

ABSTRACT

AFRAMIAN, MORAN. Follow the Leader: How Leaders' Forms of Authority Influence Social Ventures' Mission Stability. (Under the direction of Elizabeth Smith, Edward A. (Ted) Baker, Jr., and Lisa Parrillo-Chapman).

Increasingly, academia is investigating “specific strategies of network building and resource procurement” (Mair & Schoen, 2007, p 55) of social entrepreneurs who seek to establish social ventures. Social ventures “facilitate the creation and appropriation of social value” (Mair & Schoen, 2007, p 55) to alleviate societal problems of a community and aid it in joining the global market to generate economic value (Sherman, 2005; Thompson, 2010). The *primary mission* of social ventures is to create social value through initiatives that address social needs and/or create societal transformation (Sherman, 2005; Mair & Marti, 2006; Mair & Schoen, 2007; Thompson, 2010). Therefore, social entrepreneurs establishing new social ventures are advised to involve stakeholders who are socially oriented and are more concerned with the “intended social profit” (Yunus, Moingeon, & Lehmann-Ortega, 2010, p 310) than the necessary creation of economic value (Mair & Marti, 2006; Mair & Schoen, 2007). Given the autonomy of most social ventures, many of which are small and somewhat informal, it's appropriate to further explore whether key stakeholders' interpersonal and role dynamics have an impact on social ventures' mission stability.

The purpose of this research is to understand determinants that substantially influence new social ventures' “mission stability”, defined as whether or not a new social venture maintains consensus among the founders and stakeholders on the original purpose of the venture. Maintaining mission stability can have both positive and negative implications depending on the situation. For instance, if a social venture's mission is inappropriate for addressing social problems and issues, mission stability may increase the likelihood of the

venture being ineffective in adapting new initiatives. In contrast, if a social ventures' mission is appropriate and the venture is effective in addressing social problems and issues, mission stability is likely to increase. Preliminary findings from this single exploratory study indicate that leaders' types-of-authority substantially influence interpersonal and role dynamics among leader and key stakeholders (including the community) which directly influence social ventures' potential to maintain mission stability.

This research suggests that understanding mission stability is important for: improving our knowledge on how social entrepreneurs engage stakeholders whose contribution of personal knowledge and resources will achieve the SV overall mission and, improving our knowledge on the influence personal and emotional connections among social entrepreneurs, key stakeholders and the Community have on social ventures' primary mission to create and appropriate social value while addressing pressing social problems and issues.. Results presented in this research are a series of inferences that raise questions and develop relationships to be tested with continued research of social ventures.

Following grounded theory methodology, I explored the research questions through cross-case analysis of case studies and relied heavily on descriptive data of contemporary events (Eisenhardt & Graebner, 2007; Yin, 2009) as interpreted by the participants of this research (Suddaby, 2006). I created a theoretical sample of three case studies for which primary data collection was conducted in real-time as events unfolded and observations were recorded through hand-written, typed, or audio-recorded notes (when permitted) from observations of research participants. Multiple sources of data included primary interviews, direct observations, and participant-observations, in addition to limited archival material (when available). Observations were scrutinized for commonalities and differences within and across cases and findings from the cross-case analysis were used to develop

theoretical elements of a process model regarding social ventures mission stability.

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Follow the Leader: How Leaders' Types of Authority Influence
Social Ventures' Mission Stability

by
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BIOGRAPHY

Aframian's unstoppable commitment to making a difference in the world and her optimism, enthusiasm and passion are infectious. Co-founder of Redress Raleigh, Mor is the company's Director of Brand Development and Community Relations. She received her Bachelor's in Apparel & Textile Product Management at NCSU. Early in her studies of the fashion and textile industry, Aframian was exposed to the harsh reality of the long-term environmental damage and excessive waste caused globally by current and typical industry practices. Thus, her determination to creating a new reality in textiles, one that embraced eco-responsibility was forged.

During her sophomore year at NCSU, Aframian approached her professor and now mentor, Philip Dail, about funding a non-profit organization called MorLove, that promoted the up-cycling old textiles into new, innovative products. The non-profit's activities and profits supported orphanages located in Jinja, Uganda and in Port-au-Prince, Haiti. In 2007, Aframian received the "Student Volunteer of the Year" Award by NCSU and the non-profit was recognized with the "Service Club of the Year" Award. While producing her second MorLove annual fashion show in Spring 2008 she met eco-fashion designer, Jamie Powell, who later introduced Mor to Beth Stewart. Soon after, the three formed Redress Raleigh.

Throughout both her undergraduate and graduate studies, Aframian managed and worked in the Digital Design Lab which provided her with an excellent environment to learn textile technology including: digital textile printing, knit design, and seamless knitting. She worked on projects with the Carolina Ballet, TC2, Spoonflower, Klaud and Raleigh Denim. Over the past two years, Aframian has been living her vision and executing her mission—to re-energize and rebuild an eco-forward fashion & textiles industry in the southeast United States.

Aframian is a dynamic, passionate social entrepreneur who is always interested in facilitating a connection between designers, manufacturers and suppliers in the fashion & textiles industry. In addition to her work with Redress Raleigh, Aframian is also the Executive Director of Legacy Event Planners, a non-profit organization committed to fostering community engagement, economic development and service learning opportunities through event production.

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CHAPTER ONE: INTRODUCTION

1.1 Importance of Research

Over the last decade, the conversation surrounding social entrepreneurship has continued to gain the attention of governments, multinational corporations, private enterprises and academia. Although scholars continue their search for a singular definition for the term, many agree that social entrepreneurship aims to utilize social value creation as a catalyst for systematic change, challenging the status quo and conventional ways of thinking about what is feasible (Sherman, 2005; Seelos & Mair, 2005; Mair & Marti, 2006; Mair & Schoen, 2007; Dacin, Dacin, & Matear, 2010; Thompson, 2010). Social entrepreneurs address a multitude of social needs to improve quality of life and enhance human development and social innovation (Elkington & Hartigan, 2008; Lasprogata & Cotten, 2003; Leadbeater, 1997; Mair & Noboa, 2003; Martin & Osberg, 2007; Zahra et al., 2008; Yunus, Moingeon, Lehmann-Ortega, 2010).

To achieve this vision, these change-makers establish social ventures with the primary objectives of creating and appropriating social capital through initiatives that address social needs and/or social transformation. Social capital focuses on the value gained and created from relationships, connections and interactions between and among individuals, communities, organizations, governments and global corporations (Coleman, 1988; Putnam, 1993; Woolcock, 1998; Moran, 2005; Rangan et al., 2007). Therefore, social ventures focus on the creation of social capital and often state that while economic value creation is necessary, it is not a sufficient indicator of true success (Mair & Marti, 2006; Mair & Schoen, 2007). In this research, “social venture” is used as an umbrella term that encompasses various types of ventures including: inclusive businesses, socially inclusive

ventures, triple-bottom-line ventures, social-purpose businesses, community based enterprises, and businesses targeting bottom-of-the-pyramid communities.

As mentioned earlier, social ventures' primary mission is to "facilitate the creation and appropriation of social value" (Mair & Schoen, 2007, p 55) to alleviate societal problems of a community and aid it in joining the global market to generate economic value (Sherman, 2005; Thompson, 2010). Also referred to as Bottom-of-the-Pyramid (BOP), there are four billion individuals who cannot meet basic needs such as rent, utilities, food, medicine, personal hygiene products, schooling and transportation (Prahalad & Hart 2002; Prahalad & Hammond, 2002; London & Hart, 2004; Sachs, 2004; Rangan et al., 2007; Klein, 2008; Prahalad, 2010; Marquez et al., 2010; Shamsie, 2010). Such disadvantaged communities consist of individuals who are regularly excluded from social and economic development activities such as access to work, livable wages, social protection and "participation in the generation of income and wealth" (Sachs, 2004, p 172).

