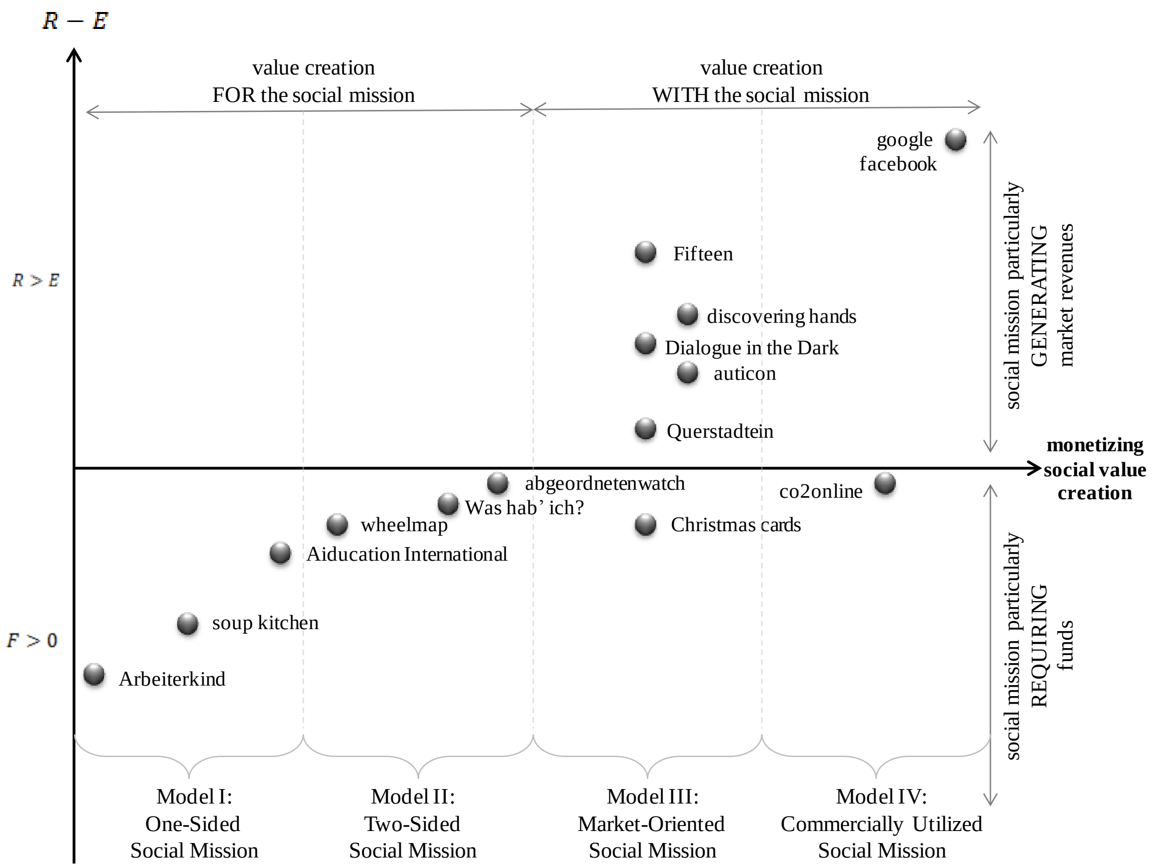
$$R + F \geq E.$$

Hence, if market revenues fall short of expenditures (R - E < 0), the social venture must acquire additional social investments (F > 0) to maintain its operations.
Graphically, we can position the business model of a social venture in two-dimensional space according to its strategically chosen degree of monetization, allocated horizontally, and its market-oriented performance, measured vertically by the level of revenues in excess of expenditures (R - F). Fig. 1 illustrates the positions of different social ventures according to the two characteristics.

To substantiate our claim, we draw on a sample of real-life cases, most of which are well-documented social enterprises of prominent Ashoka Fellows in Germany. Ashoka is the leading organization for social entrepreneurs in the world. As such, the non-profit organization comprises a broad variety of social entrepreneurs with highly innovative pioneering social enterprises and presents them in a well-documented manner. We also employ cases of several prominent non-Ashoka social enterprises, in order to convey the scope of our approach and to demonstrate that our analysis is not restricted to the world of Ashoka alone but applies to social enterprises in general.

In order to illustrate the monetization of social value creation, plotted horizontally in Fig. 1, we empirically categorize our case studies by their business model structure, which reveals not only the role of the social mission within the complete process of value creation, but also the extent to which value propositions are oriented towards commercial customer segments. In doing this, we find that different social ventures pursuing highly diverse social missions can be grouped into four distinguishable business-model classes due to the structural similarity of their business models within each class. The classes of business models can be ordered according to their degree of monetization, where the monetization of social value creation increases through the changing role of the social mission within the business model. Moreover, one can observe how external funding, e.g., through donations, is gradually reduced or replaced by market revenues as monetization increases. Moving towards the left on the horizontal axis, value creation with the venture occurs for the social mission, which requires external funding by social investors. Moving towards the right, one finds ventures which create value through or with the social mission, thereby generating market revenues.

Fig. 1: Positioning Social Business Models According to the Monetization and Market Performance



As Fig. 1 shows, however, revenues do not automatically rise with the degree of monetization, as the generated revenue streams depend on the size and the nature of the different customer segments. The bigger the customer segment and the higher the commercial value of the value proposition is, the more profitable the venture can be created.

It is important to note that the precise position of each case in Fig. 1 is debatable, as the monetization of social value creation is a strategic concept, which is not precisely quantified. Moreover, the economic performances of different ventures can only be directly compared with precise and comparable financial data. Nevertheless, the attempt to interpret the degree of monetization of qualitatively different social ventures reveals the conformance of their underlying business models and, thus, the existence of a common category. With respect to economic performance, the crucial aspect to consider is whether the venture generates revenues in excess of expenditure ($R > E$), or whether funds by social investors are required ($F > 0$).

In the following sections, we analyze the four business-model classes revealed in Fig. 1 in more detail. By employing a standard business-model framework, we construct four generic business models, which we then use to discuss and compare the different real-life cases of each class.

Generic Social Business Models

We conduct the subsequent analyses within the prominent business-model framework developed by Osterwalder and Pigneur (2010a), which is based on the interaction of nine key components. The graphical arrangement of the components in a “business-model canvas” is a convenient didactical tool, which supports the understanding of the interaction of the key components and, thus, the logic of the value-creation process. The business-model canvas with a description of the nine components is depicted in Fig. 2.

Fig. 2: The Business-Model Canvas of Osterwalder and Pigneur (2010a)

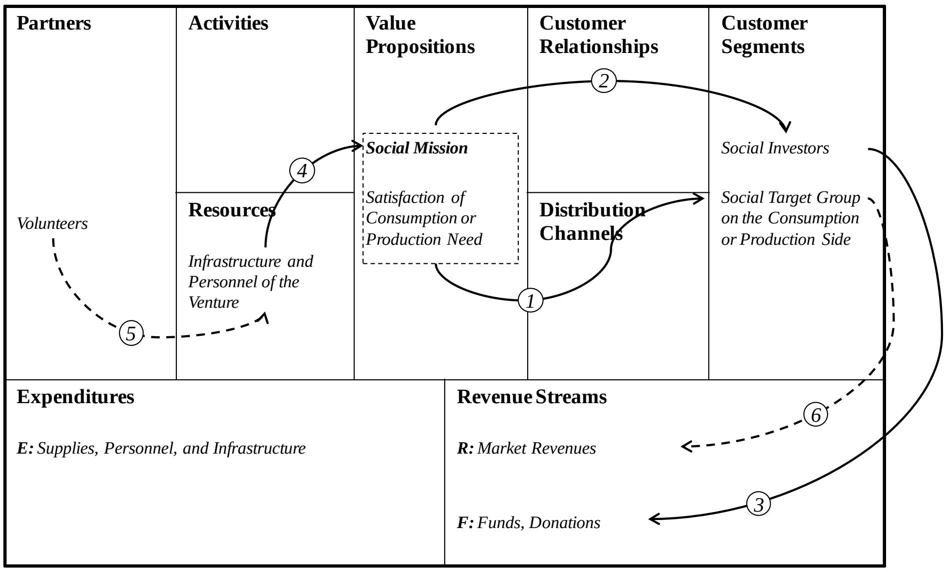
<table>
<tr>
<td rowspan="2">Partners
Who are the most important partners for value creation?
Which activities are provided?
Which resources are provided?</td>
<td>Activities
Which activities for value creation are required?</td>
<td rowspan="2">Value Propositions
What value is provided?
What problem is solved?
Which needs are satisfied?
Which goods or services are offered?</td>
<td>Customer Relationships
What is the relationship with each customer segment?</td>
<td rowspan="2">Customer Segments
For whom is value created?</td>
</tr>
<tr>
<td>Resources
Which resources for value creation are required?</td>
<td>Distribution Channels
Which are the main distribution channels?</td>
</tr>
<tr>
<td colspan="3">Expenditures
Which are the most important expenditures?
Which activities/resources create the highest expenditures?</td>
<td colspan="2">Revenue Streams
Which values are being paid for?
How are payments made?</td>
</tr>
</table>

As many case analyses in the literature have illustrated, the nine key components, briefly described in Fig. 2, suffice to formulate the business model's rationale of value creation. As we will see in our characterization of the generic social business models, though, not all nine components are necessary to characterize the nature of each model.

Model I: The One-Sided Social Mission

We begin with the class of business models located to the far left in Fig. 1. These are ventures featuring the lowest degree of monetization of social value creation. The generic business model, displayed in Fig. 3, is particularly characterized by a one-sided social mission. The numbered arrows illustrate specific relationships between business-model components, where the dashed arrows indicate supplementary relationships, which characterize extended variants of the basic model.

Fig. 3: The One-Sided Social Mission



The central value proposition consists of the social mission, which is typically oriented towards the satisfaction of a consumption need. Accordingly, the mission is aimed at a social target group (1), which is positioned on the consumption side, but which does not have the financial means to pay for the provided good or service.[2] In order to finance the social mission, the venture additionally addresses social investors (2) who offer funds and/or donations (3) to make the social mission available to the social target group. The

[2] A social target group on the production side is also conceivable. The mission would then be directed towards a production need, although the produced outcome itself has too little value to be distributed.

funds are used for the expenditures of the social mission such as supply, personnel, and infrastructure, which constitute required resources for the creation of value for the social mission (4). These resources are often, but not necessarily, augmented by volunteers (5).

A common textbook example is the traditional *soup kitchen*. The business model of a *soup kitchen* entails the social mission of food supply to recipients who do not have enough money to buy food. Being largely funded by companies or institutions and supported by volunteers, the social target group pays no or only a symbolic amount of money to receive a warm meal. Accordingly, this case is allocated to the far left in Fig. 1 and below the horizontal line, indicating the financing through social investments ($F > 0$).

In some cases, the social target group may be required to pay a low price, thus generating small market revenues (6), which can then be used to make the product or service available to a larger group of needy recipients (cf. Starke, 2012) or to reduce the required amount of funds from social investors. Although the generation of market revenues represents only a supplement to the core business model of a one-sided social mission, it also implies a higher degree of monetization of social value, which would then move the *soup kitchen* a bit towards the right, where we have positioned it in Fig. 1.

Within this first category of Model I, further examples of social enterprises can be found. The business model of *Arbeiterkind* (working-class child) by Ashoka Fellow Katja Urbatsch outlines a typical case: *Arbeiterkind* supports young people with non-academic family backgrounds to start a university career by offering them a mentoring network and information platform to overcome traditional barriers in attending the university. These barriers mainly comprise financial concerns, social networks, and a low regard for free German university education. With the support of 70 local groups, *Arbeiterkind* helps to create a positive identity for working-class children within the society. Resolving the lack of accessible, comprehensible information, the venture furthermore tries to fight social segregation within the German university education system. To achieve this aim, local groups and mentors work pro bono and donations as well as government aid are received.

The underlying business model of this social enterprise creates social value – a mentoring program for the social target group of working-class children – for the social mission of supporting young people with non-academic family backgrounds. Describing a consumption need of working-class children, the social mission is funded by several social investors, e.g., volunteers and government. Paying for the resource inputs, social investors make the social mission available and, thus, enable the one-sided creation of social value for the social target group. Within our framework, this venture is categorized as creating value for the social mission implying a low degree of social value monetization. As the social mission requires external funds ($F > 0$), the enterprise is positioned below the horizontal line and to the left of the *soup kitchen* due to the absence of market revenues.

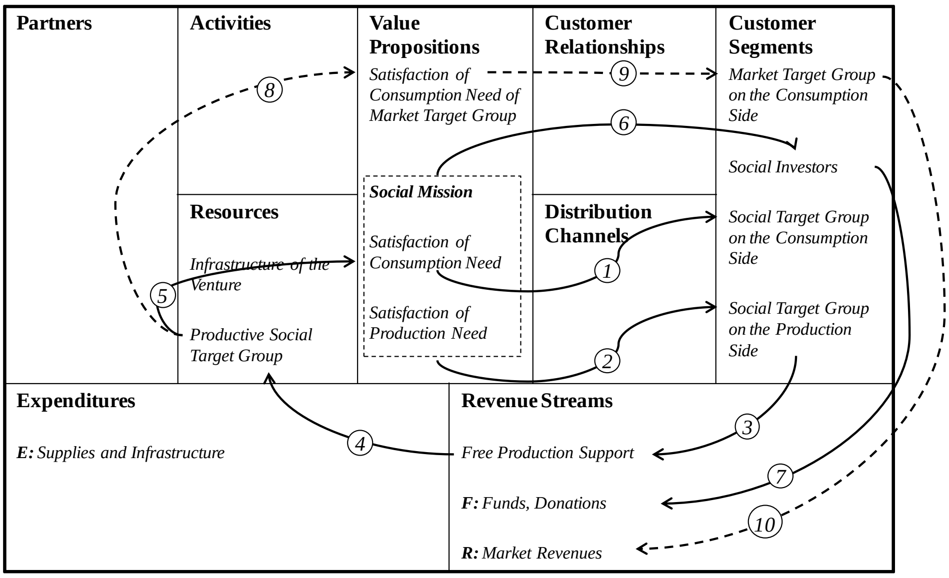
Our third example in this category is represented by *Aiducation International*. The social mission of *Aiducation International* involves scholarships for financially disadvantaged students in developing countries. The four year scholarships are funded by donors, called AiduMakers, who can choose the specific student they want to support. As individual AiduMakers are directly included in the election process of awarded students and receive yearly recipient progress reports, they become actively integrated into the business model, thus reducing their tendencies of donation dismissal. *Aiducation International* invests 90 percent of the donations in education, which implies that only a small amount of funds is used for personnel and infrastructure. The large percentage is achieved through the support of Aiducators, volunteers that work pro bono on several continents. In Fig. 1, *Aiducation International* has a stronger monetization approach of social value creation than the traditional *soup kitchen*, because it directly matches individuals among the group of social investors and the social target group. However, the social mission is still one-sided – financially disadvantaged students receive a scholarship funded by AiduMakers. The social mission, thus, requires funds ($F > 0$), placing the venture below the horizontal line in Fig. 1.

Model II: The Two-Sided Social Mission

Within our framework in Fig. 1, the second generic business model features a higher degree of monetization of social value creation. Social ventures in this category address two different social target groups, one on the consumption and one on the production side. Thus, required funds for this two-sided social mission are potentially reduced due to the free but valuable production support of the social target group on the production side. Similar to the first generic model, the value created by the venture is still entirely *for* the social mission. As the market-like matching of target groups through the social mission suggests a stronger monetization of social value creation in this class of business models, we allocate the corresponding cases further to the right in Fig. 1.

As shown in the business-model canvas in Fig. 4, the social mission typically implies the satisfaction, on the one hand, of a social target groups' consumption need, and, on the other hand, of a social target groups' production need. The mission is, therefore, aimed at two social target groups, which are positioned on the consumption (1) and the production side (2). Specifically, the social target group on the production side offers free production support (3) for the consuming social target group, which means that the group on the production side is used as a business model resource input (4), in order to satisfy the consumption need (5) of the social target group on the consumption side. Note that, in supporting the social mission, there is a crucial conceptual difference between the social target group on the production side in this two-sided business model (arrows 3 and 4 in Fig. 4) and the volunteers as partners in the one-side business model (arrow 5 in Fig. 3), because the social mission in the two-sided model explicitly creates value for the productive social target group. Our examples below demonstrate this difference quite clearly.

Fig. 4: The Two-Sided Social Mission



To make the social mission available to both social target groups, the social mission in Fig. 4 additionally addresses social investors (6) who contribute funds and/or donations (7). The funds are used for expenditures such as supply and infrastructure, whereas personnel as a specialty of this category are largely covered by the social target group on the production side. Due to the support of the social target group on the production side, the social target group on the consumption side mostly receives the social mission for free.

For some social ventures, the free production support can be marketed, if it is qualitatively good enough to additionally satisfy a consumption need (8) of a market target group (9), in which case market revenues are generated (10) that further support the social mission by exemplarily reducing the required amount of funds from social investors. Nevertheless, market revenues represent only a supplement to the core business model of a two-sided social mission aimed at two social target groups funded by social investors.

For this business model structure one can find different examples. Our first case is given by Ashoka Fellow Raul Krauthausen and his social enterprise *Wheelmap*, which represents the first crowd-sourced online map of wheelchair-accessible and inaccessible places around the world, thus supporting the inclusion and awareness of urban wheelchair users. Based on an OpenStreetMap mapping platform, users can easily tag public places as accessible, inaccessible, or partly accessible by wheelchair. Furthermore, a blog and other features allow additional information sharing and community organization. The information provided on the website is free and easily searchable, can be adapted to individual needs and shared with others. As a consequence, the mobilization and integration of disabled persons into everyday life increases. Putting the wheelchair-accessibility problem and the respective solution in the hand of everyone, *wheelmap* created a new, effective, and also mobile self-help tool which also provides employer information about government funds for improving wheelchair accessibility. To create the data platform free and open, users and volunteers work pro bono. *Wheelmap* generates additional (market) income from alliances with wheelchair manufacturers, city authorities and event managers offering them a white label version of the platform to create branded maps. In addition, donations, awards and incentives represent further income streams.

The basic structure of *wheelmap's* business model builds on bridging two different target groups, namely urban wheelchair users as the social target group on the consumption side and topic-interested internet users as the social target group on the production side. The topic-interested internet users, most of which are identical or closely associated with wheelchair users, deliver free production support to contribute to the social mission of a free mapping platform. To finance the social mission, market revenues such as alliance incomes are generated by satisfying the consumption need of a further market target group. These revenue streams are used to reduce required donations from social investors. In our setting in Fig. 1, *wheelmap* demonstrates a higher degree of monetizing social value creation than the previously introduced case studies as it bridges two different target groups, which moves this example farther to the right. Due to the free production support of topic-interested internet users, required funds are largely reduced compared to the first class of business models with a one-sided social mission but still below the horizontal line ($F > 0$).

A further example in this category, but quite different in content, is Ashoka Fellow Anja Kersten with her social enterprise *Was hab' ich?* (What do I have?). This is an online translation service for diagnostic findings, where doctors in spe (i.e., medical students) translate medical reports for patients into an easy to understand language. On the one side, patients are enabled to understand their diagnosis, to meet doctors at eye-level, and to overcome their anxiety and insecurity. On the other side, advanced medical students are trained and sensitized for understandable, transparent and clear communication within the doctor-patient relationship. Furthermore, involved translators have access to an internal social and supervision network fostering an exchange among students and doctors, knowledge management, learning opportunities, and quality control. *Was hab' ich?* also includes important stakeholders and builds up partnerships with foundations, associations, and health insurances. The online translation service is primarily financed by voluntary patient donations and partly by other donations and partner contributions.

Was hab' ich? connects patients, the social target group on the consumption side, and medical students, the social target group on the production side, by providing them an online interaction platform for the translation of medical patient reports and training of future doctors. Hence, social value is created on both sides of the table. This example clearly demonstrates that the translators are explicitly a target group of the social mission, and not merely volunteers supporting it as partners.

In contrast to *wheelmap*, the social target group on the consumption side can donate money for the translation service, which is done by one third of all patients, thus increasing the degree of monetization of social value creation. Further revenue streams are generated by partner contributions leading to a reduced amount of required funds compared to *wheelmap*. As a result, *Was hab' ich?* is positioned towards the right and closer to the horizontal line in Fig. 1.

Our last case study in this category is given by Ashoka Fellow Gregor Hackmack. The business model of *abgeordnetenwatch* (parliament watch) places great emphasis on bridging members of parliament, the social target group on the production side, and individual citizens, the social target group on the consumption side: *abgeordnetenwatch* is an online platform enabling direct public dialogue between citizens and elected members of parliament. Based on the fundament of transparency, the platform offers citizens easy access to political information, holds politicians accountable to the public, and tracks politicians' actions over time by recording speeches or contributions in debates and listing their voting record in parliament. Users can easily visit profiles of delegates with detailed political information. Based on a strict code of ethics, users can additionally post questions enabling a new form of democratic participation. Answers to individual user questions are published and also viewable by other users. Providing a searchable database of past political actions, *abgeordnetenwatch* overcomes the gap between elected representatives and individual citizens. To ensure neutrality, *abgeordnetenwatch* does not accept institutional public funding. The online platform takes micro-fees for premium profiles of delegates, micro-donations, and franchise fees. A small amount of money is earned by users gaining access to extended search and newsletter functions. Lastly, *abgeordnetenwatch* offers paid premium functions, e.g., access to archives, daily digest and hits by topic, to different interest groups such as media partners and citizens organizations.

Concerning our business-model framework in Fig. 1, *abgeordnetenwatch* obtains a higher degree of monetizing social value creation than the previously introduced case studies. As most of the parliament members pay for the service of *abgeordnetenwatch* and also some of the regular platform users, the monetization of social value creation in this two-sided constellation rises respectively. Besides, market revenues reduce and almost replace required funds for the social mission. As a consequence, *abgeordnetenwatch* features the highest degree of monetization of our examples for this category. Moreover, it is more oriented towards market revenues than the previous two cases. Accordingly, it is positioned closest to the horizontal line.

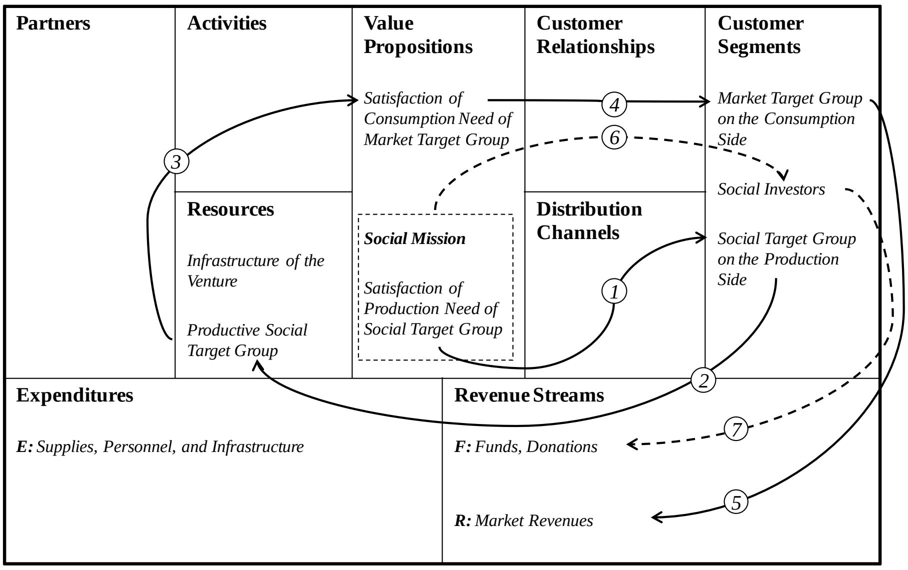
Model III: The Market-Oriented Social Mission

The third generic business model features a social target group only on the production side, which, although a recipient of social value creation, does not provide its support free of charge, but becomes a paid resource in the production of new value propositions. On the consumption side there is no social target group. Instead, the venture focuses on the consumption needs of a market target group. Hence, required funds are more and more replaced by market revenues, thus increasing the monetization of social value creation.

Rather than having value creation *for* the social mission as displayed in the first two generic business models, value is now created *with* the social mission. Fig. 5 visualizes the generic structure behind the third business model with a market-oriented social mission.

The central value proposition contains a social mission, which is oriented towards the satisfaction of a production need and aimed at a social target group positioned on the production side (1). As a production resource (2), the productive social target group satisfies a consumption need (3) of a market target group on the consumption side (4), thus generating market revenues (5). Market revenues are expended for supply, infrastructure, and now also personnel, which constitute required resources for the creation of value with the social mission.

Fig. 5: The Market-Oriented Social Mission



A well-known example for this category is given by England's star cook Jamie Oliver and his social enterprise *Fifteen*, which consists of several top class restaurants giving disadvantaged young people – homeless and unemployed, overcoming drug or alcohol problems – the chance to gain professional training and to start a career in the restaurant industry. Due to the reputation of Jamie Oliver as the inspirational founder and trustee of *Fifteen*, one can conceive that the restaurants generate high market revenues and profits, which, in turn, are used to fund the educational program. An analogous business model is implemented by *Querstadtein*, a German social enterprise arranging city tours with homeless people. Instead of relying mainly on funds, *Querstadtein* markets an innovative and competitive product involving homeless people as a productive resource, thus offering tourists and residents of cities new perspectives and insights. As a consequence, revenues are generated on the market replacing funds ($R > E$).

If the social target group is too expensive as a resource or its productivity too low, then the generated market revenues may not be sufficient to meet expenditures. In this case, the social mission must further attract social investors (6), who support the mission with their funds (7). A classical example is given by the *Christmas cards* designed by handicapped people or disadvantaged children. The business model includes the social mission of satisfying a production need, the *Christmas card* design, of the social target group. Market revenues are then generated by the sale of the *Christmas cards* to a market target group on the consumption side. Here, the market target group often must be willing to pay a higher price than for commercial *Christmas cards*, thereby acting as a social investor. Consequently, not only market revenues but also funds are generated ($F > 0$).

Very similar in its business model structure is *Dialogue Social Enterprise* founded by Ashoka Fellow Andreas Heinecke. This venture represents an exchange platform creating interaction as well as building respect and understanding for marginalized people regardless of whether they are disabled or otherwise impaired. By redefining "disability" as "ability," *Dialogue Social Enterprise* overcomes traditional barriers and breaks down prejudices. The first and most widespread platform *Dialogue in the Dark* focuses on the interaction between blind and not-blind people. In national and international exhibitions the disabled act as guides for the non-disabled, thus bridging the gaps between both groups. By managing the platform and teaching visitors, blind people acquire leadership, communication, and management skills. Furthermore, they train school classes, companies, and human-resource departments or executive teams in special seminars. *Dialogue in the Dark* is financed by exhibition entrance and seminar fees as well as license payment and consulting fees for exhibitions worldwide.

In our setting in Fig. 1, all four discussed cases are positioned as business models for creating value *with* the social mission, and they feature the same degree of monetizing social value creation, because the social target group in all cases is on the production side producing value propositions that can be marketed. The only difference we see is the amount of generated market revenues. *Fifteen*, *Dialogue Social Enterprise,* and *Querstadtein* are clearly positioned above the horizontal line with $R > E$. As the comparison of cases shows, the more products and services are diversified and the larger target customer groups are, the more profitable the venture can be created. *Christmas*

Cards with the same concept of value creation is typically found below the horizontal line, with $F > 0$. The case-study comparison seems to suggest, however, that this could possibly be remedied with a more marketable product or concept of value creation.

Alternatively, one could consider raising the productivity of the target group and, hence, the degree of monetization as the market-oriented value proposition becomes more marketable. Within the same business-model category, but with a higher degree of monetization, we observe two further case studies. The first is *auticon*, which exclusively employs autistic people as consultants in the IT sector, utilizing the logic-analytical strengths of autistic people in the fields of software testing and quality assurance. As this target group has traditionally been largely excluded from the high-profile labor market, *auticon* uses the special capabilities of their employees as a unique value-increasing asset within a new environment. The specialty of autistic employees enables them to fulfill the specific IT job requirements even better than non-autistic employees. The second example is the social enterprise *discovering hands* of Ashoka Fellow Frank Hoffmann. *Discovering hands* created a new low-cost breast examination method by training blind people as skilled diagnosticians to become Medical Tactile Examiners (MTEs) for detecting breast cancer. The differently-abled constituency of blind people, the superior sensitive touch, represents a valuable asset and unique capacity in the field of preventive breast-cancer diagnosis. Compared to the non-standardized breast-cancer examination conducted by doctors, MTE's possess a higher precision rate and detect breast cancer earlier than the average doctor, which enables earlier diagnosis and more efficient treatment by doctors. Opening the medical field with a new profession for blind people, *discovering hands* established an improved and more cost-effective early breast-cancer diagnosis. Moreover, patients get innovative and more reliable examinations and become aware of blind peoples' valuable abilities. The program offered by *discovering hands* is paid through the cost covering system of several insurance companies. Doctors employing a MTE pay a license fee to *discovering hands.*

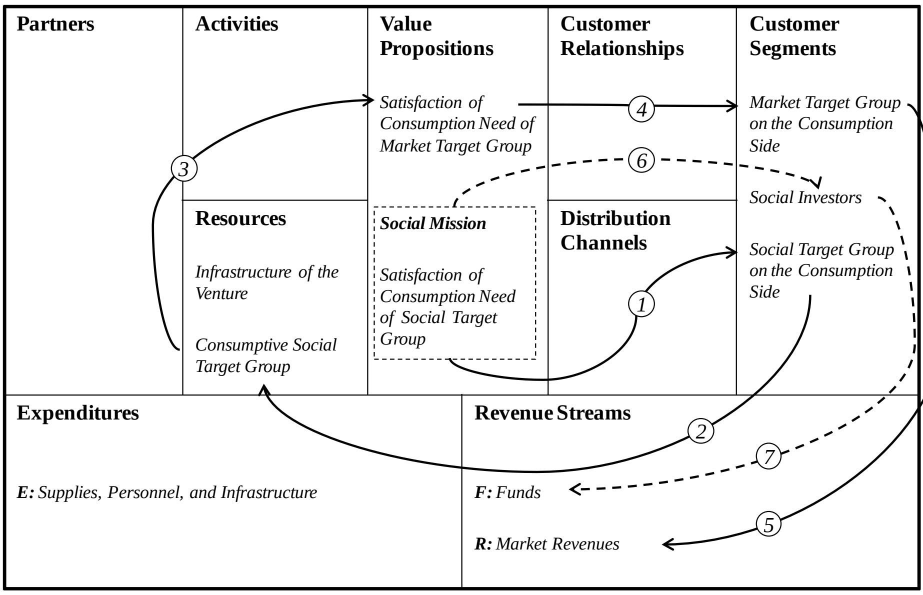
Within our business model framework in Fig. 1, both case studies, *auticon* and *discovering hands*, imply a higher degree of monetizing social value creation, because they use the specialty of the social target group on the production side to create highly competitive and demanded products or services for market target groups. Moreover, products and services are not primarily aimed at creating understanding and respect, but to establish innovative and effective problem solutions. The consumption need is satisfied by the social target group in an improved and more cost-effective manner. As a consequence, the case studies of *auticon* and *discovering hands* are positioned to the right of *Fifteen, Dialogue in the Dark, Querstadtein,* and *Christmas cards* and both above the horizontal line *(R > E)*. In some cases, social investors exemplarily fund the education of social target groups, especially before the social enterprise is established on the market. In the long run, generated revenues on the market are largely used to fund the educational program of the social mission, and social investments are more the exception within this generic business model. Finally, the financial outcome is greatly influenced by the enterprise's degree of specialization and product diversification moving the examples up or down in their vertical market-performance position in Fig. 1.

Model IV: The Commercially Utilized Social Mission

We conclude our business model categorization with the fourth generic class located to the far right in Fig. 1. Featuring ventures with the highest degree of monetization of social value creation, this category is mainly characterized by a commercially utilized social mission. In particular, a social target group on the consumption side is attracted by the social mission, and, as a select group, it is then used as a resource input to satisfy specific consumption needs of a different market target group. As a consequence, market revenues are generated and largely reduce or replace funds for the social mission. In contrast to the previous generic models, donations are not intended within this business model. Analogous to the third business-model category, value creation occurs predominantly *with* the social mission. Fig. 6 illustrates the generic structure of this business model with a commercially utilized social mission.

The central value proposition comprises a social mission, which is directed towards the satisfaction of a consumption need. The mission is thereby aimed at a social target group positioned on the consumption side (1). Rather than having to pay for consumption, the target group itself is used as a resource (2) to satisfy a consumption need (3) of a market target group on the consumption side (4), with which market revenues (5) are generated. Market revenues are expended for supply, personnel, and, in particular the infrastructure of the social mission. As a supplement, the social mission may address social investors (6), who contribute funds (7) to make the social mission available to the consumptive social target group. Note the almost identical structures of the generic models III and IV. The only difference is that in model IV a consumptive social target group is used as a resource for further value creation, while in model III the social target group is on the production side of the social mission. The higher degree of monetization stems from the fact that the utilization of a target group on the consumption side is often easier to scale upward than the employment of a productive target group, simply because the satisfaction of a (social) consumption need is easier to expand than the satisfaction of a production need.

Fig. 6: The Commercially Utilized Social Mission



In Fig. 1, we find three different enterprises within this business-model category. The first is the social enterprise *co2online* by Ashoka Fellow Johannes Hengstenberg, which is an online platform providing free online tools that enable customers to track their energy consumption and, thus, help them to reduce energy consumption, CO2-emissions, and costs. The hands-on system includes a program that analyzes consumers' energy bills by offering a personal comparison to national average energy consumption. Furthermore, it identifies saving potentials in terms of money and CO2-emissions. The established tools also calculate the economic benefit of sustainable products, trying to emphasize energy saving as a crucial factor in consumer product choices. Moreover, *co2online* supports direct communication between consumers to improve information about consumers' demand for higher-efficiency products and manufacturers' latest energy-saving technologies. The efforts for energy handling reforms are complemented by a special government service which provides institutions with a "HomeResourcesAccount" and an energy monitoring device. *Co2online* receives several major government grants for energy-saving campaigns, service payments, and consulting fees. In addition, they take rents for the "HomeResourcesAccount" from institutions and online users. Moreover, commercial companies can buy their expert knowledge based on user data concerning statistics of energy-saving tools, questionnaires, trends, and user preferences.

The underlying business model of *co2online* comprises different business concepts targeting different customer segments and, thus, funding approaches. Based on the core concept, the social enterprise earns money by employing users – the social target group on the consumption side that uses the service of *co2online* free of charge – as a resource input. Information and statistics from user contacts with *co2online* are marketed to companies. As a consequence, the degree of monetizing social value creation is very high because the social mission – offering users free of charge information and consultancy service about energy-saving technologies – is commercially utilized to earn money. Nevertheless, this specific business approach is followed in a rather rudimental way as market revenues are generated at only a moderate level. The work of *co2online* is largely supported by the German government (70% of its yearly budget is publicly funded). As a consequence, the need for generating market revenues is low. Within our framework in Fig. 1, the venture is positioned as creating value *with* the social mission but nevertheless receiving high social investments ($F > 0$), placing it below the horizontal line. However, with its strong focus on energy-saving technologies and high efficiency products, *co2online's* concept of selling user data could presumably generate higher market revenues, if governmental funding were reduced, thus moving *co2online* further upward in Fig. 1.

Following the logic of value creation with this generic business model, we find that the internationally operating social network *facebook* also belongs to this category. We argue that *facebook* as an enterprise earns money by utilizing the social mission of a free social network. By activating systematic and fundamental change, *facebook* improves not only the modern way of communication but also the integration and participation within communities. Considering the creation of social value, *facebook* works as a change agent within society reforming the traditional way of communication. Especially incidents such as The Arab Spring demonstrate the social importance of this communication platform and its social mission. Enabling fast and easy communication among network users, civil resistance in the form of demonstrations, strikes, matches, and protests could be organized. In addition, information to raise the awareness outside the Arab world could be sent unfiltered despite state interference and internet censorship. Concerning *facebook's* business model, users as the social target group are allowed to use the social network for free and to create personalized profiles. Simultaneously, *facebook* applies its users as a resource input to satisfy the consumption need, viz. personalized advertising, of commercial companies as their market target group. Due to the enormous global importance of the social network within our society, companies buy personalized advertisements, create own company or brand profiles, and try to push their online popularity on *facebook*. As a consequence, *facebook* generates enormous market revenues. Furthermore, different applications and online games are designed for *facebook* and pay a license fee to the social network. Within our framework in Fig. 1, *facebook* has the highest degree of monetizing social value creation, utilizing its social mission commercially to earn high market revenues in excess of expenditures ($R > E$).

Similar to *facebook*, we consider *google* as another social enterprise obtaining an identical degree of monetization of social value creation. More specifically, *google's* social mission is a free of charge online search machine. Making information globally accessible and creating further free of charge online tools such as *google* maps or *google* scholar, the social enterprise created systematic fundamental change and achieved sustainable improvements. For example, *google* maps is not only free of charge but also extremely effective in terms of support during natural catastrophes, in which the tool is freely used to find family members after earth quakes or to mark main access and support points during flood disasters. Working as reformers and change agents within the technological progress of our society, the user access to *google's* products is basically free of charge. Here again, users represent the social target group and are additionally applied as a resource input for advertising companies as the market target group. Thus, an enormous amount of revenues is generated with the social mission making the venture highly profitable.

The high profitability of the example cases *facebook* and *google* at the high right end of the spectrum within our business-model framework is mainly caused by these companies' strategic business development. In the early stage of both ventures, value creation was established with the social mission of free access to communities and information, respectively, generating low or rather no market revenues. As their user base grew tremendously and became individually identifiable and scalable as a resource, the focus of their business model shifted from only addressing the social target group on the consumption side to targeting a very profitable market target group. In other words, social value creation was monetized by using the elementary social mission to create further commercially oriented value propositions. The commercial value was very successfully marketed and generated high revenues, which, in turn, were then used to diversify their product portfolio and to enter new and also non-social markets. In contrast, other social enterprises – such as the Ashoka projects *Dialogue in the Dark* or *co2online* – use the monetization of social value creation to make their social mission available to a larger social target group or to expand to topic-related social markets in other countries.

The extreme cases of *facebook* and *google* highlight how far the monetization of social value creation can be pushed in order to finance and expand the social mission and, in addition, to implement further for-profit elements within their ventures. For the conducted analysis, social ventures are allocated along a continuum ranging from purely social to purely economical (cf. Austin et al., 2006); social and financial returns on investments can be simultaneously pursued (cf. Peredo and McLean, 2006). Even at the extreme end of the spectrum, both social and economic elements can still be found. Yet, at the high end of monetization, the question inevitably arises whether or not the social entrepreneur drifts too far away from the underlying social mission and social welfare objectives (cf. Hockerts, 2006), turning the social enterprise into a primarily commercial venture, even though the underlying social mission may remain largely unaffected. As Ashoka has very restrictive selection criteria in terms of idea, creativity, entrepreneurial quality, social impact, and ethical standards (cf. Ashoka, 2013), their projects represent ideal examples of social venturing and change making. However, the contrast with the extreme non-Ashoka cases illustrates that the boundaries of what are commonly understood and widely accepted as social ventures, to a large extent, are drawn by individual orientation rather than a generally accepted definition.

Strategic Implications of the Business Model Approach

Our conceptual framework of monetizing social value creation as well as the empirical analysis of different Ahsoka and other well-known case studies reveal that different types of social business models generate qualitatively different sources of income streams. The income streams thereby range from funds and donations over mixed forms of financing social enterprises to pure market revenues. The previous sections identified four generic business model categories showing a positive correlation between the monetization of social value creation and the generation of market revenues. If financing a social venture is evaluated from a strategic perspective, the social entrepreneur is able to increase the enterprise's market revenues and, thus, reduce or replace required funds by raising the degree of monetizing social value creation. As our case studies highlighted, this can be exemplarily done by creating new value propositions to further social or even market target groups or by using social target groups as resource inputs for new market-oriented value propositions. This transformation in the structure of revenue streams raises the potential for the venture's profitability. Nevertheless, we assess that the overall outcome effect depends, first, on the nature of the social mission, and, second, on the composition of customer segments. It is important to note that our framework focuses on comparing the monetization approaches of social value creation by social enterprises and not the social value creation itself. We believe that the social enterprises used as case studies in this paper differ strongly in their social missions and outputs, which makes it impossible to compare them according to their economic, social, and environmental benefits.

Beside the four identified business-model categories, we believe that further hybrid forms of social business models exist. Accordingly, some social enterprises obtain very complex business models with different financing forms and sources. For example, *co2online* uses their social mission and respective expert knowledge to address diverse customer segments. In fact, the government and its institutions are both a social investor as well as a market target group.

In addition, we find that relatively simple changes in the business model structure of a social enterprise can have a significant impact on the monetization of social value creation and the venture's financial output. If our framework is understood as a strategy map for social business models, a social entrepreneur can readily design the social enterprise's business model according to the individual needs and wants of the underlying social mission. Moreover, the entrepreneur can change the existing structure and, thus, increase the monetization of social value creation and financial output. For example, *Aiducation International* with its one-sided social mission could increase the monetization of social value creation by creating further value for their AiduMakers and, thus, change to a business model with a two-sided social mission. Similarly, the traditional *soup kitchen* could search a market target group, for example, a media partner with a consumption need for real-life documentaries. As a consequence, the satisfaction of a market target group's consumption need would push the business model from a one-sided social mission with a low degree of monetization of social value creation to a commercially utilized social mission with a high degree of monetization. The new market target group would then yield market revenues, which, in turn, replace required funds. Consequently, the potential for the *soup kitchen's* profitability rises respectively. Representing a change within the business-model structure at its extreme, this example clearly illustrates the huge leverage effect of a social enterprise's underlying business-model structure.

Conclusion and Implications for Research, Teaching, and Policy

As social capital markets demand higher levels of transparency and accountability and, thus, the importance of vehicles for financing social enterprises rises constantly, there is much to learn about social financing sources and mechanisms. The major research contribution of our paper is a general framework for analyzing the monetization of social value creation based on the underlying business models of social enterprises. In particular, we illustrate how the creation of social value can be monetized by shifting the financing strategy from revenues *for* the social mission to revenues *with* the social mission. Accordingly, the nature of the social enterprise's earnings changes from social investments to market revenues, which implies an increased potential for profitability of the venture. Our framework demonstrates that different types of social business models generate qualitatively different sources of revenue streams, which intuitively reveals a positive correlation between the monetization of social value creation and the generation of market revenues. As a consequence, the design of a social enterprise's business model becomes crucial in terms of financing strategies. In addition, we find that changes in the business model of a social enterprise can push both the monetization of social value creation and revenues in excess of expenditures.

Our business model approach entails significant practical implications. The general framework, together with the gallery of real-life cases, can be used by social entrepreneurs as a strategy map to find the right type of business model for their venture, i.e., an appropriate business model for the underlying social mission with a sustainable financial structure. By illustrating that simple changes in the business-model structure have a significant impact on the monetization of value creation and the financial output of a social enterprise, we show that the social entrepreneur is able to adjust the business model according to the needs of changing environments. For example, if a major social investor rejects funds or donations and, thus, endangers the venture's social mission for a social target group on the consumption side, the social entrepreneur is now able to identify the respective steps to make the mission further available to the recipients. Hence, the social entrepreneur could create a two-sided social mission by satisfying a production need of a social target group on the production side, reducing the venture's expenditures for personnel. By ordering social business-model categories according to their degree of monetization, we also open up new perspectives for policy-makers. With the help of our framework, social enterprise funding policies can be fine-tuned, as financiers are better able to judge the monetization of social value creation and thereby estimate the financial outcomes of social enterprises.

In addition to the examined case studies in this paper, future research should focus on analyzing further social enterprises to prove whether supplemental social business-model categories can be found. The conceptual framework behind our business-model approach may also be extended to further research fields concentrating on monetization approaches and financing sources and mechanisms, respectively. Social entrepreneurship finance is a fairly new frontier as a field of research with numerous ambiguous, unexplored aspects. Generally, social entrepreneurs and their missions enjoy increased importance in society as stakeholders pursue suitable solutions to social problems of our time. Hence, the business models of their ventures increase in significance, especially as hybrid forms and partnerships with commercial enterprises attract attention. For social entrepreneurs, the business model and its special characteristics are related to the nature and configuration of the venture's underlying social mission. Ultimately, the social purpose does not alter the basic logic of a social enterprise's business modeling and planning.

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