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**Social Entrepreneurship in
Underdeveloped Institutional Environments:
Insights from West Africa**

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ABSTRACT

The thesis includes three individual research papers that, though based on different streams of research, in aggregate terms explore the important ways through which social enterprises can sustain their hybrid nature. Informed by the literature, the thesis starts with the first paper by zooming in on the organisation to focus on one of the greatest challenges faced by social enterprises: tensions between dual missions, in other to understand how social entrepreneurs can balance social and economic missions in their pursuit of growth without sacrificing either one. Using a multiple-case study approach, the study (first paper) looks in depth at the nature of social-business tensions in micro and small social enterprises in challenging environments such as those found in developing countries and the strategies that are adopted to manage those tensions. The setting is six social enterprises operating in two West African countries (i.e., Ghana and Ivory Coast). Through our multiple-case analysis, we provide insight into the areas that micro and small SEs experience tensions in and the strategies that are adopted to manage these tensions. The second paper, through an inductive research design, and examined through the lens of institutional theory, investigates the critical institutional constraints that social entrepreneurs face in the specific context of Ghana and Ivory Coast. Whilst the second paper serves as a bridge to the third paper and investigates the institutional constraints (notably institutional voids) posed to these social ventures, the third paper builds on and complements the second paper by investigating how social entrepreneurs in Ghana and Ivory Coast are developing unique strategies to cope with formal market institutional voids. Through a multiple case study of six social enterprises, this paper theorizes a model, herein referred to as the Creative action-Connection-Capability-building and education model (3C model) that depicts the three key aggregate strategies that social entrepreneurs rely on in order to achieve their aims while overcoming institutional voids.

Overall, the thesis contributes to the literature on social entrepreneurship, dual mission management, institutional settings, and the interplay between social entrepreneurship and institutional settings. At the same time, it aims to contribute to and further the research agenda on social entrepreneurship in West Africa and Africa at large.

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INTRODUCTION

In recent times, there have been widespread calls for reforms in our economic system as necessary to achieve sustainability (Rauter, Jonker & Baumgartner 2015; Schaltegger, Lüdeke-Freund, & Hansen, 2016). The underlying argument has been that traditional business models in the realm of business and commerce limit firms' capability to deliver the social and environmental sustainability (Siegner, Pinkse, & Panwar, 2018, p.20) that our planet is currently in dire need of. Consequently, social entrepreneurship (SEship) has been touted as a promising and viable business model for achieving social and environmental sustainability (Nicholls, 2008). Since its emergence and subsequent development, social entrepreneurship has increasingly been regarded as the effective remedy to the numerous social/environmental problems that bedevil most societies especially in less developed nations. This is because they (SEs) arguably offer a promising sustainable alternative to traditional business for creating both economic and social/environmental value (Nicholls, 2008). Acknowledgement of its significance in addressing the complex social ills of society has been manifested in the growing interest in social enterprises in the past two and half decades in public, private, and academic circles. Academically, recognition of the importance of and interest in social entrepreneurship is evidenced by the increasing rate at which research in social entrepreneurial ventures is gaining relevance as a field of study in business and management schools (Short, Moss, & Lumpkin, 2009; Westall, 2007). However, due to their peculiar nature (hybridity), it is imperative for us to have a better understanding of the conditions under which they can successfully sustain their hybridity over time and create both social and economic value. Yet, we lack comprehensive understanding of the challenges that these organisations face in their effort to deliver sustainability goals. While scholarly interest in social enterprise has progressed from the early focus on definitions to cover a variety of themes such as players in social entrepreneurship, antecedents of social entrepreneurship (e.g. Hockerts, 2015; Zahra, Rawhouser, Bhawe, Neubaum, & Hayton 2009), constraints and barriers social entrepreneurs encounter (e.g. Hynes, 2009; White, 2018), contexts (e.g. Ebrashi & Darrag, 2017; Gupta, Beninger, & Ganesh, 2015; Littlewood & Holt, 2018), etc there is currently a dearth of research into micro, small, and medium social enterprises (MSMSEs) (Ebrahim et al., 2014; Ostrower & Stone, 2006) whilst African organisations have largely remained a missing link (Doherty, Haugh, & Lyon, 2014). While SE has received increasing attention by researchers in Africa in the last decade, it's still in an embryonic stage and fragmented as an academic field.

Using a qualitative research design, this thesis explores social entrepreneurship in Ghana and Ivory Coast by focusing on two increasingly critical challenges that pose a danger to the success and sustainability of these ventures: tensions between economic and social/environmental goals and institutional voids, and how those challenges are being addressed. This is imperative because if social enterprises in Ghana and Ivory Coast, and Africa more generally are to grow and to achieve the levels of success and sustainability achieved by some of the most prominent social enterprises in developed countries there is a need for a better understanding of the challenges these ventures face and the strategies that they need to adopt in order to blend the dual missions successfully.

The first paper is entitled *"Nature and management of social-business tensions: A study of micro and small social enterprises in developing countries"*. Giving that one of the greatest challenges faced by social enterprises is balancing social and economic missions (Haigh and Hoffman, 2014), the focus of the paper is on understanding the nature and management of tensions within social enterprises. Specifically, the paper focuses on the investigation of the processes of dual mission management in small-scale social ventures. Through a multiple case study approach, the study aims to complement the important yet still emerging literature on how small-scale social entrepreneurial ventures can manage tensions. Despite scholars agree that how social entrepreneurs can balance their social and economic missions in the pursuit of growth without sacrificing either one remains a research phenomenon requiring attention (Dacin, Dacin, Tracey, 2010; Doherty, Haugh, and Lyon, 2014), much of previous research on dual mission management focuses on large-scale hybrid organisations (e.g. Andre and Pache, 2016; Battilana and Dorado, 2010; Pache and Santos , 2013). Past research, with the exception of Siebold, Gunzel & Muller (2018), has nonetheless revealed a lack of research on the processes of dual mission management in small social ventures. Whilst the small size and young age of small-scale social ventures can pose as a challenge to the implementation of the strategies (identified with large hybrid organisations) due to the lack of resources, influence and established structures and practices, it can also be an opportunity by allowing them the fluidity to adapt quickly to changing logics and circumstances (Siebold et al., 2018). Thus, it's important for us to understand how dual missions are managed in such less explored hybrid organisations. To contribute to this stream of research the paper sought to answer the research question:

How do small-scale SEs, especially new ventures, in developing world contexts manage dual missions?

To answer the research question, the author conducted a multiple-case study to look in depth at the nature of social-business tensions in micro and small social enterprises in challenging environments such as those found in developing countries and the strategies that are adopted to manage those tensions. The setting is six social enterprises operating in two West African countries (i.e., Ghana and Ivory Coast).

Based on the fact that external environmental factors can exacerbate the nature and degree of tensions and also affect the ways through which social enterprises can manage tensions, the second paper zooms out of the organisation to explore institutional voids (characteristic of the setting of this study) as a critical challenge to the sustainability of the social enterprise label. Thus, the second paper, entitled *"Daring to survive and/or grow: investigating the critical challenges of social entrepreneurship amid institutional voids"*, investigates the critical institutional constraints that social entrepreneurs face. Specifically, the paper aims to provide insight into the critical institutional constraints that social entrepreneurs face in underdeveloped institutional settings with the specific context of Ghana and Ivory Coast. Although previous studies have undoubtedly deepened our understanding of the nature and functioning of social enterprises, a key concern is that most mainstream studies have tended to focus on Western contexts (Doherty et al., 2014; Short et al., 2009). Consequently, much less is known about social entrepreneurship in general, and the nature of the challenges that social entrepreneurs face in particular in other contexts such as those found in developing countries such as Ghana and Ivory *Coast*. As a result, there have been widespread calls for research to be extended to non-Western countries and contexts (Doherty et al., 2014) in order to provide a broader insight and deepen our understanding of the institutionally- and socially-constructed nature of social enterprises. Khanna (2014) and Marquis & Raynard (2015) argue that developed market context-specific theories are not wholly applicable to emerging and developing market contexts. Consequently, this calls for more research in settings whose institutional and social setups vary significantly from those of more advanced countries. This paper seeks to fill this gap by exploring the institutional challenges that social entrepreneurs face in the specific context of Ghana and Ivory Coast. The paper does this through an inductive research design, examined through the lens of institutional theory.

The third paper which is entitled *"Institutional voids and social entrepreneurship: How are social entrepreneurs developing unique strategies to cope with institutional voids?"* builds on and complements the second paper by looking at the unique strategies that social entrepreneurs (mainly "survivors") are adopting to navigate institutional voids. Specifically, the paper examines how social entrepreneurs in Ghana and Ivory Coast are developing unique strategies to navigate formal market institutional voids. Whilst developing strategies to cope with institutions is important everywhere, it is more critical for the success of entrepreneurs in general and social entrepreneurs in particular operating in developing economies due to the underdeveloped institutional regimes that such entrepreneurs face. Yet, much of the research on institutional strategizing have largely focused on the developed world (Littlewood & Holt, 2018) and mainly large-scale organisations (Meyer, Estrin, Bhaumik, Sumon, & Peng, 2009). With the relative practicability of viewing institutional strategies as "one-size-fits-all" solutions cast in doubt (Peng, Sun, Pinkham, & Chen, 2009), this paper heeds the calls for increased research in developing new theories and testing existing ones on strategies that are suitable for the kind of institutional environments found in developing and emerging markets (Doherty, Haugh, & Lyon, 2014; Hiatt & Sine, 2014) in order to address the growing diversity in the present-day global market (Marquis & Raynard, 2015). As a research objective, we seek to answer the research question:

What unique strategies are social entrepreneurs identifying and adopting to cope with institutional voids in Ghana and Ivory Coast?

To do this, the paper draws upon a multiple-case study research to broaden our knowledge of the nature of organisations' strategic responses to institutional voids with an investigation of West African SEs.

Nature and Management of Social-Business Tensions: A Study of Micro and Small Social Enterprises in Developing Countries.

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Abstract

Given that social-business tensions are a key characteristic of social enterprises (SEs), effectively understanding these organisations depends largely, among other things, on knowledge of the nature and management of these tensions. Yet, although existing research has highlighted social-business tensions in social enterprises, we know little about how and when these tensions arise in social enterprises and how they are managed, especially micro/small (or early stage ventures). Using a multiple-case study approach, the study looks in depth at the nature of social-business tensions in micro and small social enterprises in challenging environments such as those found in developing countries and the strategies that are adopted to manage those tensions. The setting is six social enterprises operating in two West African countries (i.e., Ghana and Ivory Coast). Through our multiple-case analysis, we show that micro and small SEs experience tensions in the areas of *mission, acquisition of fundamental resources, legal form, allocation of resources and human resources management.* The study also reveals that owner-managers of micro and small SEs adopt various strategies to respond to social-business tensions. Social enterprises' strategic responses to tensions include *having a well-defined social mission* (for tensions related to *mission), image management (legal form-related tensions), leveraging resources from unrestricted sources* (tensions in the area of *acquisition of fundamental resources), social enterprise-oriented recruitment and training and incentive systems (human resources management-related tensions)* and *merit- and need-based resource allocation strategies* (for tensions associated with the *allocation of resources).* The study contributes to the growing interest in how hybrid organisations can remain committed to their social mission whilst sustaining effective operations.

Keywords: social entrepreneurship; dual goals; hybrid organisations; paradox theory; mission drift

1.0 Introduction

The social sector has increasingly been under pressure to provide the necessary solutions to the ever-increasing, large-scale, and pressing social and environmental problems of the world that profit-seeking firms and governments have either been unable or unwilling to cater for (Dees & Elias, 1998; Mintzberg & Guilhereme, 2012). Over the past three and half decades, however, the social sector has witnessed an increased rationalisation and marketisation (Hwang & Powell, 2009; Mair & Hehenbeger, 2014) due to issues related to changes in the profile of donor funding and governments' involvement in providing social needs. This has led to non-profit or charitable organisations, whose primary aim has hitherto been to achieve social goals, increasingly adopting practices typical of businesses through the use of market mechanisms (Frumkin, 2002; Tuckman & Chang, 2006). As a result, it has become imperative for operational charities to become more entrepreneurial (Emerson, 2006) by incorporating strict business principles (Pearce, 2003; Nicholls, 2006) into their operations in order to sustain their social missions. Similarly, nascent non-profit organisations or charities are taking a cue from already existing organisations by selecting a social enterprise label in pursuing their goals. However, achieving sustainable growth of both social and economic missions is a monumental challenge for SEs (Haigh & Hoffman, 2014). This is because, in pursuing both social and economic goals concurrently, social enterprises (SEs) are exposed to tensions and trade-offs between missions (Smith, Gonin & Besharov, 2013), which are not aligned and are sometimes contradictory (Battilana, Sengul, Pache & Model, 2015; Dees & Elias, 1998; Kannothra, Manning & Haigh, 2017).

Faced with such tensions SEs must adopt strategies to engage in commercial activities while pursuing their social mission in a way that will not lead to the sacrifice of their social goals – a situation that causes a drift away from the ventures' *raison d'être* (Ebrahim, Battilana & Mair, 2014; Santos, Pache, & Birkholz, 2015). As in organisations in general, managing such competing goals – social and financial – in SEs is becoming more prevalent and challenging, yet necessary for effective organisational growth (*Cameron, 1986*; Smith & Lewis, 2011; Smith, Lewis & Tushman, 2011). Consequently, in terms of organisational theory and governance, there is little debate among scholars that the question of how SEs effectively balance their social and economic missions for growth remains a research phenomenon requiring attention (Dacin, Dacin&d Matear, 2010). Therefore, a growing body of literature has been devoted to investigating social enterprises' balancing act of addressing the different

tensions and trade-offs that arise in the combination of social and financial goals without sacrificing either one (Doherty, Haugh, & Lyon, 2014; Smith *et al.,* 2013). Despite the merits of previous research, however, we still lack comprehensive understanding of how and when these tensions manifest in social enterprises and how they are managed, especially small (or new ventures) (Pache & Santos, 2013; Mason & Doherty, 2015; Wry & York, 2017). In this paper, we intend to contribute to this stream of research by answering the research question: *How do owner-managers of nascent micro and small social enterprises in developing countries manage social-business tensions?*

Social entrepreneurship is an emergent phenomenon in the setting of this study and as such, most SEs are yet to reach medium-sized operations (British Council, 2015). As a result, they do not only lack well-established structures and practices but also fundamental resources, and influence (common with large organisations) due to their smallness in size and younger age. These have implications for the management of dual goals because whilst the smallness of these social ventures means flexibility in adapting easily and quickly to changing logics and circumstances (Siebold, Gunzel & Muller, 2018), research has also revealed that scarce resources and financial constraints (which are characteristic of these ventures) can aggravate tensions and trade-offs between missions (Battilana and Dorado, 2010). In terms of operational setting, SEs in Ghana and Ivory Coast are exposed to stakeholder misunderstanding since the term is not well-known, institutional ambiguity (British Council, 2015; Yu, 2011; Zhao, 2012), and other socio-economic and cultural challenges (Goyal & Sergi, 2015; Yu, 2011). Consequently, SEs in the research setting operate in more challenging and less certain conditions due to their sizes (or ages) and operational setting compared to their counterparts in (primarily studied) western contexts. We therefore expect that strategies for balancing social-business tensions that prior researchers have identified in mainly large organisations and in more developed Western countries (where institutions are thought to be effective) will not easily transfer to micro and small SEs since such strategies can indeed be difficult to implement for small-scale SEs in settings similar to that of this study due to the afore-mentioned reasons. Yet, although all the above-mentioned distinguishing factors expose social enterprises in general and micro-small SEs in particular especially in developing countries to different challenges in terms of the nature and management of tensions, aside from a few notable exceptions (e.g. Battilana & Dorado, 2010; Dorado, 2013; Smith & Besharov, 2019; Yin, 2019), the literature on SEs in general, and tensions within SEs in particular is still largely western-based whilst the few developing-

country studies still overlook micro/small enterprises (Ebrahim et al., 2014; Ostrower & Stone, 2006) and Africa (see Doherty et al., 2014). This has been the case despite the burgeoning interest in how differences in the nature and setting of competing demands may trigger different management strategies (Pache & Santos, 2010). This study is in response to the call for more a) research in exploring the differences in competing demands, their environments, and the implications of these differences for managerial responses (Smith *et al.,* 2013) and b) empirical insight into understanding the management of social enterprises (Battilana and Lee, 2014; Mintzberg & Guilhereme, 2012) by exploring the nature and management of tensions in small-scale social ventures in challenging environments such as those found in Ghana and Ivory Coast.

In providing insight into the processes of dual mission management in micro/small SEs our study makes four important contributions. First, we provide insights into how entrepreneurs' value or goal orientations imprint on hybrid organising and serve as a basis for the management of social-business tensions. The imprinting literature (Lee & Battilana, 2013; Stinchcombe, 1965) has shown that individuals' previously attained values and personal identities affect hybrid structures. Smith, Knapp, Barr, Stevens, & Cannatelli (2010) in extending the imprinting literature have shown that the passion to make a difference (social service identity) is the dominant reason for most people (especially founders) self-selecting into social ventures. By virtue of the fact that our case SEs are managed by the founder or the founder's child, this means that the founder's or founder's child's initial attachment to either the social or economic mission is essential for dual-goal management. Our findings extend the work of Smith et al., (2010) and Wry & York (2017) by throwing light on how a strong initial attachment to the social mission can act as a foundation for the successful balancing of both social and economic missions over time.

Second, we provide greater understanding of the core processes of dual mission management in the absence of a specific legal designation, for SEs, that recognises any single legal entity that can simultaneously pursue social mission and commercial activities. Legal form is essential for hybrid organising and previous studies have highlighted a choice between adopting a for-profit or not-for-profit legal form (Battilana et al, 2012) and the creation of two distinct legal entities, a for-profit wing that undertakes commercial activities and a non-profit wing that pursues the social mission (Bromberger, 20110) as core strategies to cope with organising tensions. Our study contributes to this work by showing how SEs manage

this process (dual registration) through image management as far as organising tensions around questions of organisational legal form are concerned.

Third, we provide further understanding of the core processes of dual mission management in social ventures. Previous studies (Pache & Santos, 2013; Smith et al., 2013; Santos, Pache, & Birkholz, 2015) have identified the key strategies used to tackle the complexity of hybrid organising. Our study complements these works by revealing that besides mobilising resources (Bojica et al, 2018; Siebold et al., 2018; Tasavori, Kwong, & Prothi, 2018) and product offerings, human connections, and pluralistic collaborations (Siebold et al., 2018) social ventures use strategies such as a well-defined social mission, image management, merit- and need-based allocation of resources, and social enterprise specific recruitment and training and incentive systems to manage social-business tensions.

Finally, by providing a better understanding of the dynamics of the nature of tensions and how micro and small SEs simultaneously manage these social-business tensions effectively, we offer insights into how business ventures (especially small-scale ones) can effectively manage their social responsibility-related commitments. Additionally, it is expected that social entrepreneurs will become aware of the strategies needed to successfully balance their dual goals over time.

This paper proceeds as follows. First, we explain the nature of SEs by highlighting their distinctive characteristics. Second, we discuss the nature of organisational hybridity, some of the opportunities it offers, as well as the challenges it poses. This is followed by current debates on the management of social-business tensions within hybrid organisations. Third, we explain our methodology, followed by our results and discussion. We conclude with a summary of limitations and future research opportunities.

2.0 Theoretical background

2.1 Nature of Social Enterprises

The literature shows that there are as many definitions of *"social enterprise"* as there are many disciplines under the social sciences. There is lack of a consensus on what actually constitutes social entrepreneurship (e.g. Peredo & McLean, 2006; Perrini, 2006) resulting in a lack of unified definition (Short, Moss, & Lumpkin, 2009) due to the apparent lack of a

single legal structure or business term (Bull, 2008). Differences of what constitutes a SE generally differ between the US which emphasises revenue generation and exploitation of business opportunities and Europe which prioritises social value creation and participative management (Defourny & Nyssens, 2010; Kerlin, 2006), with the UK adopting a hybrid view. In spite of all the differences however, a careful look at the variety of definitions reveals that all emphasise the common view that SEs are hybrid organisations that occupy an intermediate position between conventional business and charity (e.g. Robinson, 2006; Sharri & Lerner, 2006). Based on the fact that there is some consensus in the literature about the synonymity between social enterprises and "hybrids" (e.g. Battilana & Lee, 2014; Ebrahim et al., 2014), the terms "social enterprise" and "hybrid" will be used interchangeably as used by other authors (e.g. Santos et al., 2015; Waddock & McIntosh, 2011) throughout this paper. "Hybrids" for the purpose of this study shall refer to organisations that pursue a social mission (social welfare logic) through commercial activities (market logic) by combining multiple organisational forms and identities (Battilana & Lee, 2014; Battilana, Besharov, & Mitzinneck, 2017). They are typically neither charities because they adopt earned-income strategies nor conventional entrepreneurial ventures because they prioritize social impact over economic gains (Siebold et al., 2018). The multiple organisational forms derive from the combination of aspects of the charity and business forms; multiple institutional logics from the social welfare and the business logics; and multiple identities from the identities associated with business and charity organisational forms (Battilana & Dorado, 2010; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011; Smith *et al.,* 2013). The integration of the three interrelated characteristics of SEs gives rise to the existence of multiple and sometimes contradictory demands that arise from the simultaneous pursuit of social and economic goals (Smith *et al.,* 2013).

2.2 Organisational Hybridity: Nature, Opportunities, and Challenges

Although founded by both social and economic missions, *"social mission"* is the primary goal of SEs. According Dees (1998), the primary purpose of a SE is to provide social value for the beneficiaries of its social mission. Social aims thus constitute the *raison d'être* of every SE (Ebrahim et al., 2014). It is this centrality of the social mission that distinguishes SEs from conventional businesses (Chell, 2007). As their primary aim, the overall impact of SEs depends on the achievement of their social mission. Whilst *'social mission'* on the one hand is the primary goal of SEs, *'commercial activities'* on the other hand is their primary revenue source. Social enterprises rely on commercial activities to provide the resources to

achieve social goals, sustain themselves, and scale their reach and social impact (Ebrahim *et al.*, 2014; Mair & Marti, 2006; Tracy, Phillips, & Jarvis, 2011). In their study of French Work Integrated Social Enterprises (WISEs), Battilana *et al.* (2015) argued that the ability of a WISE to achieve high levels of social performance is partly dependent on its economic performance. They further showed that an economically productive WISE can gain legitimacy toward external stakeholders such as customers and investors. Legitimacy improves the chances of support from such constituents for such organisations (Suchman, 1995). Another evidence of the importance of economic performance to social enterprises' social mission is the case of most hospitals in the US such as the Hospital Corporation of America and Partners Healthcare that rely heavily on their economic performance for survival (Ebrahim et al., 2014). Similarly, Tracy *el al* (2011) showed how financial failure led to the collapse of ASPIRE and non-sustainability of its social impact. They further found that out of the 800 non-profit organisations in the UK that supported homeless people at the time, around 80% used social enterprise to achieve their objectives. All the above-mentioned examples lend credence to the fact that commercial activities are a means to the social ends that social enterprises pursue (Dacin, *et al.,* 2010; Dacin, Dacin, & Tracey, 2011). However, although commercial activities are a means to social ends, an alternative view is that the relationship can be cyclical; social value creation can impact positively on economic performance (Wilson & Post, 2013) which in turn yields the financial resources to be invested in social projects to achieve the social mission (Dacin *et al.,* 2011) such that long-term success depends on achieving both. For example, there is evidence (Margolis & Walsh, 2003; Siebold et al., 2018) to suggest that in the long term, an organisation's social and economic performance reinforce each other. In view of this, SEs must be able to generate enough revenue to gain and maintain competitive advantage (Mason & Doherty, 2015) in order to sustain investment in social projects (Moizer & Tracey, 2010) for social value creation (Mair & Marti, 2006), since social missions and economic outcomes are both mutually beneficial and constitutive (Smith *et al.,* 2013).

The dual-mission nature of SEs means that they operate "at the intersection of social and commercial sectors" (Battilana et al., 2015: 1658). This hybrid position offers SEs a number of potential opportunities. First, balancing the tensions between dual missions can lead to novel innovations (e.g. Eisenhardt & Westcott, 1998; Smith & Lewis, 2011). For instance, Smith, Besharov, Wessels, & Chertok (2012) highlights how a simultaneous focus on performance, which is associated with pursuing commercial viability, and passion, which is

associated with the pursuance of social goals, can provide new and better solutions to existing and/or more challenging new organisational or societal problems. Second, a successful combination of multiple organisational forms, logics and identities can increase an organisation's legitimacy, which is vital for access to resources from external stakeholders such as customers and investors (Tracy et al., 2011), professionals (Dunn & Jones, 2010,) and the state (Kodeih & Greenwood, 2014). Although this intermediate position gives social enterprises flexibility to pursue both social and economic goals (Galaskiewicz & Barringer, 2012; Pache & Santos, 2013), it is not without consequences. By straddling business and charity, social enterprises combine multiple organisational forms, logics and identities (Battilana & Lee, 2014; Haveman & Rao, 2006; Pache & Santos, 2013) and are thus exposed to tensions and trade-off between missions. These tensions arise due to the challenges associated with social entrepreneurial organisations' efforts at meeting: a) the different internal and external stakeholder interests and/or expectations regarding financial performance and social and/or environmental impact (Ebrahim *et al.,* 2014; Santos *et al.,* 2015); b) the conflicting goals of social impact associated with long-term horizons and financial performance associated with short-term horizons (Smith *et al.,* 2013) and c) the different rules associated with the appropriate distribution of scarce resources between social and commercial missions. Depending on how well or otherwise social enterprises are able to manage their dual missions, they are exposed to the risk of prioritizing their customers over beneficiaries, a situation described as mission drift (Tasavori et al., 2018). Though not peculiar to social enterprises, studies show that the risk of mission drift is high for these ventures because their dependence on financially-generating commercial activities to sustain their operations exposes them to the potential risk of prioritising commercial activities – their source of revenue and survival which enables them to achieve their social goals – over their social mission – their *raison d'être*. This is in line with organisational theorists' prediction that organisations that serve multiple constituents tend to favour the demands of the group on which they depend for fundamental resources (Wry, Cobb, & Aldrich, 2013). Whilst overemphasising the economic goals potentially leads to the neglect of social outcomes as in the case of most commercial microfinance institutions in recent times (Mersland & Strom, 2010), too much focus on the social mission too can lead to financial failure and subsequent collapse of the SE as was the case with ASPIRE (Tracey *et al.,* 2011). The challenge therefore requires SEs to strike a balance between seeking financial self-sufficiency and driving forward their social agenda. This is important because their sustainability depends on both the advancement of their social mission and on their commercial performance

(Galaskiewicz & Barringer, 2012). Thus, even though both are core to social enterprises' sustainability, as we have already seen, simultaneously attending to both the social and financial sides might give rise to tensions (Tracy *et al.,* 2011) the management of which is critical for social enterprises survival (Dacin *et al.,* 2010).

2.3 Management of Social-business Tensions

Previous studies have revealed that tensions that arise from SEs pursuing social goals through the use of market mechanisms manifest in multiple forms (e.g. Smith & Lewis, 2011). Faced with these tensions, their management is vital for social enterprises' fate (Bradford et al., 2004; Dacin *et al.,* 2010; Quin, 1998) because their outcome can be beneficial or detrimental to social enterprises' success depending on how they are managed. Viewing and choosing paradoxical tensions as alternatives has been found to have the potential to expose SEs to mission drift or intractable and protracted conflict due to vicious cycles (Smith *et al.,* 2012; Sundaramurthy & Lewis, 2003). In contrast, a simultaneous approach to paradoxical tensions leads to novel innovations (e.g. Eisenhardt & Westcott, 1998; Smith & Lewis, 2011) leading to long-term sustainable organisational success (e.g. Cameron & Levine, 2006; Lewis, 2000; Smith *et al.,* 2011). Although these tensions can be difficult to manage, literature has shown that organisational leaders, more broadly, are capable of managing them effectively. A small, but growing body of research that investigates the nature of and organisational responses to tensions offers varied but often challenged approaches (Battilana & Dorado, 2010; Battilana et al., 2012; Pache & Santos, 2010). The extant literature on responses to hybridity revolves around two primary streams of research. The first stream of research focuses on internal organisational-level responses (strategies, structures, and practices) that can be used to tackle tensions between dual missions. For instance, Battilana & Dorado (2010) emphasise leadership and managerial discretion as strategies to managing competing demands. They show how the approach of employing candidates with either a banking or social work background and socialising them to support an integrated mission of operational excellence led to the sustenance of both social and commercial welfare logics. Other studies emphasise the creation of specific metrics for measuring social performance (Ebrahim & Rangan, 2010), formalisation and collaboration (Ramus, Vacaro, & Brusoni, 2017) as well as sensemaking to navigate different understandings of performance (Jay, 2013) as strategies of managing social-business tensions. In their study of French WISEs, Pache & Santos (2013) revealed that social enterprises can sustain social and commercial welfare logics over time by selectively coupling practices associated with both logics rather than decoupling them or

trying to find compromises between them. Finally, Besharov & Smith (2014) show how sustaining competing logics requires creating structures that both differentiate and integrate logics. Whilst integration seeks to address social-business tensions simultaneously with the aim of generating synergies between them (Battilana et al., 2015; Battilana & Dorado, 2010; Jay, 2013; Smith et al., 2012), differentiation strategies, in contrast, involve tackling tensions that serve the market and the social welfare logics one-by-one by decoupling them either in space and/or time (Battilana et al., 2015; Santos, Pache, & Birkholz, 2015; Jay, 2013). Recent studies have however disputed integration and differentiation as the only options with which organisations can manage tensions by suggesting that tensions can be recognised but deferred to be addressed in the future when the opportunity avails itself (Hahn, Pinkse, Preuss, & Figge, 2015). A second stream of research emphasises individual and group actors' characteristics in response to the challenges of hybridity. These studies suggest that successfully managing divergent logics in social enterprises requires entrepreneurs with a strong social motive (Bornstein, 2004), passion and willpower to sustain the social mission (Andre & Pache, 2016), and individuals with the ability to address contradictory demands from divergent logics (Smith et al., 2012). For example, Ashforth & Reingen (2014) find that a natural food cooperative managed its divergent logics associated with the idealistic and pragmatic sides by rotating decisions and power between each group associated with either side and developing the habit to foster good relationships. All the above-cited research on dual mission management focus on large-scale hybrid organisations. Although these findings are informative, with the exception of Siebold et al., (2018), studies that focus on the processes of dual mission management in small-scale social ventures are woefully lacking. Whilst the small size and young age of small-scale social ventures can pose as a challenge to the implementation of the above-mentioned strategies due to the lack of resources, influence and established structures and practices, it can also be an opportunity by allowing them the fluidity to adapt quickly to changing circumstances. Thus, it's important for us to understand how dual missions are managed in such less explored hybrid organisations.

Moreover, research on tensions further suggests that the way and extent to which social ventures address social-business tensions vary (Battilana & Lee, 2014) because SEs are non-unitary and vary across geography and communities (e.g. Kerlin, 2009; Zahra *et al.,* 2008). For instance, Pache & Santos (2013) assert that competing demands are more pronounced in organisations operating in fragmented and somewhat centralised settings and that efforts to address such demands are dependent on whether they are means- or ends-related as well as

their internal representation. Similarly, Pratt & Foreman (2000) have suggested that multiplicity of identities and the synergy between competing demands affect the nature of managerial response to such demands. Thus, recent scholarship in the management literature has challenged the simple dichotomy between social and economic goals and have called for more insight into strategies that enable organisations to effectively manage tensions (Smith et al., 2013; Doherty et al., 2014). In line with this, the question of how the nature and the environment of social-business tensions may differ and the effect of this difference on alternative management strategies (Smith *et al.* 2013) has begun gaining attention. Yet, we lack comprehensive understanding of the nature and management of social-business tensions in contexts other than those in the West and the implications of these differences on managerial responses because the literature on social enterprise management in general and tensions in particular still overlook this region (Africa) (Doherty et al., 2014).

Taken together, the literature mostly focuses on how large-scale social entrepreneurial organisations in predominantly well-developed institutional settings (Western countries) manage social-business tensions whilst the few non-western ones (e.g. Battilana & Dorado, 2010; Dorado, 2013; Smith & Besharov, 2019) and/or those on small-scale social ventures (Siebold et al., 2018; Yin, 2019) have so far neglected the region of Africa in general and Sub-Saharan Africa (the setting of this study) in particular. To fill these gaps, this study sheds light on the nature of social-business tensions in micro and small social enterprises in an institutionally underdeveloped or challenging setting such as Ghana and Ivory Coast and the strategies with which these tensions are manged.

3.0 METHODS

3.1 Research Method and Setting

In investigating our research question, the study adopted an inductive, multiple case research design (Eisenhardt, 1989) to examine how 6 micro and small social enterprises sought to manage social-business tensions. Qualitative methods are justified for "how or why?" questions (Yin, 1994) in situations that the researcher has little or no control over (Yin, 2003), and for exploring complex phenomena which we know little about and/or which require novel understanding of (Strauss & Corbin, 1998). Social-business tensions are complex in general and, for SEs as an emerging phenomenon in Ghana and Ivory Coast, have yet to be explored in depth. This research design was chosen since it is suitable for building

more robust, generalisable, and parsimonious theories than single cases (Eisenhardt & Graebner, 2007).

The sample of the study is nascent micro and small social enterprises operating in Ghana and Ivory Coast. In terms of sampling strategy, a theoretical sampling technique (Denzin, 1989; Eisenhardt, 1989), widely recommended for analytical induction (Bansal & Roth, 2000), was used in selecting the SEs for this study on the basis of their origin (founded by a double or triple bottom line). The selection criteria used in choosing the respondent firms included both purposive (Kumar *et al.*, 1993) and snowball (Mills & Huberman, 1994) sampling. First, potential candidates (micro- and small-sized enterprises) were selected from the Registrar Generals Department databases, which provides accurate data on all registered businesses. In order to meet the criteria for selection: SEs were required 1) to be founded by a double or triple bottom line; 2) to be managed by founder or his/her family member; 3) to be micro or small in size, defined as not having more than 19 employees based on UNIDO classification of SMEs in developing countries (Peter, 2008); and 4) to be a nascent organisation (Gartner, 1988), defined as not older than 10 years (Davidson, 2005). In the course of the interviews, we used the snowball method (Mills & Huberman, 1994) of asking already identified social enterprises to further identify other potential participants, and then these managers identified others, as needed. In order to broaden the exploration of the research question (Ozanne et al., 2016) and to meet Patton's (1990) criterion of maximum variation, we ensured maximum diversity in our sample in terms of organisational location, impact sector, age and size (see Table 1: Description of cases).

Table 1: Case Description

Case	Est. Year	No. of Staff in 2019	Impact Sector	Type of social impact activities	Geographical Reach of Social Mission
SE 1	2012	15	Education	Software training and solutions for skills development in technology for young girls.	Two countries
SE 2	2013	8	Agriculture and services	Providing economic empowerment to women (widows) through training and engagement in oil processing, basketry, and cloth weaving	One country
SE 3	2013	3	Creative Arts	Provision of access to creative art and play spaces for children, especially those from poor or marginalised communities.	One country
SE 4	2010	5	Agriculture	Agroprocessing, packaging, and marketing of locally produced rice by local rice farmers; marketing of craft by marginalised women.	One country
SE 5	2013	10	Health	Provide quality health prevention information and education of the youth in order to improve the health and wellbeing of the youth and young people in Ghana and across Africa.	Two countries
SE 6	2013	15	Clean technology, Energy	Provision of clean energy at affordable prices to off-grid consumers who are mostly in the rural areas of Ghana.	One country

3.2 Data Collection

The study employed multiple rounds of data collection, and a variety of sources: 1) interviews 2) observations, and 3) secondary archival data. The use of multiple data sources was considered because of its benefit of ensuring convergence and triangulation of findings (Jick, 1979) both of which increase the external validity and robustness of findings (Yin, 2008). First, in line with previous research on the nature and management of tensions in SEs (Siegner et al., 2018; Smith et al., 2013), semi-structured interviews (the primary data source) were conducted with individuals that had a managing function within SEs (i.e. founders /founding team of the selected SEs). Interviews were face-to-face and were conducted in multiple sessions in order to generate trustworthy findings (Glesne & Peshkin, 1992). We started off by conducting three pilot interviews with owner-managers of SEs who could shed light on social-business tensions. The main phase of interviewing consisted of two main rounds of interviews. We began with an overview interview (Hallen & Eisenhardt, 2012) to elicit factual background information about the firms, aimed at understanding 1) the history of the firms; 2) the nature of the firms' social and economic missions and the relationship between these missions; 3) the founders' choice of legal form; and 4) how they experienced tensions between their dual missions. By relying on Smith et al.'s (2013) categorisation of social-business tensions and the identification of areas where tensions mainly manifest themselves in SEs by other authors (e.g., Battilana & Lee, 2014; Child, 2015) as an analytical framework, insights from our first round of data collection revealed the areas where tensions primarily arose, which were mainly strategic issues confronting founders. We therefore focused our inquiry and subsequent interviews on managers, using discussions with key staff (front-line operators) (Smith et al., 2019) to triangulate our emerging insights. This paved the way for the next round of data collection. The second round of interviews focused on obtaining detailed descriptions relating to strategies adopted in managing social-business tensions and centred around 1) the founders' perceptions and assessments of their ventures' social and economic missions; 2) the founders' rationale for the choice of legal form; 3) the ventures' acquisition and allocation of fundamental resources; and 4) human resources management. This was achieved through the use of more detailed and broad-focused follow-up open-ended questions with prompts used to further elicit the views and opinions of participants (Creswell, 2003). In addition to the semi-structured interviews, telephone follow-up interviews were carried out on interesting themes that emerged after the personal interviews and warranted follow up questions. These served as additional data to confirm or compliment some of the findings. The second source of data was observations. We supplemented interview data by spending an

average of one week (five working days) at each organisation during their working hours to observe their operations. Finally, we collected secondary archival data (comprising 41 documents) on case organisations from a variety of sources such as websites, Facebook and Twitter accounts, internal organisational documents, policy reports, practitioner articles on social-business tensions, etc. These data provided both new and additional insight into 1) how the ventures ensured that their overall business models remained consistent with their social mission; 2) how the ventures communicated the legal forms and dual missions to their divergent stakeholder groups; 3) how the ventures recruited and socialised employees; 4) how the founders acquired the necessary resources for their business whilst staying committed to both the social and economic missions at the same time; and 5) how the entrepreneurs allocated limited financial and attentional resources between the ventures' business and charitable missions. Where necessary and possible, we triangulated the different forms of data through constant comparison and validation (Miles and Huberman, 1994) in order to ensure the credibility of the statements and information obtained (Denzin & Lincoln, 2005).

In all, we conducted a total of 33 in-depth interviews between December 2018 and March 2019 and November 2019 and February 2020 (see Table 2: Overview of data). Each interview lasting between 30 and 60 minutes long was audio-taped, transcribed verbatim within 24 hours and subjected to coding and further analysis as discussed under *data analysis*. For data that required clarification we sent emails and/or made follow-up phone calls and conducted additional interviews. As a result, some informants were interviewed more than two times. To ensure transparency (Witzel, 2000), informants who were available and interested were given access to the interview transcripts.

Table 2; Overview of Data Sources

Source	Number
Interviews	
Social enterprise owner-managers	27
Front line Operators	6
	33 interviews
Total	
Observation	
Daily operations	43
Total	**43 days**
Archival documents	
Minutes of meetings	21
Annual reports	7
Grant and/or fundraising proposals	5
Publications on social enterprises	8
Total	**41 documents**

3.3 Data Analysis

We analysed the data following inductive procedures established under grounded theory approach (Gioai, Corley, & Hamilton, 2013; Mills & Huberman, 1994). To achieve this analysis, we relied on manual coding. We began the coding process by reading and rereading through the transcripts, documents, and observation notes to familiarise ourselves with the data. Next, we created detailed individual case descriptions (Eisenhardt, 1989) for each of the SEs based on the interview data, secondary archival data, and observation notes. This involved the use of attribute coding to detail key attributes of social enterprises such as year of establishment, number of staffs, impact sector, core intended impact(s), geographic locations of operations, and legal status. After the second and final round of data collection, we updated the initial case descriptions with data from the new round of data collection and proceeded to the coding process. The analysis consisted of three stages (Gioia et al., 2013). In the first stage of coding, we used open coding process to examine the data to identify initial concepts that evolved around the management of tensions in the SEs. This resulted in our first-order categories (Gioia et al. 2013). This was not based on any theoretical preunderstanding, but analysis and codes emerged from informants. We made use of use of charts, tables, and other cell designs (Miles & Huberman, 1994) to facilitate overall case analysis. We then proceeded to collapse the first-order codes into second-order themes after cautiously examining overlaps and similarities of concepts in our data. Finally, we compared the second-order themes by identifying connections between and among the open codes through a process of axial coding (Straus & Corbin, 1998) and grouped them (second-order themes) into aggregate dimensions which constitute the strategies that SEs employ to address social-business tensions. The entire process was iterative – traveling back and forth among the case data, emerging theoretical arguments, and the extant literature – and continued until theoretical saturation was reached (Eisenhardt, 1989; Gioia et al. 2013). The iteration process is expected to significantly improve the internal validity and generalisability of our findings. Figure 1 shows the process described above in the form of our data structure (Gioia et al., 2013), indicating the various categories and themes from which we derived social enterprises' strategic responses to social-business tensions. Table 3 contains representative data of the themes and categories from which we derived our strategic responses.

Figure 1: Data Structure

First-order categories.

Second-order themes.

Aggregate dimensions

Mission

"Everything we, everything that happens, social [mission] guides us"

Every decision must meet the other criteria of social/environment impact

Leader's judgement of what is important.

Declining businesses not in line with vsion

Social goals taking primacy

Values of the leader

Well-defined social mission

Legal form

A for-profit entity required to be able to make profit as a SE.

A legally represented social organisation (not-for-profit) required to do and benefit from doing social work.

Running several tests during interviews.

Relevant staff training, rewards and motivation

Dual registration

Quality control

Image management

Acquisition of fundamental resources

Benefiting from volunteers from some international NGOs.

Receiving technical support and training from global technology and academic institutions

Business strategy innovation

Content innovation

Borrowing resources from parent not-for- profit organisation and leveraging its goodwill to garner external resources

Accessing information and knowledge from member associations or unions

Partnerships/ Collaborations

Innovation

Affiliation

Membership of associations/unions

Leveraging resources from unrestricted

Allocation of fundamental resources

Concentrating on social or business mission one at a time

Finding a balance between the two missions.

Temporarily focusing more on social or economic mission

Focusing on both social and economic missions

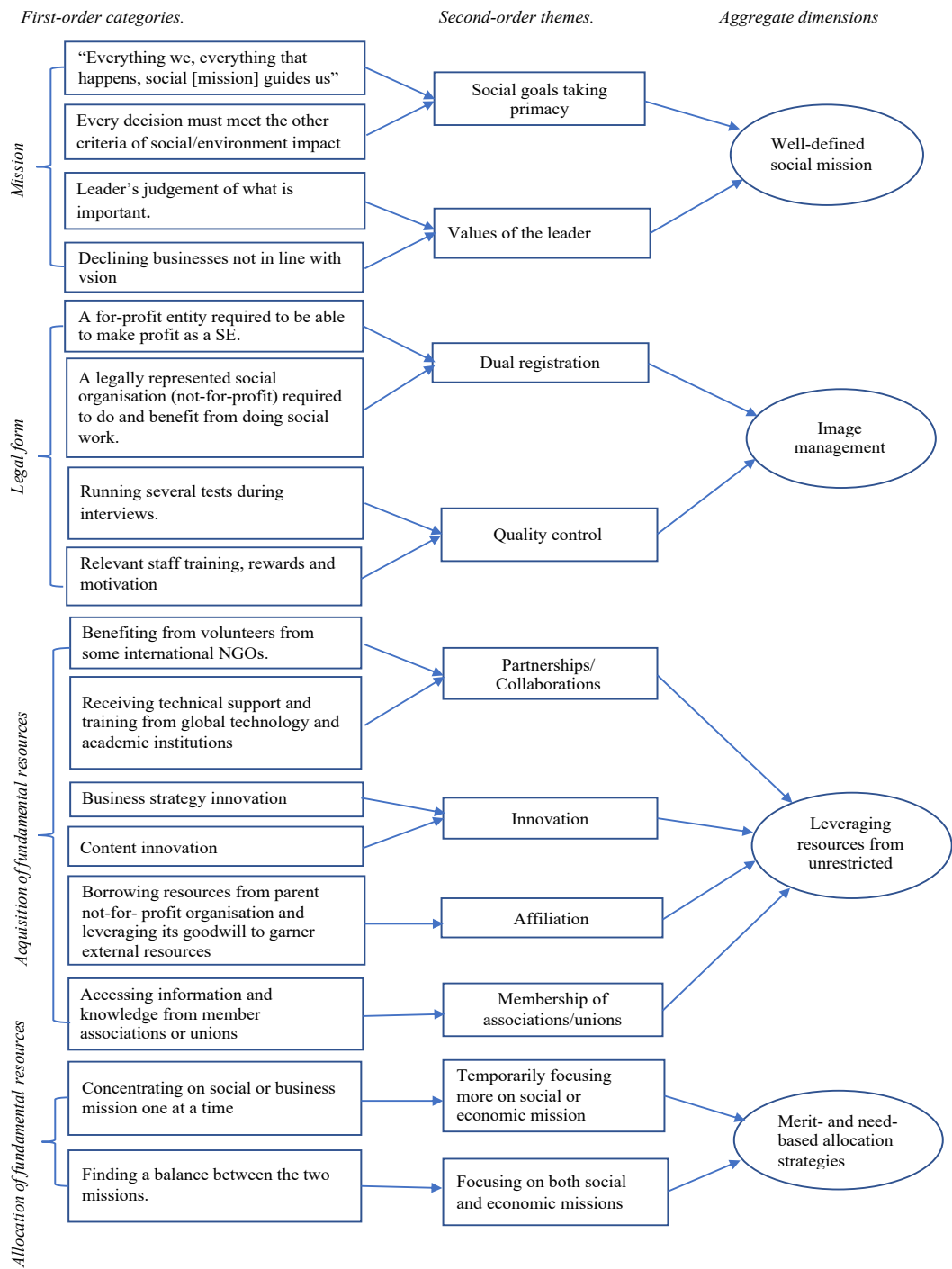Merit- and need-based allocation strategies
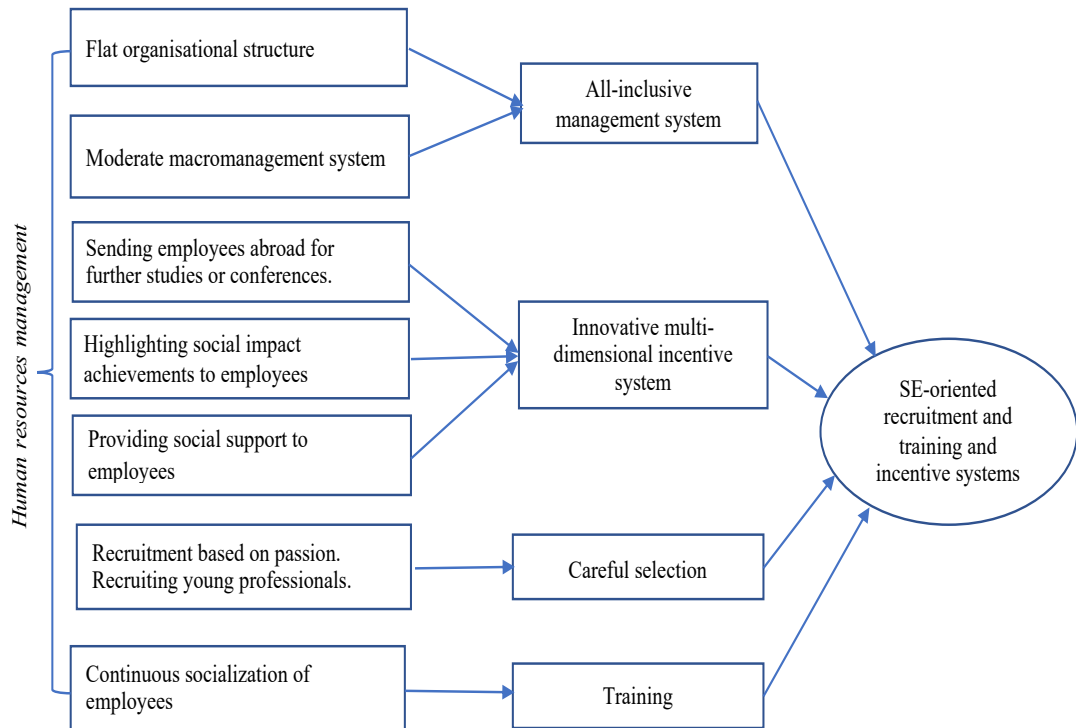
20

Figure 1 (cont'd)

Table 3: Data Supporting the Identification of SEs' Strategic Response to Tensions

| Second-order themes and First-order categories	Representative data from interviews
Overarching dimension: *Well-defined social mission*	
1. Social goals taking primacy	"I try not to let it [economic mission] destruct me. …I try to make sure that at the end of the day social [mission] is still what our main thing is".
	"Because it's SE you are not looking at only profit though you have to be sustainable and so based on that there are some business decisions that you could take that will get you more money. But you always have to ask the question 'does it meet the other criteria of social impact/environmental impact? So, at every stage, you are forced to slow down in the things you are doing because you have to really think through before you take any step".
2. Values of leader	"I say that it depends on you the leader; what do you believe in? do you want the money, or you want to keep your values? Which direction do you want to go?"
Image management	
3. Dual registration	"I registered it as a limited liability…. And then later on, for tax reason and also just even the legal structure, I couldn't just be doing social work without having a legally represented social organisation. I had to then register another organisation which was limited by guarantee".
	"…we realized that it [not-for-profit] didn't, legally and business-wise, put a professional touch to it. And for me, there is no point in operating a SE without profit… . And so there was a need to put in that professional look to it [registering as for-profit]".
4. Quality control	"One of the things we do is that we run several tests: there are several stages of the interview process based on the role that you are coming to perform".
	"… in a year we try to organize at least two staff trainings for our staff".
Leveraging resources from unrestricted sources	
5. Partnerships/collaborations	"With our skills assessment for digital jobs, we are building that in partnership with MasterCard… . MasterCard is supporting us build a tool that is going to give women skills to get digital jobs".
	"We have benefited a lot from getting professional advice pro bono… So, all of that makes up for the fact that we may not necessarily hire somebody with higher expenses".
6. Affiliations	"Because we are fortunate that we are affiliated to WOM [parent non-profit], sometimes we borrow some resources like vehicles (because Atarrah doesn't have its own vehicles yet) and all that from WOM to be able to do activities of Atarrah".
7. Membership of business associations	"We have had to register with [member] associations in Accra so that by virtue that we contribute dues and membership fees, we are able to get information on opportunities available that we can access".
8. *Innovation*	"Another thing we are thinking about is…in the garden, we want to have like a little eatery, which will also drive traffic to the academy".
	"we created this event called the showcase where we let upcoming entrepreneurs……we create this as a popup shop so that they come and sell their products here like a fare. And so, we are always thinking".

Table 3 (cont'd.)

Second-order themes and First-order categories	Representative data from interviews
SE-oriented recruitment and training techniques and incentive systems	
9 All-inclusive management system	"And here we work as a team. …decision making, strategy and everything happen through team discussions. It's important that they feel part of whatever it's that we are doing. So, they get a lot of input".
	"There is no micromanagement here. I prefer that you make a mistake and we all learn from that as opposed to having to tell you what to do all the time. I want innovation to strife, and I don't believe that it can if you are put in a box".
	"…we do try to put in place certain controls but it's still very open".
10 Innovative multi-dimensional incentive system	"Because the nature of the business is giving [supporting the needy), how can they help somebody else in need if their needs are not addressed. So, it goes without saying that when somebody has a problem, you just walk in, tell us what that problem is, and we see how we can help".
	"...as much as possible, we try to document success stories from the women we are working with about how our business is impacting their lives to serve as a motivation to the people working with them".
	"One way of motivating people is through these foreign travels they get to go to learn about what someone else in a different country is doing. …all expenses-paid- trip to a foreign country to learn some of these things".
11 Training	"Sometimes we create the opportunity and encourage people to read our human resource manuals… . The other thing is that, over the last four years we have been privileged to be in partnership with some academic institutions that have been successful in organizing social entrepreneurship trainings and based on that our staff have been able to benefit".
12 Careful selection	"Where we have to recruit from the educational institutions, we will dwell more on passion and vision rather qualification".
	"Most of the people that we hire are either fresh from school or have worked but haven't worked for a very long time and that has helped us mould the culture that we want".
Merit- and need-based allocation strategies	
13 Temporarily focusing more on social or economic mission	"For me, it's not possible to focus on both [social and economic missions] equally all the time. Sometimes, you will concentrate on one more depending on what is available".
	"Sometimes to ensure that the business is sustainable, you might make decisions to favor one leg of it, but it doesn't necessarily mean that you are ignoring the other".
14 Focusing on both social and economic between missions	"…we try to figure out how to merge the two… It can be a challenge, but we try as much as possible to balance it out".

4.0 Findings

4.1 Nature of social-business tensions

Early insights from our data collection indicated that social-business tensions in the micro/small SEs primarily manifested in five areas. To achieve growth and the intended impact, these SEs have to effectively manage the tensions between their dual missions. From our analysis, we identified five strategies that the SEs use to address social-business tensions in the five identified areas. **Figure 2** depicts the nature and strategies of management of social-business tensions in SEs for growth and social impact. In the following section, we discuss the second part of model.

Figure 2: Framework of Nature and Processes of Management of Social-Business Tensions within SEs
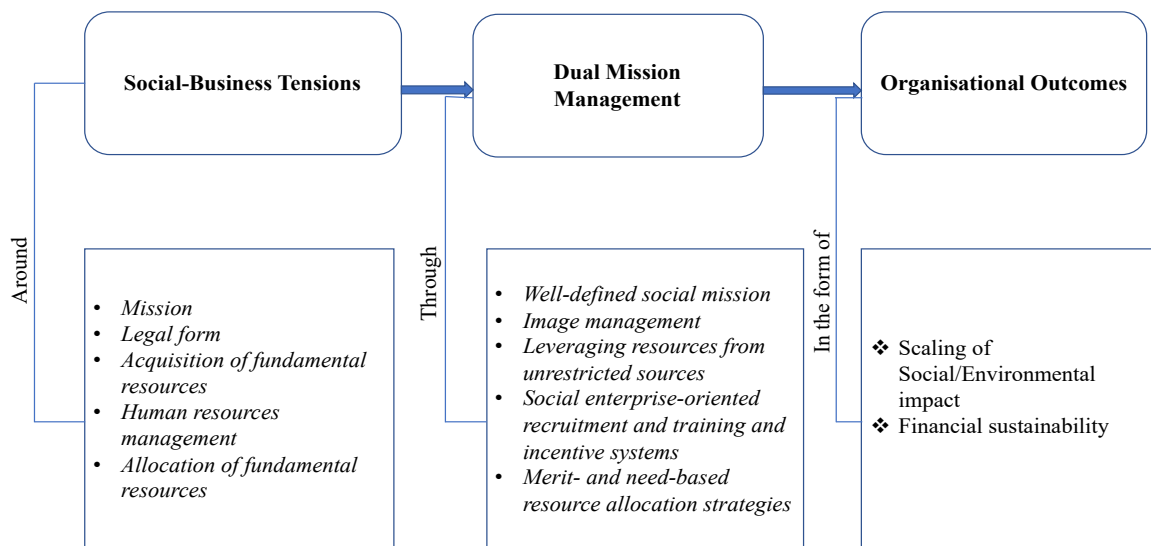
4.2 Strategies Employed by Micro and Small SEs to Manage Social-Business Tensions

The analysis of our multiple-case study reveals that the micro and small SEs employed various strategies to address the tensions that we observed. Those strategies can be captured with five main aggregate dimensions: adherence to a well-defined social mission; image management; leveraging fundamental resources from unrestricted sources; merit- and need-based resource allocation strategies; and social enterprise-oriented recruitment, socializing techniques, and incentive systems. In the following subsections, we discuss each of the aggregate strategies.

4.2.1 Well-defined social mission

In pursuing both social and/or environmental and economic goals concurrently, SEs are exposed to tensions between the two dual missions. The dual-mission nature means that SEs must adopt strategies in balancing the double or triple bottom line involving social and/or environmental value creation and economic returns (Tracy & Phillips, 2007). We found that the SEs used their social mission, driven by the leaders' values, as a guiding principle by relying on a well-defined social mission in terms of the target group.

Social mission a guiding principle: Our analysis revealed that, adopting a separation strategy, SEs managed tensions in the area of mission by relying on their social and /or environmental mission as a guiding principle, as evidenced by the following excepts from interviews.

> …for us, social change is a bigger factor than generating money. And I say this because of certain decisions that we take. I try not to let it [economic mission] distract me. You know, we live in a very materialistic world that it can be quite distractive. So, I try to make sure that at the end of the day social [mission] is still what our main thing is (Interview, SE 1).

> Because it's SE, you are not looking at only profit though you have to be sustainable. And so, based on that there are some business decisions that you could take that will get you more money, but you always have to ask the question 'does it meet the other criteria of social impact/environmental impact? […] So, at every stage, you are forced to slow down in the things you are doing because you have to really think through before you take any step (Interview, SE 2).

The analysis of the multiple-case data further revealed that the SEs were so committed to their mission as instances were sited when they had to actually turn down businesses that did not fall in line with their mission. For instance, the manager of SE 1 cited an instance when her organisation had to decline a grant because it was not aligned with the organization's mission:

> …we have had to actually turn down an approved grant of 50,000 dollars because it didn't serve our mission. […] And it's not because we didn't need the money. In fact, that money would have helped us do more of our baobab gardens which we have

always wanted to do. But it didn't fit into our model. One thing that has helped us this far is that we have been able to restrict who we take money from such that people don't interfere in our vision. Because, once you start taking money from everybody, and start saying 'yes' yes' to everybody, they will definitely interfere with the vision. And so, we, as much as possible, make sure once in our discussions and everything the consensus is that the conditions of a particular grant do not fall in line with our vison, we decline (Interview, SE 1).

This sentiment was re-echoed by the manager of SE 5 who explained that: "*And we can actually turn away certain businesses if we feel that it's not in line with helping us move to where we need to go*".

Values of the leader: The strong focus of SEs on the social/environmental mission was found to be driven by the leaders' values. For instance, the manager of SE 1 stated that: "*I say that it depends on you the leader; what do you believe in? Do you want the money, or you want to keep your values? Which direction do you want to go?*"

Though the SEs acknowledged primacy of the social and/or environmental mission, they underscored the role of the economic mission as a driving force for the organisations' mission (Dacin, *et al.,* 2010; Dacin *et al.,* 2011). For instance, one manager noted, "*…I try to make sure that at the end of the day social [mission] is still what our main thing is. But we should be self-sustaining*" (Interview, SE 2).

Corroborating the founder of SE 2, the founder of SE 1 also explained the significance of the economic mission by stating that:

> […] The fact that right now we are not doing baobab gardens, somebody might say 'oh, You have neglected your environmental component'. But not necessarily. It's a prong approach which we are starting with one to get to another. So, sometimes you would rely on one end more. And in all these things if your economics is not right the business will collapse and so you also have to think of the economics (Interview, SE 1).

Taken together, we found that, by relying on a well-defined social mission in terms of the target group, the SEs had a strong focus on their social mission driven and/or reinforced by

their personal values, making sure that the business model remained consistent with the social and/or environmental goal.

4.2.2 Leveraging resources from unrestricted sources

SEs by virtue of their combination of multiple organisational forms acquire their fundamental resources from divergent constituents: donors who are aligned to the charity form and investors who are aligned to the economic mission. Research bridging institutional theory and resource dependence literatures suggests that organisations are more likely to comply with the demands from external constituents on whom they acquire their fundamental resources and to resist the demands of constituents on whom they do not depend (Wry et al. 2013). In line with this argument, SEs face the risk of drifting towards either of their missions depending on which constituents they depend more for their key resources, the consequence of which is that they must operate in accordance with the rules and expectations of such constituents. The analysis of our data revealed that micro and small SEs managed tensions involving acquisition of fundamental resources by leveraging resources from unrestricted sources through partnerships/collaborations, innovations, affiliations, internally generated funds (IGFs) and membership of business associations/unions.

Partnerships/Collaborations: The findings show that SEs used their social networks to solicit resources (Baron & Markman, 2000; Levy & Scully, 2007) from partnerships and collaborations without undermining any of their dual missions. We noted that several of the SEs in our study received professional services for free or at a low cost. SE 1 and SE 2 explained how they do benefit from pro bono support:

> We have gotten people with amazing backgrounds from different organisations to come and support us on pro bono basis. So, we have had a team from google, I was involved in a programme where we had advice from Mckensy, we had an HR consultant from Western Union come help us, we had an executive team from SAP [Software] help us, and other top consulting companies. So, we have benefited a lot from getting professional advice pro bono… So, all of that makes up for the fact that we may not necessarily hire somebody with higher expenses because we are open to those opportunities (Interview, SE 2).

…they equally offer us the technical support. For instance, the academic institutions sometimes will provide us with master's students who come to help us probably do our marketing research and strategies where we actually tell them what we are thinking, and they support us do documentation so that we have a working document that we can use. Because, it's difficult, with our limited resources, to engage the services of consultants (Interview, SE 1).

Consistent with previous research (Baron & Markman, 2000; Levy & Skully, 2007), SEs were also found to leverage their social skills to acquire resources through cross-border collaborations. The managers of SE 3 and SE 2 shared their experiences of holding activities in collaboration with other SEs and MasterCard respectively:

There are times we even partner in certain projects. We have partnered with Trade Aid before; and with WOM. So, sometimes we partner in our activities. We also partnered with a project called 'empower' [a Canadian project] (Interview, SE 3).

With our skills assessment for digital jobs, we are building that in partnership with MasterCard… . MasterCard is supporting us build a tool that is going to give women skills to get digital jobs (Interview, SE 2).

Finally, we found that SEs also depended on in-kind support provided by volunteers or interns. According SE 3, *"We partnered with GIZ, partnered with International Service [a UK based NGO with a branch in Ghana] where they sent volunteers to us"*.

Overall, we found that broader social networks of founders were instrumental in gaining human resources, technical support and training from both local and global technology and academic institutions in ways that sought to mitigate the risk of undermining any of their missions.

Innovations: Faced with resources shortages, lack of awareness and trust coupled with hyper competition from conventional businesses, SEs tried to acquire fundamental resources without undermining their *raison d'être* through innovative ways. We find that social enterprises' commitment to dual goals in the presence of resource scarcity and low

acceptance led to them seeking efficient acquisition and utilisation of resources through business strategy and content innovation:

> And now, another thing we are thinking about is like, maybe outside, in the garden, we want to have like a little eatery, which will also drive traffic to the academy. So, social guides us but we don't drop the ball on business (Interview, SE 2).

> So, there is one thing that we did, all this space that we have, we created this event called the showcase where we let upcoming entrepreneurs……we create this as a popup shot so that they come and sell their products here like a fare. And so, we are always thinking (Interview, SE 2).

Affiliations: Peculiar to social enterprises: after conception (Smith et al., 2010), we also found that these organisations sometimes acquired tangible resources by relying on the preexisting non-profit organisations which existed for some time before the incorporation of the for-profit entities. For instance, SE 1 was able to acquire resources restriction-free from its parent non-profit organisation whilst SE 4 leveraged the goodwill of its non-profit leg to garner necessary external support:

> Because we are fortunate that we are affiliated to WOM [Widows and Orphans Movement] that is an NGO, sometimes we borrow some resources like vehicles (because Atarrah doesn't have its own vehicles yet) and all that from WOM to be able to do activities of Atarrah (Interview, SE 1).

> Because it's building on, if you like, the goodwill of trade aid, that capital is there. Because, it's building on the several years of work of trade aid. So, it's very easy for us to link it that way and get the needed support. So that has been key to our growth because it's largely due to this that we get some of the resources that we get (Interview, SE 4).

Membership of Business Associations: The multiple-case analysis also show that SEs also acquired fundamental resources such as knowledge and information through membership of business associations or unions. SE 1 explained how they are able to acquire vital information on opportunities by virtue of registering to become a member of [various] associations:

We have had to register with associations in Accra so that by virtue that we contribute dues and membership fees, we are able to get information on opportunities available that we can access. And because we are contributing membership fees, they owe us that duty of giving us prompt information. For instance, last year, based on those subscriptions we attended a trade fare in south Africa (Interview, SE 1).

4.2.3 Image Management

Social enterprises' combination of two forms –charity and business – exposes them to challenges in terms of relating to the external environment because of the important role that institutionalized forms play in conferring resources and legitimacy (Battilana 2014). Legitimacy improves the chances of access to resources and is awarded to organisations that fit institutionalized expectations (Suchman, 1995; Kraatz & Block, 2008). SEs, thus, face the challenge of gaining legitimacy since they do not fit a single specific established form. They therefore face challenges in acquiring the recognition and endorsement of external stakeholders due to their violation of the established boundaries of charity and business (Ruef & Patterson, 2009). Our analysis revealed that micro and small SEs faced [organizing] tensions in the area of legal form and responded to them through image management: dual registration and "quality" control.

Dual registration: Our analysis revealed that, in the absence of a specific legal designation for SEs, micro and small SEs tried to use their multiple identities to appeal to different external stakeholders and gain the attention and approval of multiple constituents (Minkoff, 2002; Townsend & Hart, 2008) through dual registration. Three of the SEs in our sample started as non-profits and later incorporated for-profit entities for tax purposes and to gain legitimacy from regulatory authorities.

Explaining her decision to register as both a non-profit and a for-profit, the founder of SE 2 had this to say:

I registered it as a limited liability […] And then later on, for tax reason and also just even the legal structure, I couldn't just be doing social work without having a legally represented social organisation. And so, I had to then register another organisation which was limited by guarantee. And then now come to find out that had I not done this

I couldn't have made money because based on the social welfare setup, you cannot generate profit if you are running an NGO… So, had I not set up another entity, I couldn't be "a pure social enterprise" and what the definition is (Interview, SE 2).

In the view of the founder of SE 1, the decision to incorporate a for-profit entity was all about the convenience of appealing to different external stakeholders and being able to raise funds for organisational sustainability:

…we realized that it [not-for-profit] didn't, legally and business-wise, put a professional touch to it. And for me, there is no point in operating a SE without profit. It should be profitable because it has to be sustainable or else the social/environmental components will not be sustainable. And so, there was a need to put in that professional look to it [registering as for-profit] (Interview, SE 1).

"Quality" management: As a new phenomenon, SEs operating in developing countries are challenged by little public understanding of the concept, with many often confusing "social enterprise" with "charity and NGOs (British Council, 2015) whose services they think should be free. Apart from that, they also face stiff competition from well-established business competitors, as well as lack of awareness, confidence and trust in the quality of their products by the BoP who culturally prefer imported products to locally produced ones, due to their interests in quality and value for money and unreadiness to risk buying products based on social, ethical patriotic reasons alone (British Council, 2015). The trust deficit created by the socio-economic and cultural characteristics of potential customers/clients requires that SEs take necessary steps to gaining the awareness and confidence among the target segment. Our analysis revealed that SEs addressed their liability of newness and/or smallness and the associated adoption and acceptance barriers (Goyal, 2015) by trying to gain trust and loyalty of customers through developing rigorous procedures to ensure good quality of their products and/or services:

One of the things we do is that we run several tests: there are several stages of the interview process based on the role that you are coming to perform (Interview, SE 6).

Every year we organize staff training for them: in a year we try to organize at least two staff trainings for our staff (Interview, SE 1).

One other thing that we do is we do a lot of on-the-field testing. What we do is once we hire you, we take you straight to fieldwork and observe how you behave. […] And fieldwork is tedious so it's not for somebody who didn't come with passion. So, fieldwork actually weeds out a lot of people because in our part of the world it's [fieldwork] always an uncomfortable situation. So, that's what helps us (Interview, SE 2).

4.2.4 SE-oriented Recruitment, Training and Incentive Systems

By straddling between charity and business sectors, SEs, ideally, require employees whose skills and dispositions align with their hybrid work context. Unfortunately, however, the majority of potential employees are socialized either in social or business backgrounds thereby making it hardly possible for SEs to get people who espouse both their charity and business forms (Battilana, 2014). Consequently, the combination of multiple organisational forms, institutional identity, and logics provide conflicting requirements on member recruitments. Social welfare-oriented and commercial-oriented activities involve divergent cultures and human resource practices. For instance, the business identity, which strives on performance, requires employees who can best serve the economic goals whilst the social service identity demands that SEs recruit members who have training in social work and/or are most in need. Our findings revealed that micro and small SEs were hardly able to get "*hybrid individuals*" (Battilana & Lee, 2014) and therefore had to devise ways to ensure that prospective employees with distinctive backgrounds in either sector worked together effectively, without raising organizing tensions in the area of human resource management: who to recruit and how to socialize employees. Our analysis further revealed that SEs responded to this tension by adopting a "SE-oriented recruitment, training and incentive system" through all-inclusive system of management, innovative and multidimensional incentives, and training.

All-inclusive system of management: The analysis shows that SEs adopted management systems that would allow employees to "walk in the shoes" of founders" in a bit to foster the alignment of organisational members' individual skills and dispositions with their hybrid nature. Adopting a flat organisational structure and giving staff the opportunity to be part of policy and strategy, micro and small SEs ensured that employees espoused both of their multiple identities. For example, SE 2 had this to say:

…here we work as a team. So, decision making, strategy and everything happen through team discussions. I am still the final veto, but we talk together, and we get everybody's opinion. So, it's important that they feel part of whatever it's that we are doing. So, they get a lot of input (Interview, SE 2).

The results also reveal that SEs also tried to achieve alignment of organisational members' individual identities with the social-business identity through the practice of a moderate macromanagement system. The founder of SE 2 explained her organization's management style as "*there is no micromanagement here*":

…when somebody makes a mistake, it can sometimes be difficult. But I prefer that you make a mistake and we all learn from that as opposed to having to tell you what to do all the time. I want innovation to strife, and I don't believe that it can if you are put in a box. So, here it's open. We do try to put in place certain controls but it's still very open (Interview, SE 2).

Innovative Multidimensional Incentives: One other way through which SEs sought to reconcile discrepancies between their hybrid identities and individual identities was through motivation. Our analysis revealed that SEs used innovative multidimensional incentives as a means to provide adequate compensation to induce subordination.

SEs get so involved with their staff in a sense that it's not just business as usual. Because the nature of the business is giving [supporting the needy], they believe their members cannot help people in need if their needs are not addressed? So, it goes without saying that when somebody has a problem, you just walk in, tell the leader what that problem is, and they see how we can help (Observations).

[…]. Some of these little things motivate the staff: that I'm making an impact in somebody's life. Irrespective of how small the intervention is, but the fact that I have been able to impact. So, as much as possible, we try to document success stories from the women we are working with about how our business is impacting their lives, to serve as a motivation to the people working with them (Interview, SE 1).

One way of motivating people is through foreign travels they get to go to learn about what someone else in a different country is doing. …all expenses-paid-trip to a foreign country to learn some of these things (Annual reports)

I ask every person that joins us what their personal goals are and then we try and figure out how we can make it happen within the organisational goals. Maybe, you came with the hope that you are going to make enough money to further a particular course (continue with your education, start something for yourself, etc.). So, that also helps because it's like you feel like this is a place that is going to help you get to where you need to go and so as much as you do your part to get us, as an organisation, to where we are going, you will also benefit as an individual (Interview, SE 2).

Careful selection: Mindful of their resource constraints, SEs also tried to defuse potential misalignment of individual identities with organisational identities through carefully selection processes. Our analysis showed that micro and small SEs carefully selected employees based on two criteria: 1) employees who share the organizations' values, by focusing on passion and vision and 2) employees who could easily be socialized, by recruiting young professionals. SE 1 and SE 2 shared their views on their selection criteria:

For me, you don't necessarily need a certificate in social entrepreneurship in order to be able to understand the concept. It's more about the passion and your vision. So, where we have to recruit from the educational institutions, we will dwell more on passion and vision rather than qualification (Interview, SE 1).

Interestingly enough, we haven't really hired anybody who has worked in a charity before. […] Most of the people that we hire are either fresh from school or have worked but haven't worked for a very long time and that has helped us mould the culture that we want. But the key thing is you must be willing to work for social enterprise Interview, SE 2).

Training: SEs also responded to tensions manifested in the area of human resource management "through the deliberate socialization" (Battilana and Lee, 2014, p.416) of employees by providing relevant extra training.

Sometimes we create the opportunity and encourage people to read our human resource manuals: where they don't understand, where they need clarifications, where they think there is the need to revise, we look at these areas as a group for further understanding. The other thing is that, over the last four years we have been privileged to be in partnership with some academic institutions that have been successful in organizing social entrepreneurship trainings and based on that our staff have been able to benefit (Interview, SE 1).

… as I said we do fieldwork. Fieldwork takes people out of the bubble of their own immediate surroundings. Because, if you have never done any charity work, you might be thinking that everyone is as privileged as you are. But when you see the other side of life, everybody gets a shock to see the disparity. It's so shocking. And fieldwork is a really good tool of helping us to getting people to walk in someone else's shoes. And like I said, fieldwork can be very challenging. So, even after you have spent a day experiencing what somebody else is going through, it sends you back home to really reflect upon it (Interview, SE 2).

4.2.5 Merit- and Need-based Allocation Strategies

The dual-mission nature of SEs requires that they divide organisational resources between social welfare-oriented and commercial-oriented activities. The combination of charity and business forms may therefore lead to tensions in the allocation of limited resources (Moizer & Tracy, 2010) in the form of financial and attentional resources. How well SEs are able to devote their resources to both of the missions is vital for the success of these SEs because competing demands for resources may lead to interpersonal conflicts (Fiol, Pratt, & O'Connor, 2009) and a lack of consensus on how to handle tradeoffs may lead to complex conflict and decision-making paralysis between organisational members aligned to different forms (Pache & Santos, 2010). Our multiple-case analysis revealed that SEs managed tensions in the allocation of resources by adopting a "merit- and need-based" approach, in an attempt to reduce the possibility of constantly favoring either charitable or business objectives at the expense of the other in order to prevent the risk of mission drift.

Merit-based Approach: For those SEs that favored a separation approach, they adopted a merit-based approach in their allocation of limited resources between the dual goals.

Depending on what is available or is not, they tried to allocate resources on the basis of which goal is more deserving at a particular time than the other:

…it's not possible to focus on both [social and economic missions] equally all the time Sometimes, you will focus on one more depending on what is available. Say if I have donor funding to take care of wall designing or to bring the women to train them, my concentration will be on that to ensure that I carry out the activities well. But when there are no funds to carry that out, I also think of where I will get money to keep the organisation running in order to achieve and sustain the social objective (Interview, SE 4).

…there are times that you will be forced to concentrate on one (economic or social/environmental) but that doesn't necessarily mean that you are forgetting the other. And at the appropriate time you bring on board the other one that was left behind. …sometimes to ensure that the business is sustainable, you might make decisions to favor one leg of it… . (Interview, SE 1).

Need-based Approach: A need-based resource allocation approach was used by SEs that supported an integrative approach. To these SEs who favored an integrative approach, they were of the view that both of their goals needed their resources and so they focused on both social and business missions:

…imagine that you have a paid-for class, you want to offer scholarship, but you have only one class left. Do you give scholarship, or do you give to the client who is paying? So, that can be hard sometimes, …what we try to do is we try to figure out how to merge the two. So, it can be a challenge, but we try as much as possible to balance it out (Interview, SE 2).

For us, I think that we place equal importance on both our economic and social missions, particularly with our background in fair trade. […] So, we have equal eye on both (Interview, SE 3).

5.0 Discussion and conclusions

The aim of this study was to explore the nature and management of social-business tensions in SEs in challenging environments such as those found in developing countries. Specifically, we sought to address the question of "how owner-managers of micro and small SEs manage social-business tensions". Although previous research indicates the types of tensions in SEs and how organisational leaders respond to them (e.g., Battilana & Lee, 2014; Smith et al., 2013), we lack comprehensive understanding of the nature and management of social-business tension in smaller SEs (where the entrepreneur is the main decision maker and principal authority behind the implementation of strategies) in less-popular and challenging settings. To achieve this agenda, we relied on a multiple-case approach to look in depth at 6 micro/small SEs operating in various sectors in Ghana and Ivory Coast. Through our multiple-case analysis, we found that owner-managers of micro and small SEs adopt various strategies to respond to social-business tensions. In terms of tensions around "mission", we found out that our sample SEs rely on a well-defined social mission to ensure that the social mission remained the guiding principle for all transactions. The acknowledgement of the primacy of social and/or environmental goals corroborates the findings by Yin (2019) perhaps due to the similarity in the research settings (both studies focus on micro/small SEs) and is line with the view that "social mission" constitutes the *raison d'être* of SEs (Chell, 2007; Dees 1998; Ebrahim et al., 2014). Interestingly, however, despite the severe resource constraints found in this area, no single SE admitted to the business goals being more salient – in line with what Yin (2019) found in China. Corresponding to the stream of research on social entrepreneurship and hybrid organising that focuses on individual-level strategies to the challenges of hybridity (e.g. Bacq & Alt, 2018; Wry & York, 2017) we find that founders' social motives and emotional attachment (Siebold et al., 2018) imprint (Marquis & Tilcsik, 2013) and influence social-business tensions management. In our study, social motive driven by founders' values influences the acknowledgement of the primacy of the social and/or environmental goals whilst founders' emotional attachment to their social and economic missions lead to them (founders) attaching equal importance to economic missions and trying to blend the two missions sustainably. We discovered that founders' social motives and emotional attachments were influenced by their backgrounds and identities. Lee & Battilana (2013) revealed that previously attained values and personal identities of the founder and the founders' parents imprint on hybrid structures. Our study extends the work of Lee & Battilana (2013), Smith et al., (2010) and Wry & York (2017) by throwing light on

how a strong initial attachment to the social mission (social motive) can act as a foundation for successful dual mission management over time.

A second finding was that the SEs addressed tensions manifesting in the area of "legal form" through image management. In line with previous research (Battilana et al., 2012; Bromberger, 2011; Pache & Santos, 2013) we found that in the absence of any specific designation for SEs, some SEs register as both non-profits and for-profits in order to acquire a "hybrid" legal form that would accord their double or triple bottom line the needed formal recognition. As in much of Africa, access to credit in Ghana especially by micro, small, and medium enterprises (MSMEs) is limited (Amoyea Atogenzoya, Nyeadi, & Atiga, 2014; Asiedu, Kalonda-Kanyama, Ndikumana, & Nti-Addae, 2013) thus making SMEs in Ghana still quote access to capital as their foremost challenge (British Council, 2015). SMEs' access to bank loans, for instance, is limited by complex loan procedures, and excessive collateral requirements. (Amoyea Atogenzoya et al., 2014; Mahmood, Hussain, & Matlay, 2014) as well as high interest rates (Fatoki, 2011). Alternatively, access to social impact investing is limited due to the inability of non-profits to offer the kind of returns that such investors are interested in whilst Venture Capital Finance Companies (VCFC) require high interest rates (British Council, 2015). Beyond the issue of difficult access to adequate financing, per the current state of the regulatory regime, SEs can register as either non-profits (allowing them to receive charitable donation, tax free) or for-profits (allowing them to raise financial capital through debt or equity financing) unlike elsewhere in other jurisdictions such as the U.K, U.S.A., Italy, France, and Germany where there have been the emergence of new legal forms that provide social enterprise specific legal designation that are meant to better fit the peculiar needs of SEs. Taking together, the two countries' underdeveloped financial sector and regulatory regime by world standards has made it imperative for these SEs to register as both for-profits and non-profits to enhance access to the needed capital since in the absence of financing opportunities for the for-profit model (i.e. commercial capital or equity) the non-profit model makes it possible for the SEs to have access to alternative funding opportunities (besides tax benefits) not available to for-profits. In addition to benefits in terms of finance and taxation, for-profit registration on the one hand portrays the business motive of these SEs which is very important because many people, particularly those with little or no education, regard SEs as NGOs whose services should be free or low-cost. Non-profit registration on the other hand facilitates partnerships with other social enterprises and organisations which are vital sources of fundamental resources to these SEs (British Council (2015) found foundation

and donor support to represent nearly 50% of financial support to SEs at the time). Pache & Santos (2013) revealed that WISEs can sustain social and commercial welfare logics over time by selectively coupling practices associated with both logics. Our study complements their work by revealing how dual registration enables SEs to reduce legitimacy barriers among external stakeholders such as customers, donors, and investors and improve the chances of support from such constituents for both missions, which facilitates social enterprises' creation of social and economic value. Further analysis revealed that SEs try to mitigate their liability of being small and/or new and social by instituting stringent quality control measures aimed at acquiring a credible image among their external stakeholders, through the production or provision of quality products or services. Although the issue of quality is also required of mainstream commercial businesses, here in Ghana, unlike elsewhere, consumers regard products and services of local businesses and even much more so SEs as substandard that need to prove themselves in order to enjoy patronage. Thus, quality control is very pertinent in the dual-goal management of these SEs. All in all, our study complements the work of Bromberger (2011) by showing that beyond registering as both for-profit and non-profit, SEs need to ensure good quality of their products and services in managing their dual goals.

A third finding was that, faced with resource constraints, the SEs try to acquire their fundamental resources efficiently without undermining any of the dual missions by leveraging resource (financial, human, social capital) from unrestricted sources. To achieve this, they depend on a number of partnerships/collaborations, continuous innovation, affiliations, and membership with business associations. In the *partnership/collaboration* strategy, the SEs rely on their social networks to acquire resources across dual missions. In line with previous studies (Baron & Markman, 2000; Levy & Skully, 2007) our empirical study finds that these SEs employ their social networking skills to acquire financial and human resources from high status (resourceful) partners through both formal and informal partnerships and cross-border collaborations. Part of the reason for the necessity to organise through partnerships is their smallness and newness. Because of the complexity associated with their sizes and ages and the institutional environment, collaborative efforts become a necessity for these SEs to be able to access critical resources and market for growth thus making partnerships play such an important role in their development. In the *affiliation* strategy, SEs rely on their connection with their parent pre-existing non-profits for 1) internal resources belonging to the parent organisation and 2) external resources by leveraging the

goodwill of the parent organisation. We find that our sample SEs most of which are social enterprises: after conception (see Smith et al., 2010) depend on the parent organisation (the NGOs out of which the commercial models developed) for unrestricted forms of resources. SE 1 benefits from the use of vehicles, that its for-profit wing X (name withheld) cannot currently afford, from its pre-existing non-profit wing Y (name with withheld) to do activities of X. Similarly, SE 4 leverages the goodwill of its parent non-profit X (name withheld) to get vital support and resources externally. All in all, contrary to Santos, Pache, & Birhorlz's (2015) recommendation of a structural differentiation to perform social and economic activities, we find that in terms of resource mobilisation our sample SEs try to integrate their social and economic missions by mobilising fundamental resources across dual missions and coupling them in intertwined organisational operations. For instance, foundation and donor financial support is utilised simultaneously for both social and commercial operations whilst economic returns are also used in scaling up social impact and at the same time reinvested into commercial activities. Similarly, employees who are engaged in the design, production, and sale of commercial products are also involved in the distribution of social services to beneficiaries whilst some beneficiaries are also involved in commercial activities. We thus find that micro-small SEs try to manage their social-business tensions by also generating synergies between them.

Forth, our explorative study revealed that SEs adopt divergent responses ranging from differentiation to integration when it comes to tensions relating to the allocation of limited resources. Those that favour a differentiation strategy adopt a merit-based allocation strategy where resources are allocated favouring one goal at a time. For those SEs that support an integrative approach, they use a need-based method based on a two-pronged approach. The findings suggest that those that favor a merit-based approach seem to support the alternative view that the relationship between social and economic mission can be cyclical: social value creation can impact positively on economic performance (Wilson & Post, 2013) which in turn yields the financial resources to be invested in social projects to achieve the social mission (Dacin et al., 2011) and the vice versa, such that long-term success depends on achieving both. We found that more resourceful SEs tended to adopt a necessity-based approach as opposed to a merit-based approach by less resourceful SEs. It is therefore safe to conclude at this point that the ultimate choice of whether a SE chooses a merit- or need-based strategy is a matter of necessity rather than a choice. Thus, the more resourceful a SE is the more it is likely to favour a necessity-based approach over a merit-based approach. Due to

the size of our sample, we cannot say if there is a certain pattern in which these strategies are adopted to changing circumstances over time.

Finally, mirroring the stream of research on organisational-level strategies, structures, and practices as responses to the challenges of hybridity (e.g. Battilana, Sengul, Pache, & Model, 2015; Ramus, Vaccaro, & Brusoni, 2016), we find that our sample SEs seek to reconcile any discrepancies between their hybrid identity and individual identities through social enterprise-oriented recruitment, training, incentives, and management systems. Aikin to the principle of 'subordination of individual interests to the general' of Henri Fayol's *administrative theory* of the *14 Principles of Management* (Wren et al, 2002) and the methods that have been proposed for achieving it, we found that the SEs use methods that would lead to individuals abandoning their personal identities in favour of the organisations' identities by espousing the social and business forms. For example, Battilana & Dorado (2010) highlight the role of hiring and socialisation when they found that microfinance organisations can sustain both their social and commercial welfare logics by hiring candidates with either a banking or social work background and socialising them to support an integrated mission. Our study complements their work by showing how SEs carefully select employees who fit into the organisations' values and deliberately socialise them. We further highlight how these SEs use innovative and multidimensional incentives to induce subordination of individual identities to organisations' identities, and carefully designed management systems such as inclusive and flexible management approaches to mitigate conflict between dual goals.

Our study is not without limitations. First, the use of self-perception in building our final sample may have resulted in a sample with inherent idiosyncrasies and as such may not be generalisable to all social enterprises. Although we tried to ensure a broader exploration of the research question (Ozanne et al., 2016) and maximum variation (Patton,1990) through the selection of cases based on their diversity in terms of organisational location, impact sector, age and size, and coverage area as well as probing further into responses to acquire generalisable conclusions, caution is needed in any attempt to generalise our findings until further studies are conducted. Moreover, the exploratory nature of the study coupled with the small sample size and the fact that the study is situated in the West African sub-region means that the findings may not readily be generalisable to other contexts. Second, research has shown that the level of integration between hybrids' social and commercial activities is likely

affect the nature and degree of tensions and the associated managerial responses to such tensions (Battilana & lee, 20014). Therefore, our findings may be laced with some fundamental shortcomings as our approach inherently assumes and treats SEs as a homogeneous class of organisations. This approach falls short in helping to understand the dynamics of the nature and management of tensions within the different cleavages of SEs such as integrated SEs and differentiated SEs. Finally, the focus on the executive level of the organisations we studied might provide further limitations to our findings. Our informants were the managers of micro and small SEs. This means that our findings are limited to the sense-making perspective of the managers.

Nevertheless, the study has opened up directions for future research. First, future research could investigate the impact of these strategies on the pursuit of growth of SEs. Whilst this study sheds light on some of the strategies that are adopted by micro/small SEs to balance dual missions, it remains unclear the effectiveness or otherwise of such strategies in terms of growth with or without consequences (mission drift) of these social ventures. Therefore, we recommend that future research is conducted by adding an *outcome* component to the *how* component (our research question) to explore the effect of these strategies on organisational growth, a condition under which their social missions reinforce their economic missions and vice versa. Second, for future research, scholars could investigate how collaborations support effective dual mission management. While partnerships play an important role in the development of these social ventures, knowledge about how collaborations enhance the management of social-business tensions is still emerging albeit *collaborations* is not a new theme in social entrepreneurship research (see Kwong, Tasavori, & Wu-Mei Cheung, 2017; Huybrects, Nicholls, & Edinger, 2017). For instance, there is widespread consensus that engaging with government in Ghana is not easy for enterprises in general, and more so for social ventures, a condition that makes many social enterprises and support organisations want to have minimal engagement with government (British Council, 2015). Therefore, the effect of collaboration is expected to vary with different organisations. We, therefore, recommend a comparative study to provide insight on what kinds of collaborative efforts are most effective in the development of social ventures from a micro level of analysis. Third, future research could include other managerial staff, and other relevant external stakeholders to gain a more comprehensive view of the issues. Finally, research has shown that the level of integration between hybrids' social and commercial activities is likely affect the nature and degree of tensions and the associated managerial responses to such tensions (Battilana & lee,

20014). Future research could also compare differentiated SEs and integrated SEs to find out how different entrepreneurs of both manage tensions.

Overall, we believe this study has important implications for theory, practice and policy. Regarding its theoretical implications, the study contributes to the stream of research on how social ventures balance social and economic missions (Battilana & Lee, 2014; Doherty et al., 2014; Ebrahim et al., 2014). It thus contributes to research on social entrepreneurship and hybrid organising at the micro level. In terms of practitioner implications, social entrepreneurs can become aware of the strategies that they can adopt to balance social and economic missions for growth. Moreover, it offers us insight into how business ventures can manage their social commitments, especially in settings where there is an increased demand for social responsibility from traditional for-profits, and CSR is considered a moral obligation. In the area of policy level implications, this research highlights the importance of development partners, funding agencies, or policy actors understanding the specific needs of social enterprises' business models and adopting a business focus that meets the needs of both the private sector and philanthropy.

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Daring to Survive and/or Grow: Investigating the Critical Challenges of Social Entrepreneurship Amid Institutional Voids

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Abstract

In recent years, social entrepreneurship (SEship) has been touted as a viable business model for achieving social and environmental sustainability, and as a result of this there is a growing interest in it in the past two and half decades in public, private, and academic circles. Despite the increasing academic recognition of the importance of and interest in social entrepreneurship, evidenced by the increasing rate at which research in social entrepreneurial ventures is gaining relevance as a field of study in business and management schools, a key concern is most mainstream studies have tended to focus on Western developed countries. Much less is known, however, about SEship in general and the factors leading to success or failure, in particular, in developing countries such as the setting of this study. Using an inductive research design, and examined through the lens of institutional theory, this study seeks to investigate the critical institutional constraints that social entrepreneurs face in the specific context of Ghana and Ivory Coast. In this research, we present the results of a qualitative multiple-case study of nine SEs in two institutionally underdeveloped countries of West Africa. The findings of the study enhance our understanding of social entrepreneurship, institutional settings, and the interplay between them in the West African context, with implications for wider social/entrepreneurship scholarship thereby contributing more broadly to organisation studies research. It also contributes to institutional theory by providing a deeper assessment of the nature of formal market voids in developing countries from the contextual perspective of social entrepreneurs.

Keywords: institutional theory; institutional constraints; social entrepreneurs; social enterprises; developing countries.

1.0 Introduction

Since its emergence and subsequent development, social entrepreneurship has increasingly been regarded as the effective remedy to the numerous social problems that bedevil most societies (Mair, Robinsons, & Hockerts, 2006; The Economist, 2010) especially in less developed nations. This is because they (SEs) arguably offer a promising sustainable alternative to traditional business for creating both economic and social/environmental value. In fact, some scholars view social entrepreneurship as the antidote to the failures associated with public and private businesses (Evers, 2001; Nicholls, 2006; Westall & Chalkley, 2007) whilst the OECD (2006) considers it as the solution to the exacerbating levels of unemployment, segregation, and inequality in society. Acknowledgement of its significance in fighting the complex social ills of society has been manifested in the growing interest in social enterprises in the past two and half decades in public, private, and academic circles. Examples of public initiatives aimed at promoting social entrepreneurship include the government of the UK's recognition of the first ever social enterprise-specific model – the community interest company – in 2005 and the subsequent establishment of the "office of the third sector" in 2006 (Bull, 2008), its 'Big Society" programme and the European Commission's "Social Business Initiative" (European Commission, 2013). Private recognition of and interest in the significant contributions of social enterprises can be seen in the US-based Skoll Foundation's enormous investment of more than US$358 million in advancing the course of social entrepreneurship globally as at 2013 (Skoll Foundation, 2013), the growing levels of acknowledgement of SEs through practitioner awards such as the FastCompany magazine "Social Capitalists Awards" and the Skoll Foundation's Award for social entrepreneurship (Moss, Short, Payne, & Lumpkin, 2011), and most recently, the launch of a "a global social entrepreneurship program" (available in 140 countries) by Microsoft to assist start-up social enterprises build and scale their operations through access to technology, education, customers, and grants (Chanthadavong, 2020). Academically, recognition of the importance of and interest in social entrepreneurship is evidenced by the increasing rate at which research in social entrepreneurial ventures is gaining relevance as an area of interest in business and management schools (Short, Moss, & Lumpkin, 2009; Westall, 2007). The growing affirmation of the significance of social entrepreneurship has covered a variety of themes such as social enterprise governance research examining how social enterprises manage social-business tensions (e.g Battilana & Lee, 2014; Pache & Santos, 2013; Smith, Gonin, & Besharov, 2013), antecedents of social entrepreneurship (e.g. Hockerts, 2015; Zahra, Rawhouser, Bhawe, Neubaum, & Hayton 2009), context and social

entrepreneurship (e.g. Ebrashi & Darrag, 2017; Gupta, Beninger, & Ganesh, 2015; Littlewood & Holt, 2018), challenges of social entrepreneurship (e.g. Hynes, 2009; White, 2018). Others have reviewed the way social entrepreneurship authors have sought to research and expand the subject (e.g. Doherty, Haugh, &Lyon, 2014; Short et al., 2009). Here, Doherty et al. (2014) and Short et al. (2009) have called for an expansion of the focus of social entrepreneurship research beyond Australia, North America, Northern and Western Europe to countries and contexts such as African nations, China, etc. and more empirical studies to compliment the conceptual studies that have dominated previous efforts. As they argue, future studies should incorporate empirical methods to complement anecdotal evidence and should focus on revealing broader insights into the functioning of SEs by expanding the scope of social entrepreneurship research to other relatively unpopular contexts rather than simply generalising Western approaches so differences can easily be drawn across geography and communities.

From the foregoing discussion, although the extant literature has undoubtedly deepened our understanding of the nature and functioning of social enterprises, a key concern is most mainstream studies have tended to focus on Western contexts (Doherty et al., 2014; Short et al., 2009). *As a result, much less is known about social entrepreneurship in general, and the nature of the challenges that social entrepreneurs face in particular in other contexts such as those found in developing countries such as Ghana and Ivory Coast.* In lending credence to this, there has been an increasing number of calls for studies to be carried out in non-Western countries and contexts, e.g. Africa, China, etc that we know relatively little about (Doherty et al., 2014) in order to provide a broader insight and deepen our understanding of the institutionally- and socially-constructed nature of social enterprises. As Khanna (2014) and Marquis & Raynard (2015) argue, developed market context-specific theories are not wholly applicable to emerging and developing market contexts. Consequently, this calls for more research in settings whose institutional and social setups vary significantly from those of more advanced countries. This paper seeks to fill this gap by exploring the challenges that social entrepreneurs face in the specific context of Ghana and Ivory Coast.

By pursuing their social mission through commercial ventures (i.e., divergent goals) SEs operate "at the intersection of social and commercial sectors" (Battilana, Sengul, Pache, & Model, 2015, p.1658). This intermediate position exposes SEs to various potential challenges inherent in their combination of varied organisational forms, logics and identities (Battilana

& Lee, 2014; Pache & Santos, 2013). Just like commercial entrepreneurs, in addition to the internal challenges that social entrepreneurs face, they are also exposed to external challenges associated with the institutional environment within which they operate. However, in addition to the challenges that all types of organisations face with respect to the institutional environment, SEs are thought to face specific challenges due to their hybrid nature. By combining charity and business forms SEs are exposed to challenges in relating to their external environment because legitimacy and resources are awarded based on conformity of organisations to institutionalised forms and SEs do not fit a single, established form (Battilana & Lee, 2014). Thus, in addition to all the challenges that conventional businesses face in relating to their external environment, SEs faces further challenges because they do not conform to the boundaries of established business and charity organisational forms (Ruef & Patterson, 2009). For instance, in the setting of this study, as an emerging phenomenon, there is misunderstanding by both the public and the media with respect to the concept of social entrepreneurship (British Council, 2015; Yu, 2011). Additionally, there is a lack of a SE-specific legal form (British Council, 2015) which exposes these SEs to various organising challenges. Culturally, there is a general lack of interest and trust in locally made products, and even much more so in social enterprises' products and services, in favour of foreign imported products and this makes it difficult for SEs especially nascent ones to gain trust and increase sale among consumers. Consequently, the creation, survival, and growth of SEs in this kind of environment is laced with monumental challenges which require considerable attention by all relevant stakeholders. This is especially so when evidence points to the fact that approximately 20% of new businesses fail to make it beyond their first year (Fristch, Brixy, & Falck, 2006). From the above, it's highly relevant to investigate the challenges that social entrepreneurs are facing in underdeveloped institutional settings such as those found in Ghana and Ivory Cost in order to facilitate their (SEs) creation, survival, and growth. We do this by seeking to answer the following research question:

What institutional challenges hinder the creation, survival and growth of social enterprises in developing countries?

We answer the research question through a multiple-case study of SEs operating in two developing countries: Ghana and Ivory Coast, using a combination of data from in-depth interviews, non-participant observations and archival sources.

The study makes a number of contributions. First, it contributes to the study of entrepreneurial processes by deepening our understanding of the constraints that affect the creation, survival and growth of social entrepreneurship in developing countries. Second, it

contributes to our understanding of the varying types and levels of institutional quality inasmuch as it elucidates the institutional constraints that beset social entrepreneurs, with implications for wider entrepreneurship scholarship, in challenging operating conditions such as those found in developing countries. Finally, it extends our current knowledge of social entrepreneurship and the challenges associated with it by responding to the call for more quantitative research, in a field that is dominated by conceptual studies, and more research in non-western countries and contexts.

2.0 Previous Research

North (1990) defines institutions as the rules of the game in a particular society and the constraints that shape human interactions in that society. One challenge in institutional theory has been the multiplicity of classifications of institutions that affect entrepreneurship development. For instance, DiMaggio & Powell (1983) classified these institutional forces into *coercive, normative, mimetic*. Scott (2001*)*, on his part, classified institutions into: *regulatory* (rules for the creation, management and delivery of goods and services), *normative* (linked to values and norms), and *cognitive* (related to individuals' subjective understanding of society's cultural dynamics). North (1990) also classified institutions into *formal* (political and economic rules, contract, etc.) and *informal* (norms of behavior, codes of conduct, values, conventions, etc.). Irrespective of the mode of classification of institutions in institutional theory, however, the consensus is that institutional theory provides a lens through which we can broaden our understanding of how different institutional factors influence the exploitation of entrepreneurial opportunities by individuals and firms in different environments (Bruton, Ahlstrom, & Puky, 2009; North, 2005; Scott, 1995). According to institutional theorists, institutional forces significantly influence (encourage or hinder) overall entrepreneurial activity (Acemoglu & Robinson, 2012) by affecting the startup, survival and growth of an entrepreneurial venture. Following North (1990) and Scott (1995), international business scholars (e.g. Khanna & Palepu, 1997, 2010; Peng, Wang, & Jiang, 2008) have depicted institutional environments as those that have well-functioning and supportive institutions and the ones that are characterised by lacking or ineffective institutions (a situation referred as *institutional voids*). Developing countries have often been depicted for their institutional voids (Khanna & Palepu, 1997, 2010: Peng et al., 2008). The institutional voids and institutional support perspective is that while some institutional environments are characterised by institutional factors that can positively influence entrepreneurial development (Bruton, Ketchen, & Ireland, 2013) others are bedevilled by

institutional factors that hinder the opening and running of businesses successfully (Bruton, Ahlstrom, and Li, 2010), with less developed countries noted for unsupportive institutional factors as compared to more advanced economies. Following the conceptualisation of institutional voids as inhibiting factors to entrepreneurship, there has been a significant interest in how underdeveloped institutional contexts challenge firms (Luthans & Ebreyeva, 2006; Manolova, Eunni, & Gyoshev, 2008) by limiting entrepreneurs' access to fundamental resources and market opportunities. Consequently, a growing number of entrepreneurship and organisation studies researchers have reported the challenges that entrepreneurs are beset with in environments characterised by institutional constraints.

Kisunko, Brunetti, & Wilder (1999) conducted a worldwide study of the private sector to investigate the institutional obstacles to doing business. They interviewed more than 360 business owners in 69 countries (mostly developing and emerging economies). The region-by-region results showed similar results encountered by entrepreneurs. For instance, in Sub-Saharan Africa, critical challenges cited included but no limited to complicated tax laws, infrastructural deficiencies, corruption (Nigerian entrepreneurs cited harassment and extortion of money by government officials), and capital constraints. The situation was not much different in North Africa and the Middle East where entrepreneurs pointed to lack of infrastructure, lack of financing, corruption, high taxes and complex tax regulations as the main challenges. In the specific case of Nigeria, Kisunko et al (1999) cited limited access to bank credit and other financial institutions whilst Mambula (2002) mentioned bad roads, erratic water and electricity supplies, and poor telecommunication networks as some of the infrastructural challenges that entrepreneurs had to deal with. In South and Southeast Asia, Kisunko et al's (1999) survey revealed high taxes and complex tax regulations as well as inadequate infrastructure, high inflation, labor laws, and business regulation laws as factors hindering entrepreneurial development in the region.

There is international evidence that the regulatory environment is a necessary requirement for the start-up and survival of new enterprises. It's not surprising therefore that studies in a number of developing countries (e.g Ghana, Tanzania, Uganda, Poland, Latvia, etc) have attested to the significance of a conducive regulatory environment for entrepreneurial development. Unfortunately, business owners in developing countries have reported some challenges with the regulatory environments in their respective countries. For instance, Djankov a& Murrell (2002) examined the empirical literature analysing the process of

restructuring in transition economies to investigate the determinants of enterprise restructuring in transition. Djankov & Murrell (2002) using a sample of 37 studies found that, on the average, in transition economies a period of over two months and a fee of about 38 per capita GDP are required to start a new business venture. In the specific case of Vietnam, the study revealed it takes about half a year and costs 150 percent per GDP to acquire a new business licence (Djankov & Murrell, 2002). In a similar study in South Africa, the Western Cape Status of the Youth Report (2008) noted that the process in registering a firm in that country involved several frustrating procedures that required about 38 days to complete.

Ekeledo & Bewayo (2009) investigated the challenges and opportunities faced by African entrepreneurs and their small businesses. They found that the state of basic infrastructure necessary for economic development in general and entrepreneurial development in particular in African countries is poor. According to them, deplorable roads, ineffective and inefficient transportation systems, inadequate and irregular water and power supply stifle business operations. Ekeledo & Bewayo's (2009) findings support Mabula (2002) who reported that 44 percent of 32 small business entrepreneurs interviewed considered poor infrastructure as the number two constraint in developing their businesses.

Access to funds is necessary for capital investment for either starting up or expanding a business (Kuzilwa, 2005) and thus a sound financial system is vital in promoting economic development especially in credit constrained settings such as developing countries (Bastiéa, Cussya, & Nadant, 2016). There is evidence to suggest, however, that micro, small, and medium enterprises (MSMEs) in Africa are bedevilled by difficult access to credit (Amoyea Atogenzoya, Nyeadi, & Atiga, 2014; Asiedu, Kalonda-Kanyama, Ndikumana, & Nti-Addae, 2013). Although a global challenge, the magnitude of the challenge of limited access to credit by MSME's has been found to be monumental in Africa (Klyton & Rutabayiro-Ngoga, 2017). Small businesses' ability to access bank credit is hampered by challenges such as cumbersome loan procedures, information asymmetries and other moral hazards, and excessive collateral requirements. (Amoyea Atogenzoya et al., 2014; Mahmood, Hussain, and Matlay, 2014). Apart from the difficult access to bank loans, in most cases such credit is obtained at high interest rates (Fatoki, 2011) thus making the cost of capital the number one hinderance to African entrepreneurship growth (Deb & Suri, 2013). A study by Tagoe, Nyarko, & Anuwa-Amarh (2005) on the impact of financial sector liberalisation in Ghana found that access to credit was the main financial challenge facing SMEs. This corroborates

the findings of Wolf (2004) who found that interest rates (62%), access to credit (52%), depreciation (46%), and inflation (43%) were the foremost barriers to business examined in the formal commercial agricultural and manufacturing sectors in Ghana. In Nigeria, Mabula's (2002) survey of 32 small business entrepreneurs found that 72 percent of the respondents viewed lack of financing as the most important barrier in comparison to other three factors (poor infrastructure (44%), difficulty getting machines and spare parts (41%), and difficulty getting raw materials (34%)).

Prahalad (2004) in his book '*The Fortune of the Bottom of the Pyramid: Eradicating Poverty through Profits'* reported some challenges to entrepreneurship development in developing countries. He found that entrepreneurs in developing countries are challenged by inability, inconsistency, and partiality in law enforcement, bureaucratic interpretation of rules, lack of political will power to control corruption, lack of probity and accountability, etc.

From the foregoing review of the studies that have employed institutional theory as a lens, previous researchers have looked at challenges that negatively affect the exploitation of entrepreneurial opportunities in settings with flawed institutions. They have looked at the extent to which the institutional environment can affect individuals' and firms' chances of starting and running businesses successfully. This has undoubtedly increased our knowledge that a conducive institutional environment can be a stimulus to entrepreneurship development. Conspicuously missing are studies providing evidence of challenges that are specific to social enterprises. All the previous studies in the foregoing review inherently assume and treat SMEs as a homogenous set of organisations.

In spite of the fact that social enterprises are thought to face specific challenges due to their peculiar nature (hybridity), not much research has been conducted in this direction. The institutional challenges that pose a danger to the start-up, survival, and growth of social enterprises remain under-explored. This study seeks to fill that gap.

3.0 Methods

3.1 Research Method and Setting

The study employs an inductive qualitative research design. In line with this research design, a multiple case study strategy was particularly necessary to gain a detailed understanding of the constraints that social entrepreneurs are facing. The study involved an in-depth qualitative

analysis of 9 SEs operating in two West African countries. The decision to investigate social entrepreneurship and the choice of the two countries was due to the following reasons. First, social entrepreneurship is an emergent phenomenon in the two countries and as a result we lack a comprehensive understanding of their nature and functioning. Second, previous studies have indicated limited research exploring social entrepreneurship in Africa on one hand (e.g. Doherty et al., 2014; Gupta et al., 2015) and widespread interest on the importance of SEs across Africa (Kerlin, 2008) on the other hand, justifying increased calls in recent times for an increased research focus in developing economies especially in Africa (George, Schillebeeckx, & Liak, 2015). Third, the two countries together depict the underdeveloped institutional settings that SMEs in general in developing countries operate in, which is expected to have a significant impact on social enterprises' survival and growth and therefore makes them fertile grounds for exploring the critical challenges facing social entrepreneurs.

Our sample was 9 SEs operating in the two countries: Ghana and Ivory Coast. **Table 1** provides an overview, and we use numerical digits as pseudonyms to refer to the enterprises throughout our study. We relied on theoretical sampling[1] (Denzin, 1989; Eisenhardt, 1989). In a setting where to a large extent there is no proper addressing system that can be used to trace and locate informants, we also employed snowball sampling technique (Mills and Huberman, 1994) as it was the most effective tool to gather potential informants. A broader exploration of the research question (Ozanne, Phipps, Weaver, Carrington, Luchs, Catlin, Gupta, Santos, Scott, & Williams, 2016) and maximum variation (Patton,1990) was ensured by selecting diverse cases in terms of geographical location, impact sector, age, size, and coverage area.

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[1] The sampling for the enterprises proceeded until theoretical saturation, the point where ''incremental learning is minimal'' (Eisenhardt, 1989, p. 545), was achieved.

Table 2 Case Description

Case	Year Established	No. of Staff	Impact Sector	Type of social impact created	Geographical Reach
SE 1	1997	10	Art and distribution	Provided training for women in canvass painting, basketry, and pottery; marketing the art and craft produced by the women.	One country
SE 2	2013	8	Agroprocessing	Empowering widows with skills and engagement in weaving, oil processing, and basketry.	One country
SE 3	2013	15	Energy	Provided clean energy at affordable prices to off-grid consumers who are mostly in the rural areas of Ghana.	One country
SE 4	2010	5	Manufacturing	Agroprocessing, packaging, and marketing of locally produced rice by local rice farmers; marketing of craft by marginalised women.	One country
SE 5	2012	15	Education	Provided software and skills development training during vacations and after-school hours for young girls from marginalised communities.	Two countries
SE 6	2013	35	Fitness	Provided employment to society's disadvantaged through stitching and sale of footballs, donating footballs to less privileged children, and running educative health programmes.	Three countries
SE 7	2013	10	Health	Provided quality health prevention information and education to the youth in order to benhance the welfare of the youth and young people in Ghana and across Africa.	Two countries
SE 8	2004	9	Justice	Provided child protection for vulnerable children and youth through the formulation of programme concepts and implementation; rehabilitation for juvenile offenders.	One country
SE 9	2008	13	Services	Mobilisation and organisation of talent	Two countries

In order to mitigate some of the definitional ambiguities associated with SEs, we ensured that founders of the final sample self-identified as SEs (see Lyon, Teasdale, & Baldock, 2010; Mair, Battilana, & Cardenas, 2012; Meyskens, Robb-Post, Stamp, Carsrud, & Reynolds 2010). In doing this we tried to mitigate the potential challenges of this approach identified by Rivera-Santos et al (2015) by further analyzing the choice of activities, and where possible the patterns of profit distribution, (Doherty et al., 2014; Zahra et al., 2009) in determining whether there was co-existence of social and economic goals or not.

3.2 Data sources

We employed three overlapping data sources: 1) semi-structured interviews 2) non-participant observations, and 3) secondary materials using multiple informants and multiple

rounds of data collection. Multiple data sources were considered in order to ensure convergence and triangulation of findings (Jick, 1979) with the aim increasing the external validity and robustness of findings (Yin, 2008) whilst the involvement of numerous informants was considered due to its benefit of minimising informant bias (Eisenhardt & Graebner, 2007) and generating more precise and reliable models (Dougherty, 1990). Interviews were the main source of data and were focused on individuals involved in managerial functions within the SEs, social enterprise support organisations, and social enterprise associations. These informants were selected because they are the key informants capable of providing relevant information (Corley & Gioia, 2004). The decision to interview multiple informants was to ensure greater richness and multiple perspectives (Eisenhardt, 1989) because the use of various highly knowledgeable informants with diverse viewpoints of the focal phenomenon helps mitigate potential biases and also reduces the knee-jerk reaction often arising in interviews (Eisenhardt, 2007). The interviews were based on an interview protocol containing some predetermined open questions based on reviews of relevant literature and informal inquiries from experts in the field. The open-ended format adopted for the protocol allowed us to better understand the institutional challenges that were facing social entrepreneurs by probing further on interesting themes and answers. The interview guide was pilot tested with three of the nine cases included in this research. All interviews were face-to-face, except telephone follow-up interviews on emerging themes, and were conducted in multiple phases in order to ensure trustworthy findings (Glesne & Peshkin, 1992). The main phase of interviewing consisted of two main sessions of interviews. We started with an overview interview (Hallen & Eisenhardt, 2012) with managers of SEs to elicit background information about the firms, their strategic objectives, and their performance. In the second phase of interviews, we gathered more detailed descriptions of critical challenges through the use of more detailed and broad-focused follow-up open-ended questions with prompts used to further capture a rich description of the views and opinions of participants (Creswell, 2003). Telephone follow-up interviews on interesting themes that emerged after the personal interviews was carried out and the information used as additional data to confirm or compliment some of the findings. All interviews were conducted in English over two periods: March – May 2019 and November 2019 – January 2020, (see **Table 2: Overview of data).** Data saturation was reached at a total of 39 in-depth interviews at which point additional data provided little or no further insight. Informants were interviewed on condition of anonymity and the assurance that the interviews were for academic purposes only. The average interview length was 45 minutes long. All interviews were audio-taped and transcribed verbatim on the

same day to avoid loss of vital information through time lapse. For data that we needed clarification on, we contacted the respondents involved through emails and/or follow-up phone calls and conducted additional interviews resulting in some informants been interviewed more than two times.

Table 2 Data sources

Source	Number
Semi-structured interviews	**39 interviews**
Social enterprise owner-managers	21
Front-line operators	16
Managers Social enterprise support organisations	1
Managers Social entrepreneurs' association	1
Observations	**72 days**
Archival documents	**54 documents**
Minutes	21
Publications	9
Annual Reports	7
Presentations	5
Conference posters	2
Marketing material	10

We supplemented interview and secondary data through non-participant observation by spending a total of 72 working days (8 working hours a day) across all organisations to observe their operations in order to enhance our understanding of their daily work routines. We observed the processes involved in their operations and took notes accordingly. Finally, we gained access to and collected a comprehensive set of secondary data (54 documents) on respondent organisations by scrutinising several sources such as websites of social enterprises, organisational documents, publications/reports on social enterprises, presentations, conference posters, and marketing material. Data from observations and secondary materials served as vital sources of information for triangulation purposes. This was necessary as according to Baxter & Jack (2008) case studies depend greatly on multiple data sources because their convergence through triangulation gives a more comprehensive perspective of the phenomenon investigated.

3.3 Data Analysis

We followed the conventions outlined by Gioia, Corley, & Hamilton (2013) in analyzing our data (see Figure 1) We started by carefully reading through the transcripts and taking note of important striking codes. This was followed by an open coding process where we looked for concepts and grouped them into meaningful categories (Corley & Gioia, 2004; Loftland, Snow, & Anderson, 2006). In doing this, we "divided some categories into distinct sub-categories, combined some categories into more meaningful codes and dropped idiosyncratic categories which were reported infrequently during interviews" (Sutter, Webb, Kistruck, & Bailey 20013, p.747). The resulting codes formed our first order concepts and were based on interviewees' accounts. The second stage involved using axial coding (Strauss & Corbin, 1990) wherein we compared first-order concepts with one another and collapsed them into second order themes based on similarities. Finally, in the third step we grouped the second-order themes into overreaching aggregate dimensions (Gioia, et al., 2013) from which theoretical insights can be made. The aggregate dimensions are the themes on which we focused during the write-up. The entire process involved going back and forth data and the literature until data saturation was achieved (Strauss & Corbin, 1998). Figure 1 (data structure) provides a schematic overview of our analytic process whilst Table 2 contains data supporting the identification of institutional constraints that adversely affect social entrepreneurs.
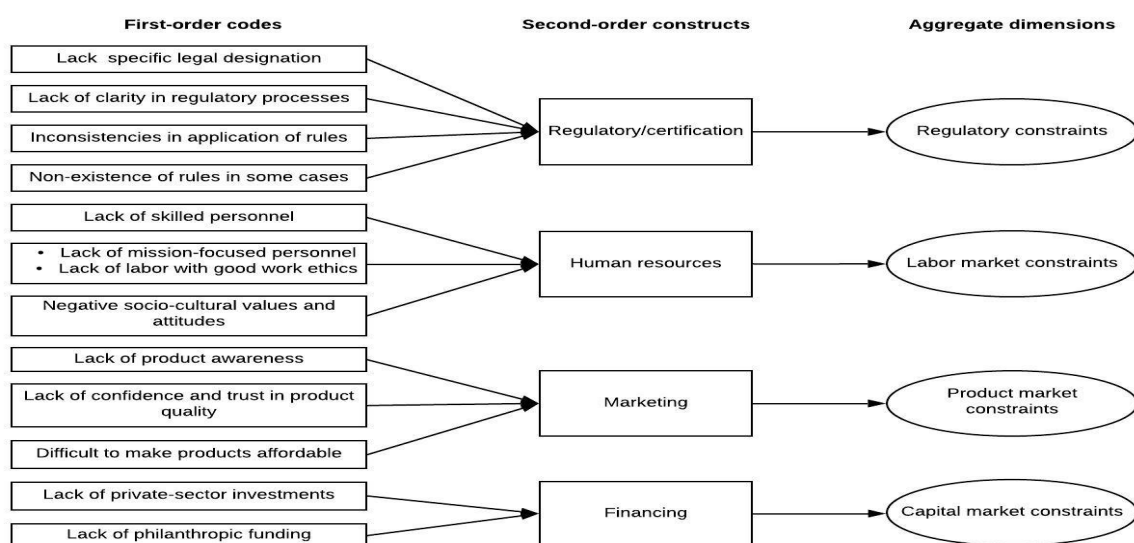
Figure 1 Data Structure

Table 1 Representative quotes supporting the identification of critical challenges that social entrepreneurs face

Challenges	Representative data from interviews
Regulatory Challenges	*"the legalities around it [SE] were not clear for us"*
	"During registration we found out that there is no registration that can say that this is a social enterprise"
	"… our main product, which is the baobab, it was fairly a new product and a fairly new industry. So, within the Ghanaian laws they had no prior certification or documentation on the product. So, difficulties in even knowing how to certify it was another thing".
	"…there is no consistency even among them [regulatory officials]. It's like within them, if there is a laid down procedure, probably they are all not in tune with it. And the fact that there is no consistency it confuses the entrepreneurs in terms of who is right. And that in itself delays your ability to get these regulations.
Labor Market Challenges	"Finding people with the right attitude was also a challenge".
	"… most of them are from the community so they deem it as a community thing: whether I go or not, I will be paid; whether I put in my best or not, I will be paid".
	"It's challenging to get people to understand that they can't do things based on the norms they are used to.
Product Marketing Challenges	"…baobab, which is our key product, is quite new. People don't even know that oil can be extracted from baobab. Apart from that, they don't know its uses".
	"…we [potential customers] will prefer buying black polythene to put our things than sending a basket to the market. We produce them but we don't want to use them ourselves. Pottery, the same. …within here, the plastics have taken over. We eat in plastic bowls and the bowls [locally made bowls form clay] are standing there; nobody is interested in using them".
	"Initially, it was a very big challenge particularly for local rice. Consumers have devout taste for imported rice. So, it was difficult to get people even though the kind of rice we turn out is largely stone-free because we have the machines that pick out the stones".
	"…in terms of affordability, yes; people complain that our prices are high even though, in relative terms, if you compare it with some of the high grade imported rice, it's still cheaper. But somehow people think that once we say it's locally produced; it should be very cheap".
Capital Market Challenges	"… when you look at the startup ecosystem and access to capital, like I said, local capital is very difficult [to come by]".
	"Most Ghanaians believe that NGOs and social enterprises are in it for making money. So, what that means is that you don't get as much local support, which is very sad. […] Also, when you do get local support, it's not a lot to help you scale your operations. It's just enough to help you do something".
	"It has not been easy. It's been very difficult to get donor funding. For about 4 to 5 years now it has been very difficult to get funding".
	"…when you look at international capital, even though that helps, it's still not at a certain level so here you are able to raise capital, but you don't raise it to the level that say in the millions of dollars".

4.0 Findings

Herein this section we present the findings on the critical institutional challenges that social entrepreneurs face in their operations. In doing so, we draw from the literature on institutional voids as well as social/entrepreneurship to identify the various challenges that

beset social entrepreneurs in developing countries. The evidence we provide about the institutional challenges that bedevil social entrepreneurs is based on a detailed analysis of nine successful small- and medium-sized SEs operating in Ghana and Ivory Coast within the context of education, art and craft, agriculture, and manufacturing. Simultaneous analysis of interview transcripts, observation notes, and documents allowed the researchers to identify the various challenges. The findings from our multiple-case analysis shows that in developing countries like where our sample was drawn from, social entrepreneurs like conventional entrepreneurs face regulatory, labor, product, and capital market challenges. However, in line with our objective we identified and discuss herein this paper under the aforementioned themes challenges that are specific to social enterprises. This section is presented in two parts. First, is the operationalization of formal market voids constructed (Struss & Corbin, 1998) from the data, based on the categorisation of voids by the literature. This is followed by a detailed discussion of each of the institutional challenges.

4.1 Nature of Formal Market IVs from the Contextual Perspective of SEs

Following Ebrashi & Darag (2017), we categorized and operationalized formal market institutional voids informed by the literature and data respectively. From the analysis of our data it was revealed that some of the voids (labor, product, capital and regulatory) were more extensive in scope from the contextual perspective of SEs than those originally presented in the literature. Table 3 compares the formal market voids from the contextual perspective of social entrepreneurs in comparison to those identified in the literature.

Table 3: Literature perspective and operationalization of formal market institutional voids

Institutional Void	Literature perspective of void	Operationalisation of Void
Labor market	Unavailability and/or scarcity of well-trained labor force (e.g. Khanna and Palepu, 1997; Parmigiani and Rivera-Santos, 2015	Unavailability and/or scarcity of well-trained labor force willing to work in social-mission related activities, and of people or partners with the right attitude to work
Product market	Dearth of information and understanding about products and services (e.g. Khanna and Palepu, 1997; Web et al., 2010)	Lack of information and understanding about products and services, and market penetration difficulties due to relative lack of interest and trust in quality of products/services (acceptance and adoption barriers)
Regulatory	Unpredictable, changeable and potentially unenforceable rules (e.g. Khanna et al., 2005; UNDP, 2013)	Unpredictable, changeable and potentially unenforceable rules, non-existence of rules, lack of clarity in regulatory processes, inconsistent application of rules, and ineffective and/or inefficient regulatory personnel.

Contracting	A general lack of formal written contracts, effective and/or impartial judiciary (Khanna and Palepu, 1997)	Same as in literature
Capital market	Limited access to finance	Limited access to private-sector finance due the nature of the social mission, a commercially driven social impact investing sector, lack of philanthropic culture locally.

First, whist in the literature product market voids imply a dearth of information and understanding about products and services, our analysis revealed product voids to also include acceptance and adoption barriers (access to market) due to a lack of interest and trust in the quality of social enterprises' products and services and culture of negative attitude towards locally-produced products in general. For instance, SE 1 is facing challenges in having her products accepted by customers: '*We potential customers will prefer buying black polythene bags to put their things in than sending a basket to the market. We produce them but we don't want to use them ourselves. The same applies to Pottery. We eat in plastic bowls and the locally made bowls form clay are standing there; nobody is interested in using them*' *(Manager, SE 1).* The situation was not different with SE 3: *'Initially, it was a very big challenge particularly for local rice. Consumers have devout taste for imported rice. So, it was difficult to get people' (Interview with Manager, SE 3).*

Second, according to the literature, labor voids mean the unavailability and/or scarcity of well-trained labor force. Our multiple-case analysis revealed a further dimension of this void, in the case of SEs, as the difficulty to find employees or partners with the right attitude to work. It was revealed that most employees have a negative work attitude or ethics which is conditioned by the culture and tradition of the people. For instance, SE 8 explains that "*probably mixed with our culture and traditions people just don't take job seriously. […] it's challenging to get people to understand that they can't do things based on the norms they are used to*" (SE 8, Interview with Manager). In corroborating this, SE 4 in sharing his experience of the challenge of finding people with the right attitude said "…*the work ethics is bad. Today you find them, tomorrow you are looking for the person and you can't even find that person. So, general attitudinal or work ethics challenges too are there (Social Entrepreneur, SE 4).*

Finally, in terms of regulatory voids, social entrepreneurs identified this void as

1) the non-existence of rules for SEs and some of their products which are mostly new and unique:

… in terms of all the things that you would have to do, all the boxes that you would have to check to be legally compliant, none of them specifically related to social enterprise (Manager, SE 5).

During registration we found out that there is no registration that can say that this is a social enterprise. The certifications around the product: getting the food and drugs board, standards authority…. Because, for instance, for our main product, which is the baobab, it was fairly a new product and a fairly new industry. So, within the Ghanaian laws they had no prior certification or documentation on the product. So, difficulties in even knowing how to certify it was another thing (Ghanaian Manager, SE 2).

2) lack of clarity in regulatory processes. For example, SE 7 explains "*there are so many gaps in terms where to go and what to do" (Interview, SE 7)* and

3) ineffective and inefficient regulatory officials, a situation SE 1 laments by explaining, "*…this person collects [your document], the next time your document is missing, and they say you should bring another document.* So, *the inefficiencies are disheartening and do not encourage you to want to go through the formal system"* (Interview with manager, SE 1).

Taking together, our analysis gives evidence of additional dimensions to three of the voids identified in the literature (see Table 2: Literature perspective and operationalization of formal market institutional voids). This suggests that institutional voids in the case of SEs in developing markets are more extensive in scope than those originally classified by Khanna and Palepu (1997) in emerging markets.

4.2 Institutional Challenges faced by Social Entrepreneurs

4.2.1 Regulatory challenges

In addition to the unpredictability, changeability and potential unenforceability of rules identified in literature as some of the regulatory challenges entrepreneurs in general face,

social entrepreneurs also face challenges in terms of lack of a specific legal designation for the social enterprise label, lack of clarity in regulatory processes, inconsistencies in the application of rules due to lack of public-sector understanding of law implementation, and non-existence of rules in some cases. We found that there are so many gaps in terms of where to go and what to do and the process itself is quite challenging due to bureaucracies. The founder of SE 2 explained the issue of clarity with the regulatory process as a challenge he had to endure during registration. He said, "*the legalities around it [SE] were not clear for us*". On her part, the manager SE 5 stressed: *"during registration we found out that there is no registration that can say that this is a social enterprise"*. Another manager added: "*And also, in terms all the things that you would have to do, all the boxes that you would have to check to be legally compliant, none of them specifically related to social enterprise*" (SE 9. Also, for most of the products of social enterprises, which are fairly new and/or unique in nature, the study revealed that regulatory authorities faced the dilemma of how to certify them due to the lack of prior certification or laws on those products. SE 1 produces baobab oil (a new and unique product) and faced a lot of challenges when they were seeking certification for the product. The manager recalled:

> The certifications around the product: getting the food and drugs board, standards authority…. Because, for instance, for our main product, which is the baobab, it was fairly a new product and a fairly new industry. So, within the Ghanaian laws they had no prior certification or documentation on the product. So, difficulties in even knowing how to certify it was another thing. You go to Accra, they will send you here, they will send you there and so on. So, it was a roller-coaster (Interview, SE 1).

Finally, due to the newness of the phenomenon (social enterprise), there is a lack of public-sector staff understanding of law implementation. Consequently, regulatory officials are inconsistent with the application of rules which confuses entrepreneurs in terms of who is right thereby delaying their (SEs) ability to get certifications or licenses. In lamenting the ordeal that they (social entrepreneurs) often have to go through with regulatory authorities, the founder of SE 3 had this to say about the inconsistency in the application of rules:

> …you have situations where one officer asks you to do things in a certain way and you do it and tomorrow another officer comes to tell you that you shouldn't have done this way; it should have been this way. So, there is no consistency even among them. […] I

remember I attended one presentation organized by NBSI. People from Accra came and spoke about standards and left. Later, I went to the office here and it's like oh no! that's not it; is this. So, there is no consistency. And the fact that there is no consistency it confuses the entrepreneurs in terms of who is right. And that in itself delays your ability to get these regulations (Interview with manager, SE 3).

4.2.2 Labor market challenges

The analysis of the data revealed that, whilst broadly organisations face the difficulty of finding a well-educated and skilled workforce in developing countries (Khanna and Palepu, 1997), social entrepreneurs in particular face challenges in finding skilled personnel who are willing and capable of advancing the course of the social-mission related activities of SEs, which mostly occurs in semi-urban and rural areas (Tracey & Phillips, 2007). Due to poorly developed training institutions the quality of education received at many institutions makes graduates poorly equipped to join the workforce more widely (British Council, 2015) and even much more so social enterprises. For instance, a study by Bay & Ramussen (2010) found a mismatch between duration in education and skills and competences acquired on graduation. In view of this, social enterprises do not only offer jobs by recruiting tertiary graduates but also "train and upkill them" (British Council, 2015, p.14). SE 1 had this to say about the education system in Ghana:

I will say that the educational system in Ghana has failed us in all ways, so it doesn't just apply to SEs. For instance, even the person who has done marketing doesn't really serve the purpose on the job. So, it's more of a holistic problem rather than just for social enterprises (Interview with manager, SE 1).

The multiple-case analysis further revealed that beyond the difficulty of finding skilled and competent labor, social entrepreneurs in developing markets also grapple with the problem of finding people with the right attitude. The issue of attitude was found to be in two dimensions: bad work ethics and attitude towards the advancement of dual goals of SEs. By combining multiple organisational forms SEs require staff whose competencies and dispositions align with their (SEs) hybrid work context – charity and business sectors. Unfortunately, however, finding workers who espouse both of SEs' charity and business forms is difficult (Battilana, 2014). We found that SEs faced the challenge of finding employees who identified with their dual mission. In explaining this a Ghanaian social

entrepreneur said: "*It was a big challenge in the beginning because there were some [people] that came wanting to bring social change and others that came just wanting to make money*" (SE 6). To corroborate this view another social entrepreneur lamented: *"Finding people with the right attitude was also a challenge. Especially in our environment, it's difficult to find people to believe in a dream and want to stick to that dream and look at the long-term benefits. People are usually short-sighted: they are looking at what is there for me today"* (SE 8).

In terms of "*bad work ethics*" the analysis of our data revealed that the nature and degree of the challenge of negative work attitude varied considerably depending on the nature of SE (i.e. whether it's community-based or not). Thus, we found that the problem of negative work attitude was more common in the case of community-based SEs, where bad work ethics such as lateness to work, absenteeism without prior notice, etc. were cited.

… most of them are from the community so they deem it as a community thing: whether I go or not, I will be paid; whether I put in my best or not, I will be paid. So, that habit is there, and it is very difficult to work with them. Because they are from the community, when you try to put even some little force or try to really act as an administrator, it becomes an issue: Mr. so-so and so's daughter has done this or that to me. So, that's what the problem is (Manager, SE 5).

In terms of the labor with regards to machinery we operate, that's where we have challenges. Basically, those challenges are human attitude; where probably mixed with our culture and traditions people just don't take job seriously. Somebody can just decide that today he/she doesn't want to come to work early so he is not coming to work early and doesn't even call the supervisor to say that he/she is not able to come to work early. Or somebody doesn't come for three days and says they were sick without following due process. So, in terms of labor for being able to run it as a factory which we do and which we want to maintain, it's challenging to get people to understand that they can't do things based on the norms they are used to. So, that has really been a challenge for us. So, you train people for the machinery and in the end, you have to let them go because all attempts to get them to align with how a factory should operate is just not working (Interview with manager, SE 7).

In addition to bad work ethics such as lateness to work, absenteeism without prior notice, etc., certain aspects of culture and tradition accepted as norms also pose a danger to productivity in the workplace. An example of such socio-cultural norms is the generally accepted superiority complex felt by males towards their female counterparts. One manager explained some of the socio-cultural issues that his organisation often has to deal with. He stressed:

> I will say tradition coupled with culture but also just a societal norm in Ghana that we have come to accept. Due to our tradition, it's common in some cases that a male employee feels that a female can't be his supervisor or that as a younger female supervisor, she shouldn't query him. Apart from this, it's common to find male employees who hold the view that their female counterparts can't use certain vocabulary in communicating with them (the males). So, what we do is that we factor these things (tradition and culture) in our training (SE 9).

Overall, we found that though socio-cultural issues are not peculiar to SEs the nature and degree of such issues are more monumental in the case of SEs because a high number of employees who are often employed are recruited based on the social objective of employing those most in need whilst a significant proportion of them are mostly casual workers (due to the inability of SEs to recruit qualified personnel on a permanent basis). As a consequence, most of the people employed have little or no education at all and this tends to affect their understanding of the nature and requirements of the workplace environment. In explaining the root cause of the problem, the manager of a social enterprise support organisation had this to say: "*Most of them are basic school and SSS [Senior High School leavers and so because of that, they are not able to really understand what it's to really put in their best*".

4.2.3 Product market challenges

Apart from the general lack of information and understanding about products and services that characterise product markets in developing countries, we find that SEs also face market penetration difficulties. As a new phenomenon, there is generally lack of knowledge and faith in the quality of the products of SEs by customers/clients. In terms of awareness, the study found that SEs grappled with making prospective customers/clients aware of their product/services which are often new and/or unique in nature. For instance, SE 1 produces baobab oil. Hitherto, baobab fruit (an ancient fruit) has never been known for its oil

producing potential. As result, SE 1 faces product market challenges both in terms of getting adequate and quality supply of baobab fruits as a raw material (because people are unaware that it can be used in producing oil) and selling the baobab oil because it is unknown to a lot of people due to its newness and uniqueness. The manager explained:

…the baobab, which is our key product, is quite new. People don't even know that oil can be extracted from baobab. Apart from that, they don't know its uses. And so because they don't know its uses, we are also left with having to educate people about the uses and the benefits of it, which makes the cost of education and sensitization higher because you have to print more materials that will teach people how to use the products, you have to do advertisement etc. (Interview with manager, SE 2).

The study showed that in addition to lack of awareness, SEs also faced challenges in terms of little or no confidence in the standard of their (SEs) products. This was evidenced by the fact that customers/clients (according to the SEs sampled) culturally preferred foreign goods to local ones, due to their (customers/clients) interests in quality and value for money and unpreparedness to settle for anything less by risking to purchase products because of social, ethical or patriotic reasons alone (British Council, 2015). Consequently, we found that consistent with previous research (Goyal, 2015) this trust deficit resulting from potential customers'/clients' socio-economic and cultural backgrounds creates adoption and acceptance barriers that SEs have to deal with. SE 4 produces baskets and pottery. Even though these products are cheaper and equally good for carrying and storing items and cooking and dining purposes, customers prefer polythene bags, plastic baskets, and modern forms of cooking and dining items. The manager explained how they face acceptance challenges for their baskets and pottery:

For the baskets, within here, there is a problem. Because, we [potential customers] will prefer buying black polythene to put our things than sending a basket to the market. We produce them but we don't want to use them ourselves. Pottery, the same. …within here, the plastics have taken over. We eat in plastic bowls and the bowls [locally made bowls form clay] are standing there; nobody is interested in using them. So, you are not able to make good sales within (Ghana). So, these have been the challenges that I face in managing this place (Manager, SE 4).

Similarly, SE 3 faced a challenge of acceptance for their locally produced rice despite it being relatively cheaper than imported rice:

> Access to market, yes. Initially, it was a very big challenge particularly for local rice. Consumers have devout taste for imported rice. So, it was difficult to get people even though the kind of rice we turn out is largely stone-free, because we have the machines that pick out the stones (Manager, SE 3).

Further analysis of the data showed SEs also face affordability challenges. Apart from the fact that majority of the customers/clients targeted by SEs are usually the poor (see Mair & Marti, 2009; Tracy *et al.,* 2011) mostly rural-based (see Karnani *et al.,* 2011), there is generally a lack of understanding by many who think SEs are NGOs and so their (SEs) services should be free or low-cost. Thus, whilst in some cases SEs find it difficult to make their products affordable enough to meet their social objective whilst at the same time remaining sustainable, in some other instances SEs face the challenge of having their prices accepted by some customers who though can afford but feel those prices should have been lower because they are coming from a SE. SE 5 explained:

> Affordability is a big question. Currently from the economic side of the academy we bring down our price range because we want the average Ghanaian to be able to afford our services, but we also want to be sustainable. We do offer a lot of free programs because we have donors and sponsors that pay for these programs and services. But if you looked at optimal operation, if you run a for-profit business, you would run looking at our overhead costs and look at how we generate profit. But because we are a social business, we still have to consider that our biggest impact is on social value creation. So, we make our services affordable even though they are not the lowest on the market. So, we are not operating strictly in a business sense in a way that is geared towards profit. So, we bring down our prices so that everyone can afford our services (Manager, SE 5).

The manager of SE 3) re-echoed this by stating that, "*in terms of affordability, yes; people complain that our prices are high even though, in relative terms, if you compare it with some of the high grade imported rice, it's still cheaper. But somehow people think that once we say*

it's locally produced and coming from us [social enterprise], it should be very cheap" (Manager, SE 3).

Taken together, the data revelled that there is a very limited domestic market for social enterprises' products and services. Beyond that however, we also found that in totality the nature of marketing challenge varied considerably depending on whether market availability (demand for a product/service) was antecedent to the creation of a SE or vice versa. Thus, we introduce and describe two different types of SEs – *market opportunity-based SEs and market necessity-based SEs.* The distinguishing feature of these types of SEs – which we label as *market opportunity-based SEs* and *market necessity-based SEs* – is based on whether the availability of market (demand) or the need to create market (demand for a particular product) was key in the conception of the SE. We found that marketing as a challenge was commonly sighted by market necessity-based SEs. SE 8 and SE 1 explained how they faced marketing challenges:

In most businesses they look at the demand for the product before they start production. But we did vice versa. So, we were looking at the product that has a potential though there was no market. And so, we had to create a demand for the product. So, that in itself made it quite difficult (Manager, SE 8).

… marketing has been another thing. The women have been trained, fine. They produce quality things [baskets and pottery items] but where to sell them. The baskets, fine: we are seriously looking for buyers in that area. But pottery, because of its delicate nature (they easily break, and they are also heavy) exporting them is very difficult (Manager, SE 1).

4.2.4 Capital market constraints

SEs, especial small- and medium-sized ones, in challenging contexts such as those found in developing markets, face limited chances of success in gaining access to private-sector investments due to the nature of the social mission: complexity in terms of measurement of outcome and impact (lack of clear financial returns, general lack of standardization and comparability of the metrics used in evaluating social performance, higher risks, long-time horizons (Ebrahim & Rangan, 2010; Hoffman, et al., 2010)). For instance, venture capitalists require high rates of returns which exposes SEs to the risk of drifting towards venture

capitalists (Goyal & Sergi, 2015). Alternatively, they (SEs) face similar challenges with regards to social impact investing which is still very commercially driven (British Council, 2015). In both cases, SEs can hardly offer the sort of returns that such investors seek. The quote below from a manager of SE 5 purports to explain the difficulty in obtaining local capital;

> … when you look at the startup ecosystem and access to capital,…local capital is very difficult [to come by]. Because, venture capital, angel investors, even the capital market, I mean there is so much risk, there is so much uncertainty. I understand investors, right. You don't know what is going to happen. Even though TEC is a booming space, within our market anything can happen (Manager, SE 5).

Further analysis revealed that SEs' alternative source of external financing (i.e. donor funds) is not readily adequately available either. We found that SEs faced challenges in obtaining funding from philanthropic sources in terms of not getting at all or not getting sufficient amounts. Locally, there is generally a lack of philanthropic culture outside family and kindship groups (British Council, 2015). A Ghanaian manager of a SE narrates the perception and attitude of most Ghanaians towards SEs.

> Most Ghanaians believe that NGOs and social enterprises are in it for making money. So, what that means is that you don't get as much local support, which is very sad in the sense that we should be able to solve our own problems instead of relying on so many different organisations who seem to be more interested in helping us solve our problems than the locals. So, those are some of the challenges: getting local support can be a challenge. Also, when you do get local support, it's not a lot to help you scale your operations. It's just enough to help you do something. But for sustained impact, it's an investment, you know. It's capital intensive, time intensive, commitment intensive. But that can be a challenge here because I think generally, society doesn't understand what given is and how to ensure that they sustain giving (Manager, SE 8)

Internationally, the analysis revealed that SEs faced challenges in obtaining sufficient donations and grants.

It has not been easy. It's been very difficult to get donor funding. For about 4 to 5 years now it has been very difficult to get funding. The area we operate in, i.e. art and craft, is already an area that most donors don't work in. For those that work in art and craft, you hardly get funding from them subsequent to a previous opportunity. And for those who don't operate in the area of art and craft, when you apply, they tell you "it's a good idea but we are not into that". So, the issue of funding has been a challenge (Manager, SE 1).

Another social entrepreneur explained, "*when you look at international capital, even though that helps, it's still not at a certain level so here you are able to raise capital but you don't raise it to the level say in the millions of dollars*" (Manager, SE 9).

This corroborates Villeneuve-Smith and Temple's (2015) study which found that out the 83% of UK SEs that relied on donations as their main source of funding, only 35% were successful in obtaining new grant income.

5.0 Conclusion

In this paper we sought to investigate the institutional challenges that are peculiar to the creation, survival and growth of social enterprises in developing countries. This was necessitated by the fact that most previous studies are western in nature and focus on large organisations whilst the few non-western ones in underdeveloped institutional settings are based on MNCs. Based on the analysis of interview transcripts, observation notes, and documents we were able to identify the various challenges that beset social entrepreneurs in developing countries with similar institutional setups or conditions as the setting of this study. To achieve our aim, we relied on a multiple-case analysis of 9 SEs as well as on the institutional voids and social entrepreneurship literature to identify the various challenges that hinder social entrepreneurs in developing countries. First, we found that the newness of the concept of "*social enterprise*" and its associated, in most of the cases, new and/or unique products and services posed challenges for social entrepreneurs in terms of regulatory processes. For instance, the analysis revealed that unlike in other parts of the world where there is a specific legal designation for SEs (e.g. low-profit limited liability companies or benefit corporations in the US (Bromberger, 2011), community interest companies in the UK (Snaigh, 2007), social co-operatives in Italy (Borzaga & Santuari, 2001)), social entrepreneurs in developing countries lack this privilege. Social entrepreneurs may either

adopt a for-profit or non-profit legal form (Battilana et al., 2012) with the associated challenges of each legal form in terms of organizing or try to mitigate these challenges by creating two distinct legal entities – a for-profit organisation and a not-profit organisation for pursuing commercial activities and the social mission respectively (Bromberger, 2011). As a consequence of the absence of a specific legal designation the study further revealed that there was lack of clarity in the regulatory process which leads to inconsistencies in the application of rules in the regulation of social enterprises, and non-existence of rules in some cases for some of the mostly new and/or unique products of SEs. In terms of labor market challenges, the multiple case analysis showed that social entrepreneurs face challenges in finding people with the right attitude (in terms of work ethics and alignment with the hybrid work context). It was revealed that whilst social entrepreneurs were challenged by finding employees whose skills and dispositions aligned with the charity and business sectors, it was equally a monumental challenge for social entrepreneurs to find people with good work ethics and this was found to be more common in the case of community-based SEs where bad work ethics such as lateness to work, absenteeism without prior notice, etc. were cited. Further analysis revealed that social entrepreneurs also faced challenges with respect to socio-cultural norms that are inimical to productivity. Although not peculiar to SEs the nature and degree of such issues are more monumental in the case of SEs because of the social mission requirement for member recruitment, which demands that social entrepreneurs hire local, socially needy individuals. A further finding is that social entrepreneurs in developing countries face challenges in making their prospective customers and clients aware of and interested in their (SEs) products and services which are often new and sometimes unique (non-conventional in nature). Apart from the issue of lack of awareness, we also found that social entrepreneurs face challenges in terms of lack of faith in the quality of their products by customers/clients thereby resulting in adoption and acceptance barriers for SEs. Further analysis of the data showed SEs also face challenges in either making their products affordable enough to meet their social objective whilst at the same time remaining sustainable or having their prices accepted by many who think SEs are NGOs and so their (SEs) services should be free or low-cost. Finally, the study revealed that social entrepreneurs also faced financing challenges. First, according to the SEs sampled, they find it difficult to get the right amount of capital from private-sector investors such as venture capitalists who require high rates of returns and social impact investors who are still very commercially motivated (British Council, 2015). Further analysis revealed that donor funds as an alternative source of funding for SEs is not readily adequately available either as locally there is generally a

lack of philanthropic culture whilst internationally, in line with previous research (e.g. Villeneuve-Smith and Temple, 2015), the analysis revealed that SEs faced challenges in obtaining sufficient amounts of funding on the backdrop of post-2008 austerity measures.

5.1 Contributions

First, this study contributes to the literature on the typology of SEs through the identification of two different types of social enterprises in developing countries – *market opportunity-based SEs and market necessity-based SEs* – based on the role of market (demand) in the conception of the SE. While hitherto no attention has been paid to the role of market availability (demand) in the conception of SEs, we found that the role of market (demand) played a major role directly in the degree of marketing challenges that social entrepreneurs face and indirectly on other challenges. Although marketing challenges existed in both types of social enterprises, we noticed that market opportunity-based social enterprises experienced less marketing challenges as awareness of and demand for their products were often central to their (market opportunity-based SEs) establishment.

Second, we contribute to the stream of literature that emphasizes the prevalence and significance of investigating institutional voids in developing countries (e.g. Web et al., 2010; Parmigiani & Rivera-Santos, 2015) by providing broader insights into the nature of formal market voids in developing economies from the contextual perspective of social entrepreneurs. For example, our operationalization of formal market voids based on our data revealed additional dimensions to labor, product, and regulatory voids that are not covered by those originally identified by Khanna & Palepu (1997).

Third, our investigation of the critical challenges that social entrepreneurs face in developing countries provides insight into entrepreneurial processes by deepening our understanding of the constraints that affect the creation, survival and growth of SEs in developing countries. While theoretical attention on the challenges facing [social] entrepreneurship exist, relatively less empirical attention has focused on small scale enterprises that lack resources and influence and operating in challenging environments. The study thus adds to works on social entrepreneurship and institutional voids. To the literature on social entrepreneurship, we contribute to the literature on the functioning of social enterprises (e.g. Haveman & Rao, 2006; Pache & Santos, 2013; Smith et al., 2013) by adding to this literature through identifying the factors that affect the success of social enterprises. To the institutional voids literature, it contributes to our understanding of the varying types and levels of institutional

quality inasmuch as it elucidates the institutional constraints that beset social entrepreneurs, with implications for wider entrepreneurship scholarship, in challenging operating conditions such as those found in the setting of this study.

Finally, it extends our current knowledge of social entrepreneurship and the challenges associated with it by responding to the call for more quantitative research in a field that is dominated by conceptual studies, and more research in non-western countries and contexts.

5.2 Limitations

Inasmuch as we propose that our findings could be applied to social enterprises operating in similar contexts such as that of this study, we admit that the sample of 9 SEs is relatively small. A larger sample size is needed to test the generalisability of this study since it can offer more insight.

Another limitation of this study is the fact that the nine organisations operate in only two West African countries. This has implications for the generalizability of findings since social entrepreneurs operating in other developing non-West African countries might face different challenges from the ones we identified.

5.3 Practical Implications

In terms of implications, first, social entrepreneurs can become aware of the critical challenges that can hinder the creation, survival, and growth of social enterprises in settings fraught with underdeveloped institutional regimes. Additionally, the responses revealed in this study are expected to provide insight into policies needed to address impediments to entrepreneurial activity in challenging regions around the global economy.

Second, theoretically, the study complements prior literature on the consequences of institutional voids by throwing light on the factors that stymie the survival and expansion of small- and medium-sized social enterprises operating in understudied geographical contexts such as the setting of this study.

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Institutional Voids and Social Entrepreneurship: How are Social Entrepreneurs Developing Unique Strategies to Cope with Institutional Voids?

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Abstract

A firm's performance is shaped by its ability to effectively manage the institutional context of its operations. With the institutional settings of developing countries varying greatly from those of developed countries, institutional voids (IVs) are expected to impact social enterprises (SEs) differently due to their hybridity, in comparison to their Western counterparts as well as their local counterparts (traditional for-profit businesses). Thus, whilst developing strategies to cope with institutional arrangements is important everywhere, it is more critical for SEs in particular, and entrepreneurs in general, operating in developing countries due to the underdeveloped institutional regimes that those entrepreneurs face. Yet theories and findings on the constraints and barriers that social entrepreneurs face have been dominated by observations of, and insights derived from, developed market contexts with the few conducted in developing countries focusing largely on multinational enterprises (MNEs). Relying on an exploratory multiple-case study approach, this study seeks to strengthen and deepen our understanding of discussions in this area through an investigation of West African SEs. Specifically, the study explores how social entrepreneurs in Ghana and Ivory Coast are developing unique strategies to cope with formal market institutional voids. Through a multiple case study of six social enterprises, this paper theorizes a model, herein referred to as the Creative action-Connection-Capability-building and education model (3C model) that depicts the three key aggregate strategies that social entrepreneurs rely on in order to achieve their aims while overcoming institutional voids. The study contributes to the literature on institutional strategizing by illustrating how small and medium firms respond to formal market voids.

Keywords: institutional theory; institutional voids; formal market institutions; social enterprise; developing countries

1.0 Introduction

Organizations' ability to do business is either facilitated or hampered by the setting in which they operate. This is because institutions provide more than just background conditions for organisations (e.g. Meyer, Estrin, Bhaumik, Sumon, & Peng, 2009). Well-functioning institutions in every economy serve as specialised intermediaries to support and facilitate the ability of firms to acquire relevant resources to do business. Institutional theory literature has revealed that for firms to be able to acquire and deploy organisational resources effectively and efficiently to achieve desired organisational outcomes, they need available and well-functioning formal institutions (Puffer, McCarthy, & Boisot, 2010). A firm's performance and long-term survival is thus shaped by its ability to manage the institutional context of its operations. The institutional settings of developing economies differ greatly from those of developed economies (He, Tian, & Chen, 2007). Whilst developed economies have supportive formal institutions that facilitate businesses, many developing economies are fraught with institutional voids that stymie the operations of firms in such economies (Peng, 2003). According to Khanna & Palepu (2010), developing and emerging economies are bedevilled by ineffective or completely absent formal institutions needed to provide the required assistance for firms in areas such as the product, capital, and labor markets as well as in areas of regulation and contract-enforcing mechanisms. These institutional voids impact SEs differently (reasons to be stated later) in comparison to both their Western counterparts and their local counterparts (traditional for-profit businesses). Thus, whilst developing strategies to cope with institutions is important everywhere, it is more critical for the success of entrepreneurs in general and social entrepreneurs in particular operating in developing economies due to the underdeveloped institutional regimes that such entrepreneurs face. *What unique strategies, therefore, are social entrepreneurs identifying and adopting to cope with institutional voids in institutionally underdeveloped settings?*

With a world currently engulfed with numerous and severe problems due to increasing resource use and environmental impacts associated with rising global population and accelerating global development, the need for addressing the wide range of social and environmental problems has never been greater. This has become necessary because some of the problems (e.g. the effects of climate change, widening gaps of economic inequality, environmental degradation and pollution, terrorism, etc) threaten our survival and comfort as a human species making the finding and implementing of solutions to them imperative (Gore,

2006: cited in Saud, Vansandt, & Baugous, 2008). In line with global trends, solutions to social and environmental problems are key to Africa's transformation and (sustainable) development. During a greater part of the twentieth century, the provision of such social and environmental solutions were traditionally the responsibilities of single-purpose organisations (Siegner, Pinkse, & Panwar 2018). The public sector was responsible for the provision of civic functions, the non-profit sector for the provision of charitable work whilst the private sector was for corporate social responsibility (CSR) activities. However, in recent times, due to the urgency of the solutions needed, it has been suggested that large-scale radical changes are required in both private and public institutions (Siegner et al., 2018) with many regarding the need for business model change as imperative for achieving sustainability (Rauter, Jonker & Baumgartner 2015; Schaltegger, Lüdeke-Freund, & Hansen, 2016). The "underlying argument is that traditional business models inherently limit firms' abilities to deliver on sustainability goals even when firms may have genuine intentions to do so" (Siegner et al., 2018, p.20) and only permit firms to reduce their negative impacts (Bocken, Short, Rana, & Evans 2014). In order to realise the holistic changes required for social and environmental sustainability, therefore, it has been argued that there is the need for the development of alternative, sustainable business models (e.g. Bocken et al., 2014). Consequently, social enterprises (SEs) have emerged as a promising substitute for conventional business models (Nicholls, 2008). They have been praised as an effective sustainable response to the diverse, multifaceted and very often intertwined social challenges (Billis, 2010) which have been characterised as *wicked* problems (Panwar, Nybakk, Hansen, & Pinkse, 2015) facing our planet and requiring urgent remedies due to their threat to the sustainability of social and ecological systems (IPCC, 2014; Levin, Cashore, Bernstein, & Auld, 2012). According to institutional literature (e.g. Khanna & Palepu, 1997; Puffer, McCarthy, & Boisot, 2010) firms need available and well-functioning formal institutions in order to improve performance, and Meyer (2001) to confirm this asserts that, as in developed countries, institutional settings for businesses are key for starting up and running small and medium enterprises (SMEs) in less developed economies. In order to be able to survive and create value, therefore, SEs would need well-functioning formal institutions just like any other firm in any industry, either in the developed or developing world. These institutions are indispensable in the success story of any business because they directly influence firms' formulation and implementation of strategies (Ingram & Silverman, 2002). However, as already indicated, most of the institutions that support Western firms are absent in developing countries whilst those that are available are inadequate and ineffective (Khanna & Palepu, 1997, 2010; Puffer et al., 2010)

thereby constraining businesses' efforts. Thus, to succeed, social entrepreneurs must find ways to cope with these institutional voids.

For the past two decades trade liberalization, growth and globalization of most developing economies have made them sources of interest and opportunity for managers and investors (Khanna & Palepu, 2010), and Guo (2010) in supporting this described Africa as the evolving new China and India. In these contexts, the rapid co-evolvement of both society and economy require organisations to pursue both economic and social development (Luo, 2006; Mair, Martı, & Ventresca, 2012). Yet, our theories have not kept pace (Davis & Marquis, 2005). Despite the widespread interest among academics, practitioners, and policy makers on the importance of SEs globally (Bull, 2006; Skoll Foundation, 2013; Short et al., 2009), a growing academic interest across Africa (e.g. Calvo & Morales, 2016; Claeye, 2017; Conway, Robinson, Mudimu, Chitekwe, Koranteng, & Swellin, 2019; McMullen & Bergman, 2017; Panum, Hansen & Davy, 2018), and how institutional differences affect organisations (Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury 2011; Peng, Wang, & Jiang 2008), much of the research is based largely on "understandings, experiences, and data from the developed world" (Littlewood & Holt, 2018, p. 527) and mainly large-scale organisations. To the best of our knowledge, West Africa and Africa at large remain to a large extent terra incognita as to how SMEs navigate institutional challenges to gain competitive advantage and survival. In many ways 1) our theoretical insights have been based largely on data and findings from developed market contexts and are somewhat misaligned with current realities facing organisations (Marquis & Raynard, 2015) especially in the developing world whilst 2) the few ones based on developing country contexts (i.e., studies of institutional voids) have disproportionately focused on resource-endowed multinational enterprises (MNEs) (Meyer et al., 2009) and the strategies they adopt to navigate formal institutional deficiencies (Luo, 2010). But, as Khanna (2014) and Marquis & Raynard (2015) assert, theories and findings obtained from primarily studied Western organisations have limited generalizability to emerging market contexts. With organisations increasingly expanding into diverse institutional environments, the relative fitness and practicability of transferring institutional strategies as "one-size-fits-all" solutions are called into question (Peng, Sun, Pinkham, & Chen, 2009). As a result, this calls for increased research in developing new theories and testing existing ones on strategies that are suitable for the kind of institutional environments found in developing and emerging markets

(Doherty, Haugh, & Lyon, 2014; Hiatt & Sine, 2014) in order to address the growing diversity in the present-day global market (Marquis & Raynard, 2015).

Drawing upon multiple-case study research, this paper seeks to broaden our knowledge of the nature of organisations' strategic responses to institutional voids with an investigation of West African SEs. Specifically, we seek to answer the research question: *What unique strategies are social entrepreneurs identifying and adopting to cope with institutional voids in Ghana and Ivory Coast?* Ghana and Ivory Coast represent a unique setting because of the following reasons. In both countries, just like in most developing countries, social entrepreneurship is a fairly new phenomenon with most SEs yet to reach medium-sized operations (British Council, 2015). As a new phenomenon, there is both public and media misunderstanding of the concept: whilst media reports often mistake *"social enterprise"* for *"CSR"* thereby perceiving private business entrepreneurs as *"social entrepreneurs"* and regarding regular businesses that have CSR projects as *"social enterprises* (Yu, 2011), the public tends to associate *"social enterprise"* with *"charity",* and with *"NGOs"* – not business models (British Council, 2015). Legally, there is no specific legal designation for SEs (British Council, 2015) and this exposes them to numerous organising challenges. Culturally, consumers tend to favour foreign imported products over locally produced ones due to lack of confidence in the quality of locally produced products and services and this makes it difficult for social enterprises to increase sales and confidence among consumers. This is contrary to the case of large firms (in developed countries) which have been the focus of previous studies. Third, in the two countries like the rest of Africa, the rapid co-evolvement of both society and economy requires organisations to pursue both economic and social development (Luo, 2006; Mair et al., 2012), hence the growing interest among academics, practitioners, and policy makers on the importance of SEs across Africa (Kerlin, 2008). Forth, the institutional environment in Ghana and Ivory Coast mirrors the underdeveloped institutional settings that SMEs in developing countries operate in. This is expected to impact significantly on social enterprises' survival and growth and therefore makes these countries a fertile ground for investigating the strategies that social entrepreneurs are adopting to navigate institutional voids. Finally, there have been widespread calls in recent times for an increased research focus in developing economies especially in Africa due to their assumption of a prominent position in the global economy (George, Schillebeeckx, & Liak 2015). The Ghanaian and Ivorian environments are thus likely to pose many challenges

for SEs thereby making it necessary for social entrepreneurs to develop unique strategies to cope with these institutional voids if they are to succeed.

By connecting the social enterprise-based literature (e.g. Smith, Gonin, & Besharov, 2013; Battilana and Lee, 2014) and that of institutional voids (e.g. Khanna & Palepu, 1997, 2010; Peng et al., 2010) we contribute to literature in a number of ways. First, the paper broadens our apprehension of the phenomenon of social entrepreneurship in contexts characterised by institutional voids and for which relatively little is known about, such as Africa (the setting for this study). This offers value to the stream of scholarship that investigates social/entrepreneurship in contexts in which institutional voids are present, by illustrating how entrepreneurs confront institutional voids. We thereby extend the limited work on the strategic management of social enterprises, with implications for wider institutional strategizing and, importantly, move beyond the preponderance of studies of institutional voids on MNEs (Luo, 2010; Meyer et al., 2009). Second, we provide a deeper assessment and understanding of the challenges faced by SEs and the different ways in which they (SEs) are responding to institutional voids in developing world contexts, with implications for wider entrepreneurship scholarship. This connection is important and timely because according to Bettis et al. (2014, p.3), research focused on settings with underdeveloped institutions is necessary to increase and improve our understanding of "world-wide strategic management". It is equally important because of the role developing and emerging markets play in global demand for which reason multinational firms are turning towards these markets.

2.0 Theory background

2.1 Institutional Theory and [Social] Entrepreneurship

Institutional theory offers insights into how different institutional environments affect the behaviour of groups and organisations in different markets (North, 2005; Scott, 1995). According to institutional theory, institutional settings play a critical role in overall entrepreneurial activity (Acemoglu & Robinson, 2012) by affecting the startup, structure and management of an entrepreneurial venture (Ebrashi & Darrag, 2017). Thus, according to North (1990), institutions are the rules of the game. Institutions are more than just background conditions for organisations (Meyer et al., 2009) as they directly influence the formulation and implementation of firms' strategies (Ingram & Silverman, 2002). Examples

of such institutional environmental factors include trade associations, educational and training institutions, cultural dynamics, professional associations etc. (Scott & Meyer, 1984).

Organisations ability to exploit entrepreneurial opportunities is either facilitated or constrained by the various institutional factors within the environment in which they operate (North, 1990; Scott, 1992). These institutional factors affect the startup, management and growth of businesses either positively or negatively (Bruton et al., 2010) as well as influencing the pace of entrepreneurial development in a given setting (Manolova, Eunni & Gyoshev, 2008). Based on this theory, institutional theory comprises of two opposing perspectives: *institutional support and institutional void perspectives.* On the one hand, according to the institutional support perspective (Dacin et al., 2010; Zahra et al., 2009), the existence of effective institutions enables organisational development. For instance, Busenitz et al. (2003) and Short et al. (2009) argue that sociocultural, macroeconomic, demographic, etc. factors serve as enhancers for social entrepreneurial activities. On the other hand, according to the institutional void perspective (Khanna & Palepou, 1997), the lack or ineffectiveness of institutions acts as a constraint on entrepreneurial development. Whilst institutional voids (Khanna & Palepou 1997) may constrain entrepreneurship in general, the institutional void perspective (e.g. Dacin et al., 2010; Estrin et al., 2013a) is that the lack or ineffectiveness of institutions can be both a constraint on and a facilitator of social entrepreneurship development. Research has shown that the lack of institutions can facilitate the development of SEs such that social entrepreneurship is more likely to occur in resource-scarce environments where social and environmental problems are abundant (Dacin, Dacin, & Matear, 2010). A countervailing perspective is that the lack of market supporting institutions negatively affects SEs' ability to acquire fundamental resources to conduct business effectively. To confirm this, Austin, Stevenson & Wei-Skillern (2006) suggest that harsh economic conditions both motivate and impede social entrepreneurship by increasing the need for social services whilst at the same time making it more difficult to secure philanthropic funding. The ability of SEs to achieve their dual mission by achieving their social goals and financial self-sufficiency is thus impacted by the institutional environment in which they (SEs) operate. Taken together, the implication of the institutional void perspective in terms of social entrepreneurship is that voids may influence social entrepreneurial behavior, both as stimulants of motivation and as barriers to fundamental resource support to social entrepreneurs (Stephan, Uhlaner, & Stride, 2014). In this paper, we are interested on institutional voids as constraints to social entrepreneurship development.

2.2 Institutional Voids and Social Entrepreneurship in Developing Countries

As discussed previously, the institutional environment is crucial for entrepreneurial development. Referred to as "rules of the game" (North, 1990), institutions enable, guide, facilitate, and constrain market activities (Grief, 2006). For entrepreneurship to thrive and survive, the regulative, normative, and cognitive institutional dimensions must be present and effective (Khavul, Chavez, & Bruton, 2013). Well-functioning institutions in every economy serve as specialised intermediaries to support and facilitate the ability of firms to do business. Examples of such intermediaries include but not limited to credibility enhancers (including auditors and third-party certifications), information analysers (including credit ratings and Consumer Reports ratings), aggregators and distributors that provide low cost matching services (including banks, trading companies, and labor unions), transaction facilitators (including equity exchanges and platforms such as eBay), and adjudicators and regulators (Khanna & Palepu, 2010; cited in Gao, et al., 2017) Conversely, the ineffectiveness or unavailability of such institutions tend to constrain firms' ability to do business effectively. Khanna & Palepu (2010) therefore argue that it is important to have formal institutions to provide the required assistance for firms in areas such as the product, capital, and labor markets as well as in areas of regulation and contract-enforcing mechanisms. The ineffectiveness or complete absence of these institutions – known as institutional voids (Khanna & Palepu, 1997) – leads to high market uncertainties and risks of doing business and adversely affect the operations of entrepreneurs. Although institutional voids can characterise any setting, they are prevalent and pervasive in developing and emerging economies (Doh, Rodrigues, Saka-Helmhout, & Makhija, 2017). In an emerging economy such as the African economy, many of the formal and informal institutions that support Western enterprises are either completely non-existent or available but inadequate and/or ineffective (Khanna & Palepu, 2007, 2010; Puffer, Mc-Carthy, & Boisot, 2010) and thus adversely affect the type and pace of entrepreneurial development (Sutter et al., 2013).

First, in terms of labor market voids, most developing and emerging economies suffer from a general lack of well-trained labor force due to lack of or poorly developed training institutions or the difficulty of finding people with the right desired skills and competences. In Ghana, for instance, Bay & Ramussen (2010) found a mismatch between duration in education and skills and competences acquired on graduation. The following quote below from one of the interviews corroborates Bay & Ramussen's (2010) finding:

I will say that the educational system in Ghana has failed us in all ways, so it doesn't just apply to SEs. For instance, even the person who has done marketing doesn't really serve the purpose on the job. So, it's more of a holistic problem rather than just for social enterprises (SE Manager, 2019).

In addition to this, there is a high asymmetry in labor matching (Parmigiani & Rivera-Santos, 2015). Second, developing or emerging economies are characterised by capital market voids (Web et al., 2010). Whilst entrepreneurs in developed economies have access to strong capital markets that offer finance (Khanna & Palepu, 1997) for capital investment for either starting or expanding businesses (Kuzilwa, 2005), access to credit in developing countries is limited (Andrianova, Demetriades, & Shortland, 2008) especially for small and medium enterprises without acceptable collateral securities to secure bank loans. Venture capital firms are woefully absent (UNDP, 2013). Thus, although a global challenge, the problem of access to credit by micro, small, and medium enterprises is greater in Africa thus hampering the development of entrepreneurial opportunities (Bowen, Morara, & Mureithi, 2009; Klyton & Rutabayiro-Ngoga, 2017). Consequently, less formal funding sources like support from family and friends and personal savings serve as a vital alternative for small and medium enterprises. Equally lacking in developing and emerging economies are effective regulatory bodies as well as contract-enforcing mechanisms (contractual institutional voids) (Khanna & Palepu, 1997; Parmigiani & Rivera-Santos, 2015; Webb, Kistruck, Ireland, & Ketchen, 2010). There is generally a lack of formal written contracts (Khanna & Palepu, 1997) and where there are, the judiciary is either ineffective or partial to adjudicate disputes arising out of those contracts. Most of the time, regulations are time-consuming, unpredictable, changeable, and potentially unenforceable (Khanna, Palepu, & Sinha, 2005; UNDP, 2013). As a result, formal rules are often substituted with informal mechanisms such as interpersonal relationships (trust), repeated interactions, regulations and decisions from religious and traditional leaders, private security arrangements, etc. (Ahlstrom et al., 2003; Mair et al., 2012) and peer recommendations to ensure the fulfilment of contractual obligations. Finally, developing or emerging economies are fraught with product market voids (Khanna & Palepu, 1997; Parmigiani & Rivera-Santos, 2015). Consumers in developing and emerging economies suffer from lack of information and understanding concerning products and services due to low education and literacy levels (Viswanathan et al., 2008) and poor communication systems and/or limited communication coverage in rural areas.

These institutional voids reinforce social and environmental problems and impede socioeconomic growth and development (Khanna & Palepu, 1997; Web et al., 2009). For example, although Africa is among the world's fastest growing regions in terms of population and economic growth (UN, 2013), this growth rate is said to be hampered by institutional voids (Foster & Briceno-Garmendia, 2010). This suggests that but for the presence of institutional voids, Africa's rate of economic growth would have been higher than the current rate. On the one hand, as already stated earlier, these institutional voids serve as motivation for social entrepreneurship. On the other hand, although these institutional voids can create opportunities for SEs (Mair & Marti, 2009; Baker, Gedajlovic, & Lubatkin, 2005) unlike as solely barriers in the case of conventional entrepreneurs (Mair, Marti, & Ganly, 2007), the presence of these voids can also inhibit opportunities for social entrepreneurs in terms of access to tangible and intangible resource support. The afore-mentioned institutional voids pose unique challenges for SEs due to their hybridity in comparison to conventional entrepreneurs. As hybrids, SEs combine both charity and business organisational forms by pursuing a social mission whilst engaging in commercial activities to sustain their operations. The business and charity organisational forms consist of distinct features that are associated, respectively, with commercial businesses and private charities. Like all other hybrid organisations, SEs fit no single, established form and this exposes them to further challenges in relating to their external environment due to the specialised role of institutionalised expectations which serve as the basis for the award of legitimacy and resources (Battilana & Lee, 2014). Despite these challenges, however, several social enterprises are thriving and making significant progress in solving numerous complex societal ills in developing countries and are expected to do even more in the future. Given the prevailing institutional voids in developing countries, the creation, survival and sometimes even growth of SEs is dependent on and/or might be credited to their adoption of effective strategies to cope with institutional voids. However, how social enterprises especially small-scale ones that lack resources and influence thrive despite the constraints that their external environment poses remains to be understood (Beninger & Ganesh, 2014). *How are social enterprises developing unique strategies to cope with institutional voids in developing countries?* Despite some prior studies have discussed the institutional voids and the need to investigating them in developing countries (e.g. Web, 2010; Parmigiani & Rivera-Santo, 2015) little is known about how social enterprises, especially small- and medium-sized ones, respond to these voids (Ebrashi & Darrag, 2017). Research about social entrepreneurship in other contexts such as those in Africa is relatively scarce (Doherty et al., 2014). Thus, social entrepreneurs'

strategic responses to institutional voids in developing countries remains to be understood. Given the relative scarcity of (empirical) research on SEs in developing countries in general, there is the need to expand the frontiers of social entrepreneurship beyond Western boundaries into emerging economies such as the African economy. This study seeks to both to fill the gap identified and to respond to this call with a study of social enterprises in an African context. We do so by investigating the different strategies that social entrepreneurs are deploying to overcome institutional voids in Ghana and Ivory Coast in order to survive and grow.

3.0 RESEARCH METHOD

The research employs an exploratory inductive qualitative approach based on a grounded theory (Glaser & Strauss, 1967; Straus & Corbin, 1990) relying on a constructivist stance (Mills, Bonner & Francis, 2006). Grounded theory, which is the theorization from systematically collected data (Glaser & Strauss, 1967) is often recommended to investigate uncharted waters and has been suggested to be an appropriate method to gain fresh perspectives on a phenomenon (Stern, 1995). It is also recommended for studies that concern behavioural traits (Straus & Corbin, 1998) and has been widely used in social entrepreneurship research in specific (e.g. Robinson, 2006; Nicholls, 2006) and more generally, entrepreneurial cognitive and behavioural research (Neergaard & Ulhoi, 2007). In this study, we use grounded theory to address the need for different theoretical perspectives in the field of social entrepreneurship and to develop an empirically derived model of how social entrepreneurs navigate institutional voids.

The study involved an in-depth qualitative analysis of six small- and medium-sized social enterprises (SMSEs) operating in Ghana and Ivory Coast and formed part of a broader research project that was conducted in the West African sub-region. The aim of the broader research project was to collect qualitative data on the operations of SEs in challenging environments with specific focus on West Africa.

3.1 Sampling

The study used a mix of theoretical sampling (Denzin, 1989; Eisenhardt, 1989) considered suitable for grounded theory research (Straus & Corbin, 1990; Neergaard & Ulhoi, 2007), as well as snowball sampling (Mills & Huberman, 1994) in selecting the participants. Our cases were selected based on their origin (i.e. founded by a double or triple bottom line). Potential

participants were contacted via emails and phone calls to invite them to take part in the research. Once the initial response was received, theoretical sampling was used as a guide to identify which data to collect next (Suddaby, 2006) after interviewing, coding and analysing two special SEs (purposive sampling). The selection of the rest of the participants followed until data saturation was reached (Glaser, 1978). As the interviews progressed, we used the snowball method (Mills & Huberman, 1994) to further identify other potential participants. In total, six SEs took part in the project consistent with the proposed range of four to ten cases suggested by Eisenhardt (1989). These six organisations were selected based on their track record of geographical reach, financial sustainability, and recognised social impact. In order to mitigate potential selection bias in our sample, the criterion of maximum variation (Patton, 1990) was ensured through selecting our cases from different geographical locations, impact sectors, ages and sizes. This gave us the benefit of the opportunity of exploring the similarities and differences between the cases thereby enhancing the reliability and validity (Yin, 2003) of the study. Table 1 Contains a more detailed description of the cases including age, geographical reach, impact sector, etc.

Table 1 Case description

Case	Est. Year	No. of Staff	Impact Sector	Type of social impact activities	Geographical Reach
SE 1	1997	10	Art and craft	Training women (as partners) in canvass painting, basketry, and pottery; marketing the art and craft produced by the women.	One country
SE 2	2004	9	Justice	Providing child protection for vulnerable children and youth through the formulation of programme concepts and implementation; rehabilitation for juvenile offenders.	One country
SE 3	2013	8	Agriculture and services	Providing economic empowerment to women (widows) through training and engagement in oil processing, basketry, and cloth weaving	One country
SE 4	2013	35	Fitness	Providing employment to society's disadvantaged through stitching and sale of footballs, donating footballs to less privileged children, and running educative health programmes.	Three countries
SE 5	2013	15	Clean technology, Energy	Provision of affordable clean energy to off-grid consumers who are mostly in the rural areas of Ghana.	One country
SE 6	2012	15	Education	IT training in areas of software and skills development in technology for young girls.	Two countries

Though potential participants were initially selected from the Registrar Generals Department (the department responsible for registering all businesses) database, we used self-perception

and ensured that founders of the final sample self-identified as SEs (see Lyon, Teasdale, & Baldock, 2010; Mair et al., 2012; Meyskens, Robb-Post, Stamp, & Carsrud, 2010) as a way of mitigating some of the definitional ambiguities associated with SEs. The criteria involved firm owners/managers 1) confirming or disconfirming that their firms are social enterprises; and 2) explaining why they think that their firms are social enterprises, where they identify their firms as social enterprises. In selecting the cases partly on the basis of self-perception of firm owners as social enterprises, we ensured due care in order to deal with some of the challenges identified by Rivera-Santos et al (2015) as associated with this approach. We mitigated the potential challenges of this method by also analyzing the choice of activities, and where possible the patterns of profit distribution, (Doherty et al., 2014; Zahra et al., 2009) in determining whether there was co-existence of social and economic goals or not

3.2 Data

We relied mainly on in-depth interviews in collecting data for this study. We interviewed individuals that had a managing function within the SEs (i.e. founders/founding teams and top management). Data was triangulated using observations and secondary materials such as policy documents, practitioner articles, business publications, newspaper publications, company annual reports, company websites, brochures, marketing material, reports of support agencies, etc (see Table 2). An interview guide (based on reviews of relevant literature and informal inquiries from experts in the field with a semi-structured form was used to allow for the probing further of emergent themes. In all we conducted 34 interviews between December 2019 to April 2020 with each interview lasting between 30 to 90 minutes. Verbal informed consent was obtained from all participants who were interviewed for this study. Each interview was audio-taped (with the consent of participants) and transcribed within 24 hours for data analysis.

In order to ensure data validity and soundness of research which are important issues in qualitative research, with validity in terms of credibility and authenticity often identified as the strength of qualitative research, we followed and implemented some strategies for addressing soundness and validity (Creswell, 2003). First, the interview data was triangulated using observations and secondary materials such as policy documents, practitioner articles, business publications, newspaper publications, company annual reports, company websites, brochures, marketing material, reports of support agencies, in all 54 documents were identified. (see Table 2). The authors also spent 50 working days at the social enterprises'

premises to observe their operations. Second, member checking was also implemented. This was done by providing each interested participant with the transcript of their interview data and allowing for their inputs. Third, thick descriptions are used to convey the findings of the research to improve the shared experience and the judgement of the readers. Lastly, a fiscal audit was conducted, where a third party was engaged to audit the overall research process and analysis.

Table 2 Data sources

Source	Number
Semi-structured interviews	
Social enterprise founders/managers	24
Front-line operators	10
Total number of interviews	**34**
Secondary data	
Minutes	21
Publications	9
Annual Reports	7
Presentations	5
Conference posters	2
Marketing material	10
Total number of documents	**54**
Observations	
Daily operations	36
Exhibitions/Trade shows/Conferences	3
Outreach activities	2
Staff meeting	9
Total number of observations	**50 days**

3.3 Data Analysis

Analysis of data followed the steps of inductive grounded theory approach (Cobin & Strauss, 1990; Glaser & Strauss, 1967). Employing manual coding, we used open coding to break down, examine, compare, and categorise the data into preliminary codes which were organized into first order categories (Gioia, Corley, & Hamilton, 2013) through a process of constant comparison (Glaser, 1978). The first-order categories were based on interviewees' accounts. Axial coding (Strauss & Corbin, 1990) then followed where we collapsed the first order categories into second order themes by identifying connections between the open codes. Finally, the second-order themes were then collapsed into overreaching aggregate dimensions (Gioia, et al., 2013). The process was iterative, constantly comparing data to the literature until data saturation was reached (Strauss & Corbin, 1998). The analysis of interviews, documents and observations resulted in a number of key themes. Our data

structure comprising of the first-order concepts, second-order themes, and aggregate dimensions is presented in Figure 1. Table 2 contains data supporting the identification of the different ways in which SEs deal with institutional voids.
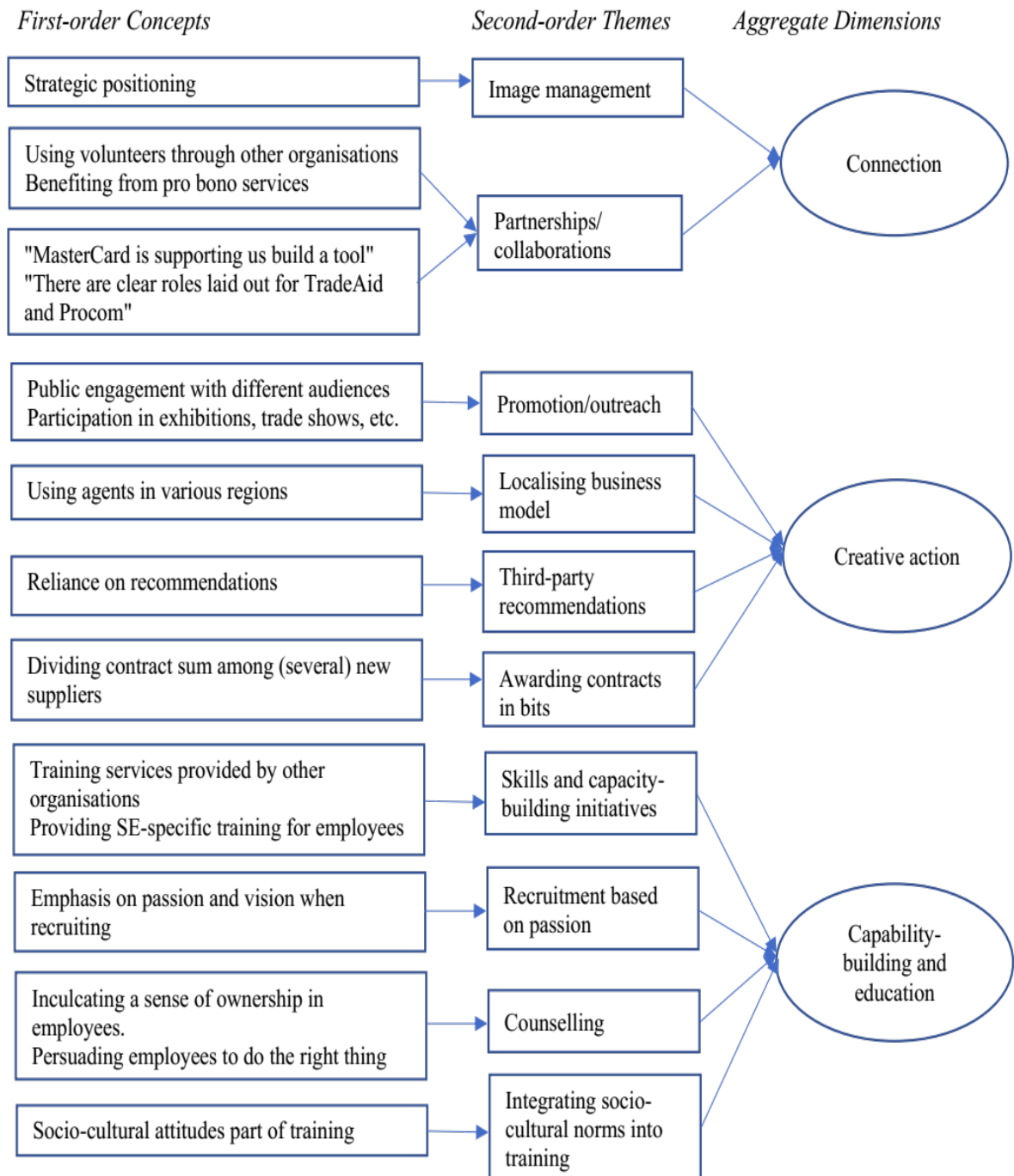
Figure 1 Data structure

Table 2: Data Supporting the Identification of SEs' Strategic Responses to Voids

| Formal Market Voids and Themes	Representative data from interviews
Creative action: 1. Promotion/ Outreach	"… I do a lot of public speaking engagements with different audiences and that is also part of creating awareness: from churches, to schools, to corporate organisations".
2. Localizing business model	"So, what we do is we partner with other organisations in the regions…and train people there to administer our curriculum and our program".
3. Third-party recommendations	"… anything below that 2000ghs we go for recommendations. Even with the transactions that we would normally go into formal contract agreements, we still rely on recommendations [for new partners] from senior public officers, religious leaders, or organisations".
4. Awarding contracts in bits	"[…] sometimes if you haven't done work with somebody you give them a smaller contract. So, we won't just take a big lump sum and give to one person that we have never done anything with. We will start off with a small amount whereby if there is a breach of contract, we can lick our wounds and recover".
Connection: 5. Partnerships/colla borations	"We partner with a lot of organisations both local and international who send volunteers to us". "Through partnerships with global technology organisations we are able to develop global technologies, processes and standards. "Some of the projects that we implement, there are clear roles laid out for X and Y. So, that helped a lot in raising some initial capital and is still a vital source of much of our fundamental resources" "We have received a lot of pro bono support from experts with different backgrounds from prestigious organisations such Google, Mckensy, Western Union, SAP Software Solutions, and other top consulting companies".
6. *Image management*	"For us, we have been fortunate in being able to position ourselves strategically to able to benefit from raising different capital from different markets, and not just local".
Capability-building and education:: 7. Skills and capa-city building	"For some time now, we have partnered with some educational institutions as a result of which some of our employees have benefited from social entrepreneurship trainings organized by these academic institutions".
8. Counselling	In addition to querying, SEs tend to counsel employees in an attempt to getting them to do the right thing in order to save people from being fired.
9. Recruitment based on passion	"the key thing is you must have the passion for social work".
10. Integrating tra-tion and culture into training	As part of training, especially new staff, SEs try to make people understand that cultural elements such as age or gender have no place in their organisations.

4.0 Findings

This section presents the findings on the strategic responses of SEs to formal market institutional voids. In doing so, we draw on Khanna & Palepu's (1997) categorisation of institutional voids to identify the unique strategies that SEs are adopting to prosper or survive in developing countries. The paper provides evidence of the strategic choices undertaken by

social entrepreneurs for addressing the challenges that institutional voids pose, based on a detailed analysis of six successful SMSEs in West Africa within the context of IT education, Art and craft, Agriculture, Fitness, Justice, Energy.

4.1 Strategies employed by SEs to cope with institutional voids

Simultaneous analysis of interview transcripts, observations, and documents allowed the researchers to identify the coping strategies (see Appendix 1) employed by SMSEs to navigate institutional voids in their pursuit of economic and social/environmental value creation. The multiple-case analysis shows that SEs employ various unique strategies to cope with each of the five formal market institutional voids identified by Khanna & Palepu (1997) in emerging markets. Figure 2[2] displays a theoretical model of the strategic responses to institutional voids by the sampled social entrepreneurs. In the following three sub-sections we discuss each element of the model.

Figure 2 The 3C framework model of social enterprises' strategic responses to institutional voids.

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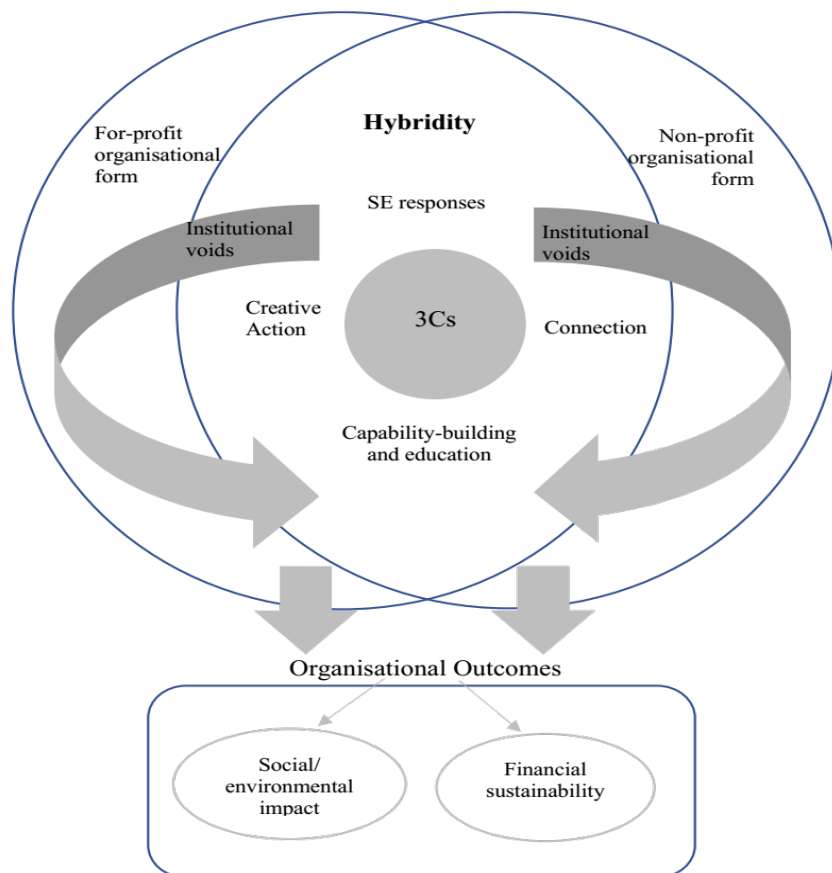
[2] Diagram adopted and modified from Siegner et al (2018)

4.2.1 Creative action

Our findings reveal that in challenging contexts such as the setting for this study social entrepreneurs employ creativity as one of the strategies to tackle the challenges posed by institutional voids in the areas of product market and contractual voids. The multiple-case analysis revealed that creative action occurs in the areas of markets, distribution channels as well as contract enforcing mechanisms.

Promotion/Outreach: Our analysis reveal that our case SEs address the liability associated with their newness and/or smallness and being social and the associated trust and patronage barriers by trying to gain awareness, and confidence of customers through innovative approaches such as promotion or outreach programmes. We found that, faced by resource constraints, small scale SEs try to create and expand demand for their products and services through non-conventional, less expensive forms of marketing such as conducting local campaigns to create awareness about and interest in their products. The analysis shows that local campaigns can take two forms. The first type of local campaigns involves carrying out personal outreach activities at public congregation places like churches, schools, public offices, hospitals, corporate organisations, etc. This involves conducting public speeches with different audiences. SE 4 develops the market and expands demand for its products and services by visiting institutions and organisations to speak to potential customers: *'I do a lot of public speaking engagements in churches, schools, corporate organisations, etc as part of creating awareness for our products, all as innovative ways of going offline to reach our target market'(SE 4, interview, with manager).*

The second type of local campaigns involves personal outreach activities at public events such as local or national events. Typically, this involves having a stand at these public events. SE 1 detailed how it strives to create the needed market for its products instead of allowing market dynamics to determine the faith of its products, by making use of local or national events to expand access:

> […] we also use any opportunities that avail themselves to us. For instance, whenever there is a public event (e.g. farmers' day celebration, Independence Day celebration, etc.) taking place we would go for a stand there to sensitize and also to sell some of our products (Manager of SE 1).

Similarly, SE 5 sought to create market for its products. In its case, the organisation has a stand in the office so when people come, it does the sensitization to people one-on-one (Observation notes, 2019).

Localising business model: Our data indicate that SEs tackle the problem of poor delivery networks through the creation of innovative and adaptive distribution and delivery setups. Our findings reveal that these ventures in our sample try to overcome product market voids by adopting adaptive distribution and delivery setups geared at ensuring accessibility and availability to potential customers or clients. These strategies enable them to localise their business model by training and/or engaging local individuals as partners. SE 4 creates distribution solutions for its IT services and ensures its reach to potential clients and beneficiaries by localising it's business model through training and engaging local individuals as partners: '*What we do is to partner with other organisations in the regions and train persons there to administer our curriculum and our program. For instance, next week we will be having a delegation coming from the Volta Region [one of the regions in Ghana], from two organisations that we are hoping to partner with and train so that they will go on to train the beneficiaries in that region. So that's our model' (SE 4, Manager).*

Third-party recommendations: Our study reveals how SEs through creativity achieve organisational goals while overcoming contractual challenges. For example, in awarding contracts below a certain threshold contract amount, SMSEs rely on third-party recommendations from senior public officers, religious and traditional leaders, or organisations. Even where formal contracts are required, third-party recommendations are still required of new partners with the belief that the weight of guarantors' reputation on the shoulders of contract awardees will force them to execute the contracts than the fear of prosecution: '*anything below that [2000ghs] we go for recommendations. Even with the transactions that we would normally go into formal contract agreements, we still rely on recommendations [for new partners] from senior public officers, religious leaders, or organisations' (SE 4, archival data, 2016).*

Awarding contracts in bits: With respect to new suppliers, our analysis shows that the SEs try to create a credible pool of suppliers by using a 'tried and tested' approach: initially awarding contracts in small bits to new suppliers. This they do by dividing the aggregate contract sum into small bits and awarding to different suppliers as a way of diversifying the risk of contract

breaches. This idea of spreading the contract sum over multiple suppliers is intended to reduce any losses in the event of a breach by any of them since all can't fall in breach. SE 4 adopts this approach to award contracts in small amounts to people they have never worked with, with the aim of minimizing their losses in case there is a breach by these people: *'For people that we have no existing working relationship with, instead of awarding a big lump sum to one person we start off with a smaller amount/contract whereby if there is a breach of contract, we can lick our wounds and recover (SE 4, interview with the manager).*

4.2.2 Connection

Under conditions of limited access to credit, we find that micro and small SEs rely on their social networks to pursue their dual goals in contexts characterised by institutional voids. We find that, consistent with previous studies, Micro and small SEs create and leverage their social networking skills to acquire and utilize resources (Baron & Markman, 2000; Levy & Skully, 2007) through formal and informal partnerships and cross-border collaborations. Such resources which are key to ensuring the delivery of social and/or environmental solutions include:

- financial resources;
- Human resources
- managerial and technical support; and
- working knowledge.

Partnerships/collaborations

First, we find that SMSEs partner with global organisations (e.g. technology and academic institutions) to benefit from global technologies, processes and standards to circumvent capital market voids for value creation and delivery. For example, SE 4 has partnered MasterCard to build a tool that will help women obtain jobs: *'With support from MasterCard we are currently building a tool (skills assessment for digital jobs) which is expected to help women secure digital jobs' (SE 4, archival data, 2018).* By working with MasterCard, SE 4 addressed the capital market voids around technology innovation. Second, our analysis reveal that small and medium SEs also address capital market voids through cross-border collaborations with other SEs and other types of local and international organisations (e.g. NGOs, community-based organisations, etc.) for mutual support in terms of delivering the

business model for social impact. The founders of SE 3 and SE 4 recounted their experiences and the importance of collaborating with other organisations:

Some of the projects that we implement, there are clear roles laid out for X (name withheld) and Y (name withheld). So, that helped a lot in raising some initial capital and is still a vital source of much of our fundamental resources (SE 3, interview with the manager).

We have partnered with X (name withheld) before; and with Y (name withheld). So, sometimes we partner in our activities. We also partnered with a project called 'empower' [a Canadian project] (Interview with the manager of SE 5).

Finally, we find that SMSEs rely on their broader social networks to find suitable employees. SEs focus on their social skills to bridge the demand-supply gap with respect to social enterprise-specific workers. These partnerships/collaborations help SEs to find suitable professionals in the form of volunteers and interns at low cost or no cost thereby addressing both labor and capital market voids. SE 6 partnered with a number of international NGOs to benefit from their stock of educated, skilled and mission-focused personnel in the form of interns and volunteers: *'We partner with a lot of organisations both local and international who send volunteers to us' (SE 6, Manager).* Also, the partnerships enable the SEs to obtain pro bono technical support thereby enhancing their working knowledge. SE 1's network of partnerships includes global technology, financial, and management firms, academic institutions, philanthropic organisations, and government institutions. For example, it (SE 1) leveraged its connections through partnerships to acquire resources such as managerial and technical support from different organisations to achieve its aims:

We have received a lot of support on pro bono basis from people outside this organisation. […] We have had technical support from Google and Mckensy and Co. … We have also benefited a lot from getting professional advice pro bono from experts from other prestigious organisations such as Western Union, SAP Software Solutions, and other top consulting companies".

[…]. So, we really benefit from having exchanges and experiences with professionals on a pro bono basis (SE 1, interview with manager).

Similar to SE 1, SE 5 leverages its partnership with organisations and institutions to achieve its goals. The manager explained how the organisation benefits from pro bono technical support from academic institutions:

> We have quite some partners […]. These are NGOs, some are academic institutions that believe in what we are doing. These partners offer us technical assistance in critical areas. For instance, we have had support from Masters students in the areas of marketing research, strategies, and documentation, all of which would have been difficult to obtain from consultants due to financial constraints (SE 5, interview with manager).

Image management: Faced with little or lack of local support due to little public understanding of the concept (British Council, 2015; Yu, 2011), stiff competition from conventional businesses, as well as adoption and acceptance challenges, SEs respond to capital market voids through image management to help enhance their legitimacy and credibility. SE 3 explained the reason behind their success in terms of being able to access capital from various sources beyond the local capital market:

> When it comes to the social enterprise space, for us we have been very fortunate. I say this all the time: if we didn't have an international brand, we would never have reached this level. Our ability to brand ourselves as a credible organisation and be transparent has helped us to be able to partner with a lot of amazing organisations, as you see with our banner out there. So, for us, we have been fortunate in being able to position ourselves strategically to able to benefit from raising different capital from different markets, and not just local. So, that has really helped us (Interview, SE 3).

4.2.3 Capability-building and education

The third element in our model is capability-building and education targeted at organisational members. Our analysis shows that capability-building and education activities are key to navigating institutional voids and ensuring the delivery of social solutions on a sustained basis.

Recruitment based on passion: Apart from the general lack of or limited skilled and trained labor, the nature (hybridity) of SEs poses a further challenge for finding a potential workforce

whose dispositions and competences fit in their hybrid work context. Beset with the challenge of finding potential employees who fit into their dual purposeful nature, we found that SEs focus on personal attributes such as passion instead of academic qualifications. For SE 1, a background or qualification in social work is not necessary for a candidate to support the social mission of the organisation. She shared her view on what is most relevant for social work and how they address the issue of lack qualifications:

I think the most important thing one needs in order to be able to deliver is passion and vision and not necessarily a certificate in social entrepreneurship. So, these (passion and vision) will be a major part of the criteria for selection in where we have to recruit fresh graduates (Interview, 2019).

In explaining what is important in terms of recruiting staff for SEs' hybrid work context, the founder of SE 3 stated: "the key thing is you must have the passion for social work".

Social enterprise-specific training
Under conditions of scarce educated, skilled, and social enterprise-enthusiastic professionals, SEs rely on social enterprise-specific training through skills and capacity-building initiatives and integrating tradition and culture into training to address voids in the labor market.
- *Skills and capacity-building:*
SEs carry out skills and capacity-building activities through staff training to ensure the engagement of staff with "appropriate skills, competence levels and the right attitude" (British Council, 2015). This is critical in enhancing SEs' capability in value creation. SE 1 has been in collaboration with non-traditional partners such as academic institutions where the latter has been providing relevant training for employees of the former. '*For some time now, we have partnered with some educational institutions as a result of which some of our employees have benefited from social entrepreneurship trainings organized by these academic institutions". For instance, one of our staff just came back from Ethiopia last year from one of those courses' (SE 1, interview with the manager).*

SE 7 adopted a quarterly training programme for its workers: *'We have quarterly trainings because we have an engineer that would always come to maintain the machines and to train the workers' (Interview, 2019).*

- *Integrating tradition and culture into training:*

As part of training, especially new staff, SEs try to make people understand that conservative socio-cultural values and attitudes relating to age or gender have no place in industry. *They encourage employees to understand that mutual respect is a fundamental part of their organisations' values (Archival data, 2019).*

Counselling: SEs generally are faced with challenges such as difficulty of finding skilled and competent labor, finding people with the right attitude as well as having to deal with cultural and traditional norms that are counterproductive, which require these SEs to deal with employees through measures or approaches that are alien to conventional businesses, because of the social impact objective. For instance, in addition to private-sector approaches such as querying, SEs tend to counsel employees in an attempt to getting them to do the right thing in order to save people from being fired (Extract from observation notes, 2019). For example, the founder of SE 3 tries to let her employees understand how each of them is vital for the success of the organisation and what the consequences will be if the organisation fails:

> I tell them this is our project, and this is where we earn our living from. So, if we bring family or community issues into this, thinking that I don't have to do this or that, we will eventually lose our source of livelihood. Because, donor funding is not coming, we have to sell [generate income] and pay ourselves. So, I tell them, 'each one of us has a role to play and that was why we were hired: if one person could do the job, you wouldn't have been brought in. So, you have to see yourself as one who has to contribute effectively to the development of the place (Interview, SE 3).

5.0 Discussion

The research seeks to fill a significant gap in our understanding of social entrepreneurship in challenging environments such as those found in developing world contexts, by highlighting the connection between context and firm strategy. Specifically, we looked at how social entrepreneurs are adopting unique strategies to be competitive and survive in contexts characterised by institutional voids. To date, much of the research about social entrepreneurship has been based largely on "understandings, experiences, and data from the developed world" (Littlewood & Holt, 2018, p. 527) with a focus on Europe and America (Doherty *et al.*, 2014) whilst overlooking developing countries. Our explorative study

extends this research by identifying the various strategies SEs adopt to respond to institutional voids, which we discuss as follows.

Table 3: Types of Strategies Adopted by Social Entrepreneurs to Cope with IVs

Coping Strategy	Specific Actions
Creative action: Actions and activities taken in response less developed markets and distribution systems, and legal institutions.	• Focusing on adoptive distribution and delivery setups (training and engaging local individual as partners). • Conducting local campaigns to create awareness about and interest in their products (outreach). • Using a "tried and tested" approach by awarding contracts in bits to create a pool of credible and trustworthy suppliers. • Relying on third-party recommendations, especially for new suppliers, from public, religious and traditional leaders amid lacking written contracts and an effective and impartial judicial system.
Connection: Actions taken to cultivate and strategically manage important stakeholders.	• Reliance on volunteers from international NGOs; obtaining pro bono technical support from both local and global technology and academic institutions • cross-border collaborations with other SEs and other types of local and international organisations (e.g. NGOs, community based organisations, etc.) for mutual support in terms of delivering the business model for social impact.
Capability-building and education: Actions taken to ensure the engagement of staff with appropriate skills, competence levels and the right attitude.	• Training of employees with help from academic institutions • Focusing on personal attributes such as passion instead of qualification/background • Counselling employees in an attempt to "reform" them • Educating employees to denounce unproductive socio-cultural values and attitudes

5.1 Creativity

First, we found that social entrepreneurs rely on creativity in the areas of markets, distribution channels, and contract enforcing mechanisms to navigate institutional voids. Previous research revealed that SEs especially those operating in underdeveloped institutional settings do not have the luxury of relying on market dynamics alone to determine the faith of their products and services, contrary to what innovation literature tells us (Westley & Antadze, 2010). Our study complements their work by showing how SMSEs create market for their products and services. For example, we find that in the area of *markets*, our sample SEs try to create and expand demand for their products in order to overcome hesitation to product or service acceptance and adoption (Thompson & McMillan, 2010) by gaining the trust and loyalty of customers/clients through innovative approaches such as promotion/outreach activities. Promotion/outreach involves local campaigns in the

form of conducting public speeches at public gatherings and mounting stands/booths at public events to build awareness and trust on the formal market eco-system in order to gain acceptance and sell their products and services. In terms of creativity in the area of *distribution channels*, we found that SEs try to address the problem of poor delivery networks through the creation of innovative and adaptive distribution and delivery setups. With poorly developed distribution systems and with most of the base-of-the-pyramid (BoP) segment living across semi-urban and rural areas, which pose a challenge for SEs in terms of last-mile connectivity (Goyal, 2015), SEs need to take measures to ensure their physical proximity to the target segment by creating innovative distribution channels to ensure customers have access to their products and services. Consistent with previous research (Parahalad & Hammond, 2002), we find that SEs in our sample respond to voids in the product market by focusing on adaptive distribution and delivery setups to ensure accessibility and availability to potential customers or clients. They do this through localising their business model by training and/or engaging local individuals as partners. Finally, in the area of *contract enforcing*, it became evident from our analysis that SEs achieve organisational goals while overcoming contractual challenges through the adoption of creative less formal contract-enforcing measures such as third-party recommendations and awarding contracts in bits. Institutional voids literature tells us that enterprises operating in developing countries face a general lack of formal written contracts for most of their transactions (e.g. Khanna & Palepu, 2010). Apart from this, SEs operating in developing countries face challenges of an ineffective and partial judicial system which increases the cost of adjudication in terms of time and money. We find that awarding contracts in bits and relying on personal guarantors enable social ventures to reduce the risk of contract breaches and their associated costs.

5.2 Connection

The second element in our model is *connection*. Under conditions of limited access to credit, we find that small and medium SEs rely on their social networks to pursue their dual goals in contexts characterised by institutional voids. First, we find that, consistent with previous studies (e.g. Baron & Markman, 2000; Levy & Skully, 2007), small and medium SEs create and leverage their social networking skills to acquire and utilize fundamental resources (financial resources, human resources, managerial and technical support, and working knowledge) through formal and informal partnerships and cross-border collaborations. For example, we find that these SEs rely on partnerships/collaborations to acquire specialised labor (at low or no cost) and pro bono technical support. Second, it was revealed that the

social ventures try to enhance their credibility and legitimacy through image management. By managing their images (social missions) these SEs are able to appeal to many external sources of resources. Consistent with Siebold et al (2018) our results show that these SMSEs tended to use their social missions strategically to acquire high-status partners and stakeholders and to attract socially oriented employees who are willing to work for lower salaries.

5.3 Capability-building and education

The last element in our model is *capability-building and education* targeted at organisational members. Our analysis shows that capability-building and education activities are key to navigating institutional voids and ensuring the delivery of social solutions on a sustained basis. The first strategy in this element of our model, *recruitment based on passion*, addresses the difficulty of finding specialised or "hybrid individuals" (Battilana and Lee, 2014). Apart from the general lack of or limited skilled and trained labor, the nature (hybridity) of SEs poses a further challenge for finding a potential workforce whose dispositions and competences fit in their hybrid work context. The literature (Battilana & Dorado, 2010) has noted the importance of different hiring and socializing practices to deal with tensions between commercial and welfare logics. Battilana & Dorado (2010) compared two microfinance organisations that adopted different hiring and socialization practices. They found that the organisation that employed candidates with neither background in banking nor social work and socialized them to support an integrated mission was more financially successful that the one that employed candidates with credentials in either banking or social work. Faced with the difficulty of finding specialised people otherwise known as "hybrid individuals" (Battilana & Lee, 2014), we found that SEs focus on personal attributes such as passion instead of academic qualifications, a hiring practice that is line with the one adopted in Battilana & Dorado's (2010) study. The second strategy in this part of the model, *counselling,* focuses on the problem of bad work attitude of labor. Amoyea Atogenzoya (2019) found that the nature and degree of socio-cultural issues are more monumental in the case of SEs because most of their employees are often recruited based on the criterion of the social objective of employing those most in need whilst a significant proportion of these employees are mostly casual workers (due to the inability of SEs to recruit qualified personnel on a permanent basis). The author suggested that, as a consequence, most of the people employed by these SEs have little or no education at all and this tended to affect their understanding of the nature and requirements of the workplace environment. Faced with the

difficulty of finding people with the right attitude as well as having to deal with cultural and traditional norms that are counterproductive, we find that SEs try to handle people at levels that conventional businesses do not, because of the social impact objective. For instance, our results reveal that SEs incorporate counselling in their corrective measures in an attempt to "reform" employees in order to get them to do the right thing. In addition to counselling, the SEs were found to deal with cultural or traditional issues through incorporating tradition and culture into training activities. The third strategy, *social enterprise-specific training,* deals with the difficulty of finding potential employees with the appropriate skills, competence levels and the right attitude. We find that through skills and capacity-building initiatives, these SEs are able to inculcate in their employees the required levels of skills and competences and right attitude.

6.0 Conclusion

In this study we sought to investigate how social enterprises in a West/African context (Ghana & Ivory Coast) can deploy strategies to overcome institutional voids in the pursuit of growth. Institutional theory literature generally agree that for firms to be able to acquire and deploy organisational resources effectively and efficiently to achieve desired organisational outcomes, they need available and well-functioning formal institutions (Ingram & Silverman, 2002; Puffer, McCarthy, & Boisot, 2010) thus, a firm's performance and long-term survival is shaped by its ability to manage the institutional context of its operations. Through an in-depth case study of six successful SEs and the unique strategies they adopt to deal with institutional voids, we find that social entrepreneurs adopt various strategies to overcome institutional voids, out of which we develop a conceptualised model. Our theoretical model (otherwise known as the 3C: Creative action- Connection-Capability-building and education model) depicts three key strategic responses that social entrepreneurs adopt to tackle institutional voids: creative action, connection, and capability-building and education.

7.0 Limitations and Future Research

Our study's findings must be interpreted in the light of the following identified limitations. First, the use of self-perception in building the final sample has implications for generalizability because of the possibility of a sample with inherent idiosyncrasies. Moreover, the small sample size coupled with the fact that the nine organisations operate in two West African countries only also has implications for the generalizability of findings.

Our study opens new avenues for further research. First, further studies with an expanded sample of organisations in different contexts is required to test the generalisability of the strategies identified in this research. A larger sample is expected to offer more insight and possibly change the model significantly. Second, future research could explore how SEs develop dynamic strategy repertoires that help them figure out and adopt strategies in response to the fluid and rapidly changing challenging conditions.

8.0 Implications for Practice and Theory

In terms of implications, first, given that SEs are disadvantaged with regards to their ability to access critical resources and market opportunities, as compared to commercial enterprises, due to their liability of being social, an understanding of how to overcome institutional voids and achieve organisational goals is critical for their (SEs) survival and growth. We therefore expect that practitioners (including for-profit enterprises intending to adopt a social enterprise label) can use the findings of this study as a guide for how to be competitive and succeed in challenging environments such as those found in West Africa. Second, theoretically, the study complements prior literature (studies of institutional voids (Luo, 2010; Meyer et al., 2009)) on organisations' strategic responses to institutional voids by throwing light on the strategies that smaller organisations (such as small and medium social enterprises as in the case of our study) that lack resources and influence are adopting to navigate institutional voids whilst achieving their *raison d'être* in understudied geographical contexts such as the setting of this study.

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CONCLUSIONS

The central aim of this thesis was to investigate the critical challenges to the success and sustainability of social entrepreneurial ventures in underdeveloped institutional settings. Specifically, we explored social enterprises in two West African nations (Ghana and Ivory Coast) noted for their underdeveloped institutional regimes. While there has been significant progress in social enterprise research over the last two decades (Dees, 2012; Pache and Santos, 2013), Africa (where the concept of social enterprise is still an emergent phenomenon) and its organisations have largely remained a missing link. We argue that due to both SEs' peculiar nature (hybridity) and the nature of the environment in within which they operate in West Africa, it is imperative for us to understand how they can successfully sustain their hybrid nature over time and create the much-desired social and ecconomic value. To achieve this, we relied on qualitative research design, and through three papers, to elaborate on two very important challenges: social-business tensions and institutional voids, that can affect the success and sustainability of these ventures.

In the first paper, entitled *"Nature and management of social-business tensions: A study of micro and small social enterprises in developing countries",* we explored the areas that tensions manifest in micro/small (or early stage) social enterprises and how these tensions are managed. Through a multiple case study of six social enterprises operating in Ghana and Ivory Coast our findings show that micro and small social enterprises experince tensions in the areas of *mission, acquisition of fundamental resources, legal form, allocation of resources, and human resources management.* As regards how social enterprises manage the tensions in these areas, we showed that social enterprises' strategic responses to tensions include *having a well-defined social mission* (for tensions related to *mission*)*, image management* (*legal form-related tensions*), and *leveraging resources from unrestricted sources* (tensions in the area of *acquisition of fundamental resources*). The rest are *social enterprise-oriented recruitment and training and incentive systems* (*human resources management-related tensions*) and *merit- and need-based resource allocation strategies* (for tensions associated with the *allocation of resources*). This study contributes to the literature on how hybrid ventures can balance the social and economic missions in their pursuit of growth whist sustaining effective operations. First, we provide insights into how entrepreneurs' value or goal orientations imprint on hybrid organising and serve as a basis for the management of social-business tensions. Second, we provide greater understanding of the core processes of dual mission management in the absence of a specific legal designation, for

SEs, that recognises any single legal entity that can simultaneously pursue social mission and commercial activities. Finally, we provide further understanding of the core processes of dual mission management in social ventures.

The second and third papers zoomed out the organisation to the environment to explore institutional voids (characteristic of the setting of this study) as a critical challenge to the sustainability of the social enterprise label. This was informed by our knowledge of the fact that external environmental factors can exacerbate the nature and degree of tensions and also affect the ways through which social enterprises can manage tensions. In paper two (Daring to survive and/or grow: Investigating the critical institutional challenges of social entrepreneurship amid institutional voids) which serves as a bridge to the third paper, the thesis investigated the critical institutional constraints that social entrepreneurs face in Ghana and Ivory Coast. We analysed nine social enterprises over a period of five months through an inductive research design. Our findings show that social entrepreneurs face challenges in the following areas: lack of a specific legal designation for the social enterprise label, non-existence of regulations in some cases (*regulatory challenges),* difficulty in finding people who espouse both goals of SEs, bad work ethics, etc (*labor market challenges*), lack of awareness, lack of confidence and trust, affordability challenges, etc (*product market challenges*), and limited access to private-sector investments due to the nature of the social mission: both venture capitalists and social impact investing are still very commercially driven (*capital market challenges*).The findings of the study enhance our understanding of social entrepreneurship, institutional settings, and the interplay between them in the West African context, with implications for wider social/entrepreneurship scholarship thereby contributing more broadly to organisation studies research. It also contributes to institutional theory by providing a deeper assessment of the nature of formal market voids in developing countries from the contextual perspective of social entrepreneurs.

In the third paper, entitled *"Institutional voids and social entrepreneurship: How are social entrepreneurs developing unique strategies to cope with institutional voids?"* we built on the second paper by exploring how social entrepreneurs are navigating the critical challenges posed by the institutional voids identified in our second paper. We conducted a multiple case study of six social enterprises and based on our analysis we developed an institutional strategizing model, herein referred to as the Creative action-Connection-Capability-building and education model (3C model) that depicts the three key aggregate strategies that social

entrepreneurs rely on in order to achieve their aims while overcoming institutional voids. This paper has thus extended the literature on institutional strategizing.

Overall, the thesis which includes three standalone research papers, though building on different streams of research, in aggregate terms has achieved the central aim of investigating the important ways through which social enterprises can sustain their hybrid nature in challenging environments such as those found in Ghana and Ivory Coast. The thesis has therefore built on and extended the topical issues of social entrepreneurship and dual mission management and institutional voids, which are under-researched and neglected areas of research on the African business environment.