Traditionally, society looked toward non-profit organizations to provide support and aid for the poor through donations of goods, services and monetary funding. However, donation services may sometimes create an unhealthy dependency upon the goodwill of others in low-income communities, inhibiting advancement of the local economy and stimulation of new businesses and industries (Hahn, 2008). Over the past decade social entrepreneurs have moved beyond the original "donations" solution model to "pursue transformative pattern-changing ideas with the potential to trigger cascades of follow-on innovations, adaptations and local applications [which] hold the promise of creating large social impact" (Sherman, 2005, p 1). Consequently, social ventures established by these change-makers explore innovative ways to address social issues and reach beyond

economic and financial goals toward an idealistic social vision of poverty eradication worldwide.

The conversation regarding inclusion of the less fortunate into business was originally introduced in academia with Prahalad and Hart's (2002) research stating that multinational corporations (MNCs) have the potential to foster technological and business model innovations through means of converting the four billion people living in the BOP into active consumers. As the conversation evolved, scholars such as Marquez and colleagues (2010) began to view business inclusion as the ability of a venture to consider those in the BOP not only as consumers but also as producers, entrepreneurs, suppliers and other key actors in the value chain. Scholars continue to encourage private sector business to strengthen its role in poverty alleviation, believing such business skills are able to address and provide solutions for economic, environmental and social problems (Prahalad & Hammond, 2002; Rangan et al., 2007; Hahn, 2008). Additionally, scholars are investigating whether currently available business model templates are sufficient for social entrepreneurs to use in the development of new social ventures to better understand new models of poverty alleviation.

In the last two decades, business savvy persons and academic researchers alike have gained interest in understanding the concept and purpose of the business model and its active role in the formation of new ventures. The role of business models is to guide enterprises to carefully assess how new ventures can achieve a balance between creating value for their customers while simultaneously creating value (revenue) for the enterprise itself; "logic of value-generation is at the core of a business model" (Keen & Qureshi, 2006, p 2).

The original intent of this research was to focus on business model development of new social ventures to understand the distribution of value generated by social ventures, however following the first round of primary interviews it was apparent that precursors to the business model, particularly agreement on the actual mission of the venture, shaped the development of the business model. Therefore, following appropriate grounded theory methodology (Glaser & Strauss, 1967), the primary research question evolved into: what are the factors that influence whether social ventures maintain mission stability and stay the course of their original mission?

Investigating the topic of mission stability is important for improving our knowledge of how social entrepreneurs engage stakeholders whose contribution of personal knowledge and resources will achieve the social venture's mission and, for improving our knowledge on the influence that personal and emotional connections among social entrepreneurs, key stakeholders and the Community have on social ventures' primary mission to create and appropriate social value while addressing pressing social problems and issues. This research provides additional insight and knowledge about the founding mission of social ventures and makes speculations about the development of socially inclusive ventures. This study adopts the definition of socially inclusive ventures as businesses that develop deep understanding of previously ignored communities and identify, leverage and build upon the existing social infrastructure within a community (London & Hart, 2004; Marquez et al., 2010).

Given the relative autonomy of most social ventures, it was appropriate for the research to further explore whether key stakeholders' interpersonal and role dynamics had an impact on the social ventures' mission stability. Preliminary findings from this exploratory study indicate that leaders' types of authority substantially influence interpersonal and role

dynamics among leader, key stakeholders, and the community which directly influences social ventures' potential to maintain consensus among the founders and stakeholders on the original purpose of the venture. Observations collected during the development of three case studies and findings from the cross-case analysis were used to develop theoretical elements of a process model regarding social ventures' mission stability. Results presented in this research are a series of inferences that raise questions and develop relationships to be tested with continued research of social ventures.

1.2 Research Objectives

The objectives of this research were to investigate which determinants substantially influenced new social ventures' mission stability and to develop inductive theory regarding the development of socially inclusive ventures within the context of those social ventures. This research asked the following questions:

***RQ1:** What determines whether a new social venture maintains mission stability?*

***RQ2:** What impact do key stakeholders' interpersonal and role dynamics have on new social ventures' mission stability?*

Findings from the cross-case analysis were used to develop conceptual definitions of constructs for future hypothesis testing (Glaser & Strauss, 1967; Eisenhardt, 1989).

CHAPTER TWO: LITERATURE REVIEW

2.1 Social Entrepreneurship

Social Entrepreneurship (SE) is a relatively recent phenomenon in business and economic development phrasing, as well as in academic research. Many scholars have sought to define SE for over a decade. Dart (2004) describes SE as a "set of strategic responses" to varying economic, environmental and social challenges being faced within an

organization or community. Dees (1998) views SE as a catalyst to create sustainable social value by pursuing new opportunities through “innovation, adaptation, learning and accountability”. Zahra et al. (2008), defined SE as “discovery, definition and management” of opportunities to create social value through new and innovative business practices. Table 1 from Dacin, Dacin, and Matear (2008) presents thirty-seven different definitions of social entrepreneurship / entrepreneurs united by a common theme: mission fulfillment of social value creation as catalyst of systematic change.

Table 1: Definitions of Social Entrepreneurship/Entrepreneurs

Source	Definition
Alvord, Brown, & Letts (2004)	[C]reates innovative solutions to immediate social problems and mobilizes the ideas, capacities, resources, and social arrangements required for sustainable social transformations. (p. 262)
Austin, Stevenson, & Wei-Skillern (2006)	[S]ocial entrepreneurship as innovative, social value creating activity that can occur within or across the nonprofit, business, or government sectors. (p. 2)
Bornstein (2004)	Social entrepreneurs are people with new ideas to address major problems who are relentless in the pursuit of their visions . . . who will not give up until they have spread their ideas as far as they possibly can. (pp. 1–2)
Boschee & McClurg (2003)	A social entrepreneur is any person, in any sector, who uses earned income strategies to pursue a social objective, and a social entrepreneur differs from a traditional entrepreneur in two important ways: Traditional entrepreneurs frequently act in a socially responsible manner.... Secondly, traditional entrepreneurs are ultimately measured by financial results. (p. 3)
Cho (2006)	[A] set of institutional practices combining the pursuit of financial objectives with the pursuit and promotion of substantive and terminal values. (p. 36)
Dart (2004)	[Social enterprise] differs from the traditional understanding of the nonprofit organization in terms of strategy, structure, norms, [and] values, and represents a radical innovation in the nonprofit sector. (p. 411)

Table 1 Continued

Dees (2001)	Social entrepreneurs are one species in the genus entrepreneur. They are entrepreneurs with a social mission. (p. 2)
Drayton (2002)	[They] have the same core temperament as their industry-creating, business entrepreneur peers.... What defines a leading social entrepreneur? First, there is no entrepreneur without a powerful, new, system change idea. There are four other necessary ingredients: creativity, widespread impact, entrepreneurial quality, and strong ethical fiber. (p. 124)
Harding (2004)	They are orthodox businesses with social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners. (p. 41)
Hartigan (2006)	[E]ntrepreneurs whose work is aimed at progressive social transformation. . . . A business to drive the transformational change. While profits are generated, the main aim is not to maximize financial returns for shareholders but to grow the social venture and reach more people in need effectively. Wealth accumulation is not a priority—revenues beyond costs are reinvested in the enterprise in order to fund expansion. (p. 45)
Haugh (2006)	Social enterprise is a collective term for a range of organizations that trade for a social purpose. They adopt one of a variety of different legal formats but have in common the principles of pursuing business-led solutions to achieve social aims, and the reinvestment of surplus for community benefit. Their objectives focus on socially desired, nonfinancial goals and their outcomes are the nonfinancial measures of the implied demand for and supply of services. (Ch. 1, p. 5)
Hibbert, Hogg, & Quinn (2005)	Social entrepreneurship can be loosely defined as the use of entrepreneurial behaviour for social ends rather than for profit objectives, or alternatively, that the profits generated are used for the benefit of a specific disadvantaged group. (p. 159)
Hockerts (2006)	Social purpose business ventures are hybrid enterprises straddling the boundary between the for-profit business world and social mission-driven public and nonprofit organizations. Thus they do not fit completely in either sphere. (p. 145)
Korosec & Berman (2006)	Social entrepreneurs are defined as individuals or private organizations that take the initiative to identify and address important social problems in their communities. (pp. 448–449) [O]rganizations and individuals that develop new programs, services, and solutions to specific problems and those that address the needs of special populations. (p. 449)
Lasprogata & Cotten (2003)	Social entrepreneurship means nonprofit organizations that apply entrepreneurial strategies to sustain themselves financially while having a greater impact on their social mission (i.e., the “double bottom line”). (p. 69)

Table 1 Continued

Light (2006)	A social entrepreneur is an individual, group, network, organization, or alliance of organizations that seeks sustainable, large-scale change through pattern-breaking ideas in what or how governments, nonprofits, and businesses do to address significant social problems. (p. 50)
Mair & Marti (2006)	[A] process involving the innovative use and combination of resources to pursue opportunities to catalyze social change and/or address social needs. (p. 37)
Martin & Osberg (2007)	We define social entrepreneurship as having the following three components: (1) identifying a stable but inherently unjust equilibrium that causes the exclusion, marginalization, or suffering of a segment of humanity that lacks the financial means or political clout to achieve any transformative benefit on its own; (2) identifying an opportunity in this unjust equilibrium, developing a social value proposition, and bringing to bear inspiration, creativity, direct action, courage, and fortitude, thereby challenging the stable state's hegemony; and (3) forging a new, stable equilibrium that releases trapped potential or alleviates the suffering of the targeted group, and through imitation and the creation of a stable ecosystem around the new equilibrium ensuring a better future for the targeted group and even society at large. (p. 35)
Masseti (2008)	Introduce the Social Entrepreneur Matrix (SEM). Based on whether a business has a more market- or socially driven mission and whether or not it requires profit, the SEM combines those factors that most clearly differentiate social entrepreneurship from traditional entrepreneurship. (p. 7)
Mort, Weerawardena, & Carnegie (2003)	[A] multidimensional construct involving the expression of entrepreneurially virtuous behaviour to achieve the social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognise social value-creating opportunities and key decision-making characteristics of innovativeness, proactiveness and risk-taking. (p. 76)
Peredo & McLean (2006)	[S]ocial entrepreneurship is exercised where some person or group: (1) aim(s) at creating social value, either exclusively or at least in some prominent way; (2) show(s) a capacity to recognize and take advantage of opportunities to create that value ("envision"); (3) employ(s) innovation, ranging from outright invention to adapting someone else's novelty, in creating and/or distributing social value; (4) is/are willing to accept an above-average degree of risk in creating and disseminating social value; and (5) is/are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture. (p. 64)

Table 1 Continued

Perrini & Vurro (2006)	We define SE as a dynamic process created and managed by an individual or team (the innovative social entrepreneur), which strives to exploit social innovation with an entrepreneurial mindset and a strong need for achievement, in order to create new social value in the market and community at large. (Ch. 1, p. 4)
Prabhu (1999)	[P]ersons who create or manage innovative entrepreneurial organizations or ventures whose primary mission is the social change and development of their client group. (p. 140)
Roberts & Woods (2005)	Social entrepreneurship is the construction, evaluation, and pursuit of opportunities for transformative social change carried out by visionary, passionately dedicated individuals. (p. 49)
Robinson (2006)	I define social entrepreneurship as a process that includes: the identification of a specific social problem and a specific solution . . . to address it; the evaluation of the social impact, the business model and the sustainability of the venture; and the creation of a social mission-oriented for-profit or a business-oriented nonprofit entity that pursues the double (or triple) bottom line. (p. 95)
Schwab Foundation	A social enterprise is an organization that achieves large scale, systemic and sustainable social change through a new invention, a different approach, a more rigorous application of known technologies or strategies, or a combination of these. (http://www.schwabfound.org/sf/SocialEntrepreneurs/index.htm .)
Seelos & Mair (2005)	Social entrepreneurship combines the resourcefulness of traditional entrepreneurship with a mission to change society. (p. 241)
Sharir & Lerner (2006)	[T]he social entrepreneur is acting as a change agent to create and sustain social value without being limited to resources currently in hand. (p. 3)
Skoll Foundation	[T]he social entrepreneur aims for value in the form of transformational change that will benefit disadvantaged communities and ultimately society at large. Social entrepreneurs pioneer innovative and systemic approaches for meeting the needs of the marginalized, the disadvantaged and the disenfranchised—populations that lack the financial means or political clout to achieve lasting benefit on their own.
Tan, Williams, & Tan (2005)	A legal person is a social entrepreneur from t1 to t2 just in case that person attempts from t1 to t2, to make profits for society or a segment of it by innovation in the face of risk, in a way that involves that society or segment of it. (p. 358)
Thompson (2002)	[P]eople with the qualities and behaviours we associate with the business entrepreneur but who operate in the community and are more concerned with caring and helping than “making money.” (p. 413)
Thompson, Alvy, & Lees (2000)	[P]eople who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather together the necessary resources (generally people, often volunteers, money and premises) and use these to “make a difference.” (p. 328)

Table 1 Continued

Thompson & Doherty (2006)	Social enterprises—defined simply—are organisations seeking business solutions to social problems. (p. 362)
Tracey & Jarvis (2007)	[T]he notion of trading for a social purpose is at the core of social entrepreneurship, requiring that social entrepreneurs identify and exploit market opportunities, and assemble the necessary resources, in order to develop products and/or services that allow them to generate “entrepreneurial profit” for a given social project. (p. 671)
Waddock & Post (1991)	[A]n individual who brings about changes in the perception of social issues.... [They] play critical roles in bringing about “catalytic changes” in the public sector agenda and the perception of certain social issues. (p. 393)
Yunus (2008)	[A]ny innovative initiative to help people may be described as social entrepreneurship. The initiative may be economic or non-economic, for-profit or not-for-profit. (p. 32)
Zahra, Gedajlovic, Neubaum, & Shulman (2009)	Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner. (p. 5)

From: Dacin, P. A., Dacin, M. T., & Matear, M. (2010). Social Entrepreneurship. *Academy Of Management Perspectives*, (3), 37-57.

2.1.1 Social Entrepreneurs

Many scholars view social entrepreneurs as the forerunners of worldwide transformation, addressing a multitude of social needs including improved quality of life and enhancement of human development (Elkington & Hartigan, 2008; Lasprogata & Cotten, 2003; Leadbeater, 1997; Mair & Noboa, 2003; Martin & Osberg, 2007; Zahra et al., 2008). Social entrepreneurs are resourceful, energetic, innovative and opportunistic, with a common goal: to improve the lives of the poor and disadvantaged around the globe (Elkington & Hartigan, 2008). They seek opportunities to catalyze societal change and address unmet social needs through innovation of goods and services, supply-chain management, ethical manufacturing and business practices, distribution of natural resources and progressive business models (Leadbeater, 1997; Dees 1998; Lasprogata & Cotten,

2003; Mair & Noboa, 2003; Mair & Marti, 2006; Mair & Schoen, 2007; Martin & Osberg, 2007; Elkington & Hartigan, 2008; Zahra et al., 2008). Their personal motivations and missions to address specific social problems and issues can be viewed as the starting point for forming a new venture.

Elkington and Hartigan (2008) highlight social entrepreneurs' open source approach of sharing insight and innovations so that others may replicate and improve upon challenges which are "beyond any single entrepreneur or enterprise" (p 23). Compared with their counterparts, social entrepreneurs are more interested in the sustainability and effectiveness of long-term solutions to transform current business practices and economic system (Elkington & Hartigan, 2008). Social entrepreneurs' innovative thinking and exploration of social needs emphasizes creation of social value for all stakeholders involved and aim to reach beyond economic and financial goals toward an idealistic social vision of poverty eradication worldwide.

Some social entrepreneurs are driven by the 'triple-bottom-line' concept that takes into account people, planet, and profit as a means for developing a more balanced array of outcomes (Wirtenberg et al. 2009; Savitz & Weber, 2006; Mair & Marti, 2005). *People* refers to the ethical social treatment and consideration of human capital and its needs for a job that will provide food security, health care and continued education. *Planet* refers to the environmental impact business has upon the global eco-system. Finally, *profits* refers to the stability of economic development and resilience to global economic crises in the future (Wirtenberg et al. 2009; Savitz & Weber, 2006). The triple-bottom-line business model is one guide for developing programs that create well-paying jobs with workers' needs in mind, along with minimized environmental impact and a long-term vision for the well-being of future generations of workers (Wirtenberg et al. 2009; Savitz & Weber, 2006).

2.1.2 Social Ventures

As described in the preceding section, social entrepreneurs “pursue transformative pattern-changing ideas with the potential to trigger cascades of follow-on innovations, adaptations, and local applications [which] hold the promise of creating large social impact” (Sherman, 2005, p 1). Consequently, social ventures “pursue economic, social, or environmental aims; they fill market gaps between private enterprise and public sector provision; policy makers consider them to be valuable agents in social, economic, and environmental regeneration and renewal” (Haugh, 2007, p 161). Traditionally, social ventures adopted non-profit business models; however, the last decade produced social ventures of varying business structures including “social purpose business ventures, such as for-profit community development banks, and hybrid organizations mixing not-for-profit and for-profit elements, such as homeless shelters that start businesses to train and employ their residents” (Dees, 1998, p 1).

The unifying characteristic of social ventures is their primary objective to create social value through initiatives that address social needs and/or social transformation. Social ventures create social value as a tool to alleviate societal problems of a community, aiding the community to join the global market and generate economic value (Thompson, 2010). While economic value creation is necessary for sustained long-term creation of social value, social ventures believe it is not a sufficient indicator of true success (Mair and Marti, 2006; Mair and Schoen, 2007). We are now aware that social ventures create significant social value by building personal value-chain networks with stakeholders who share similar social vision (Mair & Schoen, 2007; Yunus, Moingeon, Lehmann-Ortega, 2010). However questions still remain on how “specific strategies of network building and resource procurement facilitate the creation of social and economic value” and how social

entrepreneurs “ensure that the right target group captures the created value” (Mair & Schoen, 2007, p 55).

2.1.3 Social-Purpose Businesses and Community Based Enterprises

As noted in the above section, social ventures are “valuable agents in social, economic, and environmental regeneration and renewal,” (Haugh, 2007, p 161) and in recent years have taken varying forms of business structures to fulfill their missions. A form of non-profit commercialization is Social-Purpose Business (SPB), serving as a location for employment and job training for disadvantaged populations and a source of long-term social, environmental and economic sustainability (Cooney, 2011). SPBs perform social intervention through their rehabilitative and revenue-generating activities (Altier, 2006). In 2011, Kate Cooney surveyed fifteen directors and managers of SPBs based in the United States to determine what commonalities existed among the organizations. Cooney investigated “sources and stability of financial revenues to the organizations, [asked] about the types of businesses launched by the nonprofit organizations; sources of funding for business start-up; and bringing the businesses to scale, [and their] organizational structure” (p 187). Cooney detected two common struggles among SPBs: financial stability and scope of training.

Like many non-profit organizations, SBPs hurt when they are unable to receive subsidies which may keep their business afloat, as their primary source of revenue is dependent upon generous donors. In addition to their financial stability struggles, SPBs toil to identify skill-training “they are able to operate successfully” (Cooney, 2011, p 194) and from which they are able to generate social and economic value. Early research indicates that many SPBs are launched by existing non-profit organizations embracing business ventures as “a strategy for fulfilling their job-training and economic-development missions”

(Cooney, 2011, p 186). More academic research is needed to formulate better understanding and knowledge of SBPs' challenges, opportunities, best-practices and common successful strategies of creating social and economic value.

Another form of social venture is Community-Based Enterprise (CBE), which is the result of the community acting entrepreneurially to develop and sustain new business entrenched in its existing social structure (Peredo & Chrisman, 2006). Community is defined as the aggregation of people who share geographical location, which may be accompanied by collective culture, rather than by the shared goals, or productive activities, of an organization (Molinary, Ahern & Hendryx, 1998; Peredo and Chrisman, 2006). CBEs manage and govern the pursuit of social and economic goals of the community in such a way that yields short and long-term benefits for the individual and the group (Peredo & Chrisman, 2006). "CBEs characteristically emerge in an environment of economic stress, and draw on the community's traditions and collective actions" (Peredo & Chrisman, 2006, p 38). CBEs concentrate the community's efforts to create collective business ventures such as co-ops and other worker owned enterprises that build up the local economic and social confidence.

CBEs are "owned, managed, and governed by the people ... on behalf of the people" with limited reliance on the "government or smaller group of individuals" (Peredo & Chrisman, 2006, p 18). By integrating the community with triple-bottom-line enterprise, CBEs create a sense of ownership for the individual and the community as a whole through focused entrepreneurial activities tailored to each community's diverse macro-environmental conditions, societal arrangements and cultural values (Peredo & Chrisman, 2006). While sustainability or longevity cannot be assumed as a notion of CBEs, social entrepreneurs should note CBEs' model of expanding upon a community's already existing skills and

experience and multiplicity of goals to address the social, economic and environmental needs of the community.

2.1.4 Measuring the Effects of Social Entrepreneurship

The academic conversation about the concept of SE continues to build knowledge on the relatively recent phenomenon in business and society. Table 1 of Dacin, Dacin & Matear's (2010) collection of thirty-seven varying definitions revealed scholars' agreement that SE's essential mission is to create social value. The concept of social value will be discussed in more detail in a later section of the paper. Social entrepreneurs are currently challenged with the capability to measure and quantify the creation of social value as improved quality of life, empowerment, security and income (Rangan et al., 2007; Marquez et al., 2010).

“Markets do not work as well for social entrepreneurs. In particular, markets do not do a good job of valuing social improvements, public goods and harms, and benefits for people who cannot afford to pay. These elements are often essential to social entrepreneurship. That is what makes it social entrepreneurship. As a result, it is much harder to determine whether a social entrepreneur is creating sufficient social value to justify the resources used in creating that value” (Dees, 1998, p4).

Social entrepreneurs “acknowledge that what gets measured is more likely to get funded, managed, and done” (Elkington and Hartigan, 2008, p 19). New academic research within SE is working to develop standardized measurement metrics to provide social entrepreneurs with tools to capture and present quantifiable results of their social and economic value creation initiatives. Stewart (2012) compiled articles offering “suggestions on how to measure social impact within the context of non-profits, NGOs, or social enterprises” (p 15), see Table 2. It is essential for continued social innovation to develop tools that will assist social entrepreneurs in identifying, measuring and pricing the social and

environmental value created by their social missions and ventures so they may continue to improve upon those efforts.

Table 2: Social Impact and Performance Metrics

Measurement System	Concept	Case-study or organization using this system
Balanced Scorecard (1992)	A framework for a strategic management system that looks at a company holistically from 4 perspectives: customer, internal, innovation and learning, and financial	
Social Return on Investment (SROI) (2001)	Tries to determine quantitatively if a company is achieving its mission through creating a measure of resources invested in the organization and comparing to the benefits generated by it	REDF
Blended Value Map (2003)	Gives a general overview of issues faced in a few different fields (including social enterprise, which in this case, judging by their definition, is largely social entrepreneurship) and suggests strategies that may advance all interests	Various – study of multiple methods of measurement
Shared Measurement Platforms (2004)	Web-based tool aimed at increasing efficiency through field-specific data on outcome and performance	Success Measures Data System (SMDS)
Comparative Performance Systems (2004)	Web-based system aimed at increasing knowledge by having organizations track the same indicators and compare results to each other.	Cultural Data, Project Pulse, IRIS
Adaptive Learning Systems (2004)	Aimed at increasing impact through multiple organizations managed by a single organization working toward the same goal with the same indicators	Children's Zone

Modified from: Stewart, E. (2012). Identification of Impact Measurement Processes in Social Entrepreneurship with the Textile Industry.

2.2 Inclusive Business and Socially Inclusive Ventures (SIVs)

Inclusive businesses manifest “the pursuit of societal betterment through the removal of barriers that hinder social inclusion, the assistance to those temporarily weakened or lacking a voice, and the mitigation of undesirable side-effects of economic activities” (Marquez et al., 2010, p. 6).

The concept of inclusive business is a part of social entrepreneurship in need of more academic attention, among social entrepreneurs who aim to alleviate poverty of low-income communities in both developing and developed nations worldwide. Inclusive businesses can come about in the form of public administration, institutions of organized civil society and/or private enterprises with a focus on welfare programs, education, health and/or housing (Marquez et al, 2010). The ideal inclusive business develops “radically innovative solutions, delivered at a fraction of the cost of old solutions, and [a] great benefit to previously ignored customers or producers” (Marquez et al, 2010, p 9). Socially inclusive ventures (SIVs) develop a deep understanding of the local environment and identify, leverage and build upon the existing social infrastructure within a community (London & Hart, 2004).

The most unique and differentiating characteristic of SIVs is their tendency to provide access to education; “education is essential to the development of cultural awakening, awareness building, realization and understanding of human rights, adaptability and empowerment, and self-reliance and self-confidence of individuals” (Sachs, 2004, p 169). Defined by this research, SIVs have the potential and aspiration to improve the living conditions of disadvantaged communities by way of investing in the development and creation of human capital, social capital/social value and establishing bridges connecting low-income communities with mainstream markets.

2.2.1 Bottom-of-the-Pyramid

The conversation about business inclusion of the less fortunate began with Prahalad and Hart's (2002) belief that multinational corporations (MNCs) will be able to foster technological and business model innovation through means of converting the four billion people living in poverty – bottom-of-the-pyramid (BOP) - into active consumers. As the conversation evolved, authors like Marquez et al (2010) began to view inclusion as the ability of a business to consider those in the BOP not only as consumers but also as producers, entrepreneurs, suppliers, and other key actors in the value chain. The BOP battles with its unique characteristics of low levels of education, lack of well-defined property rights, a high variability in infrastructure and thin capital markets (Klein, 2008).

Globally, the poor majority is regularly excluded from social and economic development processes – “access to work opportunities, in pay, in social protection and in participation in the generation of income and wealth” (Sachs, 2004, p 172). Those living in the BOP often cannot meet their basic needs: rent, utilities, food, medicine, personal hygiene products, schooling and transportation (Prahalad, 2010; Shamsie, 2010). Traditionally, society looked toward non-profit organizations to provide support and aid for the poor through the means of donations of goods, services and monetary funding. However, Hahn (2008) argues that donation services create an unhealthy dependency upon the goodwill of others in low-income communities, inhibiting advancement of the local economy and stimulation of new businesses and industries.

Business is therefore encouraged to strengthen its role in poverty alleviation through means of new business models and goals (Hahn, 2008). Scholars believe private sector business skills – market research, value chain management, risk assessment and scaling up – are able to address and provide solutions for economic, environmental and social

problems (Prahalad & Hammond, 2002; Rangan et al., 2007). “In order to be able to optimally deploy the business skills of the private sector, it is important that those at the BOP be included as part of the core business instead of being treated as a mere philanthropic activity (Klein, 2008).

In 2002, Prahalad and Hart moved their focus away from dependency on the goodwill of non-profit organizations as poverty alleviation programs, and shifted focus to the untapped opportunities available for multi-national corporations (MNCs) searching for consumer market expansion through technological and business model innovation. The authors’ earliest work highlighted BOP as untapped consumer market opportunities available for MNCs to exploit, speaking little of the BOP integral players in supply-chains (London and Hart, 2004; Marquez, Reffico, and Berget, 2010). However, Prahalad and Hart’s (2002) initial research did introduce a new business mindset regarding opportunities within the BOP, which included:

- The poor can be profitable target consumers if MNCs change their current cost structures.
- If MNCs change their cost structure, the poor may be able to afford useful products and services offered by developed markets.
- The poor do appreciate and are willing to pay for new technology and should not be limited to the use of previous-generation technology.
- As MNCs continue to expand into new global markets, the BOP becomes more important for the sustainability of their business and should not be left solely for governments and non-profits.
- It is not hard to find intellectual excitement and talented managers who are excited by business challenges that focus on social innovation at the BOP.

Although Prahalad and Hart (2002) did introduce this new business attitude toward BOP, their initial approach to development of BOP communities strongly reflected a top-down approach, depending heavily upon big business interests to develop low-income communities. In their 1993 research on sustainable rural development in Latin America, Altieri and Masera noted that top-down development strategies are “limited in their ability to promote equitable and environmentally sustainable development” (p 93). The authors stated that top-down strategies do not prioritize the basic principles of sustainable rural development: “reduction of poverty, adequate food supply and self-sufficiency, natural resource conservation, and empowerment of local communities and the effective participation of the rural poor in the development process” (p 95).

While top-down strategies are able to teach the disadvantaged to borrow and expand upon previously successful business examples, the community must want to become self-reliant and sustaining to achieve long-term self-sufficiency and sustainability. Altieri and Masera (1993) therefore suggest sustainable rural development “should operate on the basis of a ‘bottom-up’ approach, starting with what is there already:” local people, their needs and aspirations, their skills and knowledge and their available resources (p 106). London and Hart (2004) also agreed that successful strategies of entering low-income markets are “based on valuing and facilitating the bottom-up co-invention, by a diversity of partners, of locally appropriate solutions” (p 364). McMullen’s (2011) research documented how bottom-up, market-based approaches focusing on the self-reliant efforts of the disadvantaged transformed low-income communities. At its core, bottom-up sustainable rural development and BOP development provide social inclusion of low-income communities through empowerment of the local residents and their effective participation in the development process.

Criticism of currently available literature on BOP approach to poverty alleviation emphasizes the lack of firm-level research on the private sector with BOP operations and the weak link between theoretical arguments and empirical evidence of BOP resilience and creative entrepreneurship (Klein, 2008). “Although the concept of social entrepreneurship [and BOP] may be new, initiatives that employ entrepreneurial capacities to solve social problems are not” (Alvord, Brown, & Letts, 2004). Due to the lack of evidence and analysis of BOP initiatives, many doubts have been raised about the potential profitability gained from creating small-scale entrepreneurs out of the BOP (Klein, 2008). A response to such criticism will require additional academic research studying the BOP as entrepreneurs, producers and consumer – rather than solely untapped consumer markets – with greater attention given to small and medium-scaled enterprises.

2.2.2 Human Capital

An investment in human capital – “embodied in the skills and knowledge acquired by an individual” – contributes to the individuals’ and firms’ longevity, success and expansion (Coleman, 1988, p S100; Topel 1999, p 2944). Human capital can also be defined as the combination of an individual’s genetic inheritance, education, experience and attitudes about life and business (Bontis & Fitz-enz, 2002). Components, or inputs, of human capital include early ability (or genetic inheritance), skills and knowledge acquired through schooling and outside of a formal school, on-the-job training and learning-by-doing (Blundell et al., 1999; Topel, 1999). Thus, human capital is created through education, training and past experiences that build upon the available skills and capabilities of the workforce.

Similar to decisions regarding investing of physical capital, an individual or a firm will consider the initial human capital cost such as school tuition, continued education and/or training with new technology, and the returns the individual or firm will gain in the future from

increased individual wages or firm productivity (Blundell et al., 1999). 1960s Neo-classical economists such as T.W. Schultz and Gary Becker introduced the concept of human capital as society's endowment of educated, trained and healthy workers who determined how productively land, labor and physical capital factors are utilized (Woolcock, 1998). Successful senior managers realize and accept human capital (often synonymous with intellectual capital) as the critical differentiating factor of an enterprise (Bontis and Fitz-enz, 2002); the enterprise's talent, brainpower, and diversely experienced employees are the driving force of innovation. Therefore, human capital requires maintenance through continued education and skill development.

Bontis and Firz-enz (2002) wrote about human capital as "the profit lever of the knowledge economy" (p 224), a resource of innovation and strategic renewal in the direction of strengthened competitive advantage of an enterprise. Investment in human capital reduces the turnover rate of company knowledge management. The primary activities of knowledge management are: 1) Knowledge generation – the way employees improvise enterprise innovation; 2) Knowledge integration – employees' transformation of their tactical knowledge into documented and codified knowledge within the enterprise's system; and 3) Knowledge sharing – the social interaction among employees which encourages sharing of knowledge at the workplace (Bontis and Fitz-enz, 2002; Stovel and Bontis, 2002).

Topel (1999) stated that human capital is intimately connected to economic growth, due to the advancements in technical knowledge that drive innovative economic growth. Economic stability is maintained through a balance between available qualified human capital and the rate of technological advancements. Lagging economies – communities or nations -- may suffer from a shortage of qualified and able human capital. Sustainable economic development strategies emphasize preservation, revitalization and educational

investment of human capital. Sachs (2004) and Seers (1962) defined economic development in terms of employment; Seers emphasized that “development calls for the clarification of criteria of social sustainability, environmental sustainability and economic viability” (p 167) –(the triple-bottom-line).

2.2.3 Social Capital / Value

Social capital focuses on the value gained and created from relationships, connections and interactions between actors - individuals, communities, organizations, governments and global corporations - and among actors (Coleman, 1988; Putnam, 1993; Woolcock, 1998; Moran, 2005; Rangan et al.; 2007). In many ways, social capital can be viewed as subconscious economic activities preformed to gain monetary capital, physical capital or human capital. Coleman says that social capital is productive in “making possible the achievements of certain ends that in its absence would not be possible” (1988, p s98). Social capital identifies and evaluates social interactions and relations as they impact actors’ forms of social capital - obligations, expectations, trustworthiness, information channels and norms and effective sanctions (Coleman, 1988). Implementation of social capital could bring about:

- Superior managerial performance - Managers often have access to more diverse information and knowledge through their social interactions, permitting them to take advantage of more opportunities faster and assess their value broadly, boosting the overall performance of a firm or organization (Moran, 2005).
- Improved performance of functionally diverse groups – social capital can be used as a moderator in group performance to improve the group’s communication, social integration and coordination, which elevates the overall group performance (Evans & Carson, 2005).

- The value derived from strategic alliances – “firms vary in their levels of social capital based not just on their structural position in an alliance network but also on the dynamics that underlie alliance formation and maintenance” (Koka & Prescott, 2002, p 795). Firms can make more strategic alliances once they are aware of each other’s social capital and its benefits.
- Enhanced supply chain relations – building social capital among all participants of the supply chain will create value for all involved and strengthen the supply chain as a whole (McGrath & Sparks, 2005).

In 1985, Granovetter wrote about “the failure of economic analysis to recognize the importance of concrete personal relations and networks of relations (...) in generating trust, establishing expectations, and in creating and enforcing norms” (Coleman, 1988, p 97). Robert Putnam (1993) believed that the use of social capital for public good would facilitate mutually supportive collaboration in communities and nations, alleviating social disorders, such as crime, that create economic instability in modern societies. Woolcock observed a lack of consensus among academic scholars in defining ‘social capital’ and academic standards to measure and analyze the impact of social value and associated this academic gap with the prevalent neglect of the concept by economic development theory, policy, and economic systems analysis (1998).

These forms of social capital are evaluated and valued according to the structure of the social environment, therefore increasing and/or decreasing in their value depending upon the context in which they are set. Edwards and Foley acknowledge that geographic and social isolation limits the access to social capital and that all social capital is not equal – the value of social capital depends on its socio-economic position in society – significantly influencing the economic advancement of some communities compared to others (1998).

Rural communities are often isolated from the majority of the population and therefore they may be perceived as “lagging” or not as “advanced,” which decreases benefits of social capital.

2.3 Business Models

In the last two decades, business savvy persons and academic researchers alike have become more interested in understanding the concept and purpose of the business model and its active role in the formation of new ventures. Although the concept has only been catapulted into academic consciousness in the last decade (Teece, 2010), business models were used as soon as societies began engaging in barter exchange. It was the rise of the Internet in the mid-1990s that brought the business model concept to the forefront of business practice; the concept has continued gathering momentum since then (Zott et al., 2011). Internet innovation gave way to e-commerce, opened new doors for sourcing and off-shoring business activities, and was able to support a growing global financial industry. These new ways of conducting business required standards to make sense of how e-businesses are governed, as well as determining common resources they required to come to fruition, and monitoring the processes such businesses follow to go from ideation to start-up status. Initial business model research focused on explaining (1) e-business and the use of information technology in organizations; (2) strategic issues, such as value creation, competitive advantage and firm performance; and (3) innovation and technology management phenomena (Zott et al., 2011). The knowledge created from all of the above information led to a focus on business models “as a fundamental statement of direction and identity” of a venture (Keen & Qureshi, 2006, p 1).

Interest in business models significantly increased in academia and practice between 1995 and 2010 (Zott et al., 2011), though most published research has focused on Internet-

based enterprises (Morris, Schindehutte and Allen, 2003). More recently, academia, global organizations, non-profits and multi-national corporations have shifted their interest in the concept in an effort to recognize ways in which they can replicate and scale new social entrepreneurship models and processes of value creation (Seelos & Mair, 2005). Unfortunately, academic research regarding business models has not caught up with the practice of building new business models due to academics' inability to agree upon a definition of the term "business model." This has created confusion within and obstruction of cumulative research on the role and impact business models have on the formation and sustainability of a new venture (Morris, Schindehutte and Allen, 2003; Zott et al., 2011).

Furthermore, lack of academic consensus has kept the topic of business models from being integrated into economic theory, organization and strategic studies, or marketing science (Teece, 2010). This has hindered a deeper understanding of the concept's significance and impact. As Zott et al, (2011) presented in their article, the business model has been associated with "an *architecture* (Dubosson-Torbay, Osterwalder, & Pigneur, 2002; Timmers, 1998), a *conceptual tool or model* (George & Bock, 2009; Osterwalder, 2004; Osterwalder, Pigneur, & Tucci, 2005), a *description* (Applegate, 2000; Weill & Vitale, 2001), a *framework* (Afuah, 2004), a *method* (Afuah & Tucci, 2001), a *pattern* (Brousseau & Penard, 2006), a *representation* (Morris, Schindehutte, & Allen, 2005; Shafer, Smith, & Linder, 2005), a *statement* (Stewart & Zhao, 2000), and a *set* (Seelos & Mair, 2007) acting as the foundation for forming a new venture" (p 1021). Common themes among definitions characterize the business model as 1) "a unit of analysis that differs from the product, firm, industry or network"; 2) "a system-level, holistic approach" to illustrate how a business practices, not a strategy; 3) a "conceptualization" of the various activities a firm and its

partners perform; and (4) both “value creation and value capture” (Zott et al., 2011; Keen and Qureshi, 2006).

The role of business models is to guide enterprises to carefully assess how new ventures can achieve a balance between creating value for their customers while simultaneously creating value for the enterprise itself; “logic of value-generation is at the core of a business model” (Keen & Qureshi, 2006, p 2). Business models also offer frameworks to develop strategies for market innovation and/or organizational transformation; yet, they differ from business strategy (Keen & Qureshi, 2006). A business model is the “what” of business innovation, while business strategy is the “how” which targets achievement of competitive differentiation among enterprises. Keen and Qureshi therefore view the “business model as a hypothesis to be tested in the marketplace and [is] often subject to public scrutiny, particularly by investors” (2006, p 2). Ultimately, business models define the combination of basic building blocks that support the formation of new ventures.

In this research, the term *business model* is defined as the architecture and enterprise’s core logic that both relies on and builds assets, capabilities and relationships to create value through a product, service or informational flow. The business model identifies and describes the various stakeholders and their roles, a description of value propositions an enterprise offers its stakeholders, operating processes to deliver value, and a description of the sources of revenues (Timmers, 1998; Linder & Cantrell, 2000; Keen & Qureshi, 2006; Osterwalder & Pigneur, 2010). The following charts represent a few of the currently available templates for developing a new business.

Table 3: Components of a business model

Customer Interface	Core Strategy	Strategic Resources	Value Network
Fulfillment and support Information and insight Relationship dynamics Pricing structure	Business mission Product/market scope Basis for differentiation	Core competencies Strategic assets Core processes	Suppliers Partners Coalitions

Hamel, G. (2000), *Leading the Revolution*, Harvard Business School Press, Boston, MA.

Table 4: The Four-Box business model framework

Customer Value Proposition	Profit Formula	Key Resources	Key Processes
An offering that helps customers more effectively, reliably, conveniently, or affordably solves an important problem (or satisfy a job-to-be-done) at a given price.	The economic blueprint that defines how the company will create value for itself and its shareholders. It specifies the assets and fixed cost structure, as well as the margins and velocity required to cover them.	The unique people, technology, products, facilities, equipment, funding, and brand required to deliver the value proposition to the customer.	The means by which a company delivers on the customer value proposition in a sustainable, repeatable, scalable, and manageable way.

Johnson, M. W. (2010). *Seizing the White Space: Business Model Innovation for Growth and Renewal*. Harvard Business Press.

Table 5: Marques, Reficco, and Berger business model template

Articulate a Value Proposition	Identify market segment	Define the value chain required by the offering and the complementary assets required to support the organization's position within	Specify the revenue-generating mechanisms, the cost structure, and profit potential	Position the organization within its setting (ecosystem), linking suppliers and customers, identifying potential complementors and competitors	Establish a competitive strategy to gain and hold advantage over rivals
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Marquez, Reficco, & Berger. (2010) *Socially Inclusive Business: Engaging the poor through market initiatives in Iberoamerica*. The President and Fellows of Harvard College.

Table 6: The 9 Building Blocks

Customer Segments	Value Proposition	Channels	Customer Relationships	Revenue Streams
An organization serves one or several Customer Segments	It seeks to solve customer problems and satisfy customer needs with value propositions	Value propositions are delivered to customers through communication, distribution, and sales Channels	Customer relationships are established and maintained with each Customer Segment	Revenue streams result from value propositions successfully offered to customers
Key Activities	Key Partnerships	Cost Structure	Key Resources	
By performing a number of Key Activities	Some activities are outsourced and some resources are acquired outside the enterprise	The business model elements result in the cost structure	Key resources are the assets required to offer and deliver the previously described elements	

Osterwalder, A., Pigneur, Y., & Clark, T. (2010). *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. John Wiley & Sons.

Scholars have begun investigating whether currently available business model templates are sufficient for social entrepreneurs to use in the development of new social ventures to better understand new models of poverty alleviation. More research is necessary to develop deeper understanding of emerging social ventures and determine whether their business models differ than those of traditional enterprises. As mentioned several times throughout the literature review, social ventures place a higher priority on the social capital and value created from their business, and while reaching a financial goal is necessary for sustainability, it is not an indicator of true success.

2.4 Gaps in Literature Review

Understanding how business models influence, shape and dictate the direction and mission of a new venture is essential for social innovation in and inclusion of low-income communities. As the above literature review illustrated, the concept of business models and their impact on the fruition and sustainability of inclusive business ventures is a new phenomenon within social entrepreneurship and bottom-of-the-pyramid theories. Firms operating at the BOP face organizational challenges from the results of the unique characteristics of the poor – low levels of education, lack of well-defined property rights, a high variability in infrastructure and thin capital markets (Prahalad & Hart 2002; Prahalad & Hammond, 2002; London & Hart, 2004; Sachs, 2004; Rangan et al., 2007; Klein, 2008; Prahalad, 2010; Marquez et al., 2010; Shamsie, 2010).

The majority of currently available literature on business models focuses on e-commerce business models (e.g., Amit and Zott, 2001), and lacks depth in the exploration of social entrepreneurship and inclusive business models. Specifically, current academic research has not examined how social entrepreneurs combine social and economic creation when setting up self-sustaining organizations (Mair and Schoen, 2007). Currently available academic research is unable to provide a benchmark tailored specifically for inclusive business models. Therefore, the remainder of this study will illustrate the exploratory research conducted with a goal to provide additional insight into the formation and development of new social ventures in an effort to improve our knowledge on how social entrepreneurs engage stakeholders whose contribution of personal knowledge and resources will help achieve the social venture's overall mission and, improve our knowledge on the influence personal and emotional connections among social entrepreneurs, key

stakeholders and the Community have on social ventures' primary mission to create and appropriate social value while addressing pressing social problems and issues.

CHAPTER THREE: METHODOLOGY

The objectives of this research were to investigate determinants that substantially influenced new social ventures' mission stability and to develop inductive theory in the context of social ventures regarding socially inclusive business models. Findings from the cross-case analysis were used to develop conceptual definitions of constructs and relationships among those constructs for future hypothesis testing (Glaser & Strauss, 1967; Eisenhardt, 1989). This research asked the following questions:

***RQ1:** What determines whether a new social venture maintains mission stability?*

***RQ2:** What impact do key stakeholders' interpersonal and role dynamics have on new social ventures' mission stability?*

Given the limited available academic literature in the area of social ventures and my intention to understand key stakeholders' understanding and interpretation of group dynamics, grounded theory methodology was utilized to address the research questions (Glaser & Strauss, 1967; Eisenhardt, 1989; Suddaby, 2006). Contextual implications of the research question were explored through cross-case analysis of multiple case studies. First I produced three individual case-study reports detailing the investigation of why key stakeholders engage with artisanal craft start-up social ventures and how their assumed roles impact the ventures' mission stability. Following examination of evidence from these case reports, I inductively generated elements of theory (Glaser & Strauss, 1967; Eisenhardt, 1989; Yin, 2009).

Due to the exploratory characteristic of this research in determining the “how” and “why” of operational links being traced over a period of time (Yin, 2009), this research was conducted using qualitative methodology (Eisenhardt, 1989; Yin, 2009). Qualitative methodology was chosen for its “adequate and efficient way to obtain the type of information required and to contend with the difficulties of an empirical situation” (Glaser & Struass, 1967, p 18). As noted by Eisenhardt & Graebner (2007), qualitative data offers “insight into complex social processes that quantitative data cannot easily reveal” (p 26). This research relies heavily on descriptive data of contemporary events which define current social constructs of reality (Eisenhardt & Graebner, 2007; Yin, 2009) and “the interpretations of those daily realities made by those who participate in them” (Suddaby, 2006, p 634).

I conducted a multiple-case study to develop a more compelling and robust theory to “explain the presumed causal links in real-life interventions that are too complex” for surveys or experimental strategies (Yin, 2009, p 19). Developing theory from multiple-case studies is particularly suited for this “new research area(s)” where “existing theory seems inadequate” (Eisenhardt, 1989, pp 548-549). Eisenhardt (1989) also emphasizes that “theory developed from case study research is likely to have important strengths like novelty, testability, and empirical validity, which arise from the intimate linkage with empirical evidence” (p 548). These case-studies encompass multiple sources of data, including archival records, interviews, direct observations and participant-observations, some of which were in the form of both qualitative and/or quantitative data (Glaser & Strauss, 1967; Eisenhardt, 1989; Yin, 2009).

I compared and contrasted “polar types” of cases (Eisenhardt & Graebner, 2007; Yin, 2009) to further investigate differences and similarities between “categories being studied” (Eisenhardt & Graebner, 2007, p 55) within the data collected. To do this, I utilized

theoretical sampling to select cases that had enough in common and were “particularly suitable for illuminating and extending relationships and logic among constructs” (Eisenhardt & Graebner, 2007, p 27). While conducting a multiple-case study, I acquired and sharpened the following skill sets: knowing how to ask good questions and interpret answers, being a good “listener,” detached from personal ideologies or preconceptions, adaptability and flexibility to transform new situations into opportunities, establishing a firm understanding of issues at hand and sensitivity to preconceived notions to reduce bias (Yin, 2009).

Table 7 illustrates the methodological steps I followed in generating the foundation for inductively developing elements of the grounded theory of social ventures’ mission stability.

Table 7: Ordered steps of the research methodology

Process Stage	Activity	Author
Case Selection	Specified population/ Theoretical sampling	Eisenhardt (1989); Eisenhardt & Graebner (2007); Glaser & Strauss (1967); Yin (2009)
Research Protocol: Gaining Access/ Interview Schedule	Data collection method(s); Investigator; Levels of data; Multiple sources of data	Eisenhardt (1989); Yin (2009)
Entering the Field/ Data Collection/ Data Analysis	Overlapping data collection, case reports development and cross-case analysis	Eisenhardt (1989); Yin (2009)
Theory Development	Discoveries based on data analysis	Eisenhardt (1989); Eisenhardt & Graebner (2007); Yin (2009)

Modified from: Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, 14: 532–550

3.1 Case Selection

Based on current academic literature and with the purpose of discovering grounded theory on mission stability of social ventures, I selected three new ideas for start-up social ventures operating within the artisanal craft industry to be studied from initial ideation. Initial interviews gave insight about possible opportunities to explore contrasts and commonalities among the three cases, including:

- rural communities vs. urban communities
- access to original entrepreneur of the start-up venture
- start-up venture's emphasis on social and economic inclusion of previously excluded sector of a community, and
- start-up venture's location in southeastern U.S.

I selected two start-up ventures located in rural communities and one start-up venture located in an urban community. All three start-up ventures intend to operate within the artisanal craft industry in varied capacities and operations. At the beginning of the research, the three start-up ventures were primarily focused on the idea of a new business and some had already begun key operations and activities. The common factor linking the three selected start-up ventures was their original intent to socially and economically include previously excluded members of a community. During and following the data collection period, I continuously developed individual case reports for each of the start-up ventures.

3.2 Research Protocol

I began collecting data with initial interviews with startup social ventures, which I was introduced to through both the university and my personal networks. The three startup ventures I chose to study more deeply fit my defined theoretical sampling criteria and were all in their ideation phase. During the initial interview, I introduced the leaders of the

ventures to the research and explained that the case study would entail in-depth analysis of archival material (where available), interviews with leaders and stakeholders, and direct observations of planning meetings and other key activities over a period of nearly twelve months. To protect the identity, rights and welfare of participating start-up ventures, as well as their leaders and key stakeholders, this research complied with the Institutional Review Board (IRB) standards. Documentation of the IRB approved Approach Protocol toward human subjects can be found in Appendix A.

Following the explanation of the scope of the research, I requested permission to follow the progression of the start-up venture by attending planning meetings and key activities, and interviewing key stakeholders in an effort to further explore a working relationship. Both a “Recruitment Call Script” and a “Recruitment Email” were used, depending on the appropriate means of contact, to ask leaders of the selected start-up ventures to participate in the research (Appendix A). Once the leaders of the selected start-up ventures agreed to participate in the research, they received the “Informed Consent Form for Research: Leaders/Entrepreneurs,” which can be found in Appendix A, and were asked to schedule an interview time lasting no more than 90 minutes. Interviewees answered questions similar to those found in the “Questionnaire Guide” provided in Appendix A. Interviews were conducted at start-ups’ facilities when possible, or at convenient locations suggested by the interviewees. In most cases I was allowed to audio record the interviews, which were later transcribed. In the rare instance I was not allowed to audio record the interview, I took notes throughout the conversation.

Following interviews with the leaders of the start-ups, I requested that the leaders introduce me to other stakeholders of the venture, utilizing the “Key Stakeholder Introduction Script” (Appendix A) to ensure uniformity across the key stakeholders introduction process.

Both founders and potential partner-stakeholders were approached for interviews and observations to determine how and why their roles impacted the venture's mission stability. I chose up to eight (8) key stakeholders per start-up venture to be interviewed and observed for the case study research. Once I was introduced to selected key stakeholders, they received information about the scope of the research and were asked whether or not they would like to participate in the study.

Key stakeholders who agreed to participate in the study received the "Informed Consent Form for Research: Key Stakeholders" (found in Appendix A) and were asked to contact me to set up an interview time lasting no more than 90 minutes. Interviewees were probed to answer questions similar to those found in the "Questionnaire Guide" provided in Appendix A. Interviews were conducted at start-ups' facilities when possible, or at convenient locations suggested by the interviewees. In most cases I was allowed to audio record the interviews, which were later transcribed. In the rare instance I was not allowed to audio record the interview, I took notes throughout the conversation.

In conclusion, I conducted a multiple-case study to capture unfolding current events of start-up ventures and observe how leaders and key stakeholders' behaviors influenced the development and mission stability of new social ventures. Collection of data included direct observations and inquiries conducted on-site during planning meetings, one-on-one interviews, and direct observations at other key activities. Reaching closure of the data collection meant achieving "theoretical saturation" with regard to key variables and relationships (Eisenhardt & Graebner, 2007). Research data was collected over a period of one year. In total, I conducted approximately 340 varied observations collecting data (Table 8). I have changed inconsequential details throughout this study to maintain the anonymity of the participants.

Table 8: Breakdown of case studies observations

Case	Key Stakeholder	In Person/ Phone	Direct Observations	Email	Total (KS)	Total Per Case
Riverside Pottery	Elizabeth Ogden	2	1	7	10	46
	Rebecca May	1	3	14	18	
	Stephen Minor	1	3	0	4	
	Gail Pena	1	3	3	7	
	Warren Brent	2	2	3	7	
Farm-Raised Soap	Stewart Ross	2	3	43	48	64
	Marisa Schaffer	2	0	9	11	
	Calvin Jones	1	0	4	5	
Crafty Citizens, Inc.	Regina McMillan	2	11	42	55	230
	Roger Peterson	2	9	40	51	
	Nancy Smith	1	6	12	19	
	Victoria Boyd	2	9	19	30	
	Ryan Davenport	1	7	12	20	
	Logan Anderson	2	6	27	35	
	City Planner	1	1	4	6	
	Chamber of Commerce	1	0	2	3	
	Professional (1)	1	2	0	3	
	Professional (2)	1	0	0	1	
	Professional (3)	1	1	0	2	
	Professional (4)	2	0	0	2	
Real Estate Agency	1	1	1	3		

3.3 Data Collection

Data collection of this research was implemented following Yin's (2009) three principles of case study development: use of multiple sources of evidence, building a case study database and maintaining a chain of evidence. Sources of evidence used in this research include documentation of archival records (when available), individual interviews, direct observations, and participant-observations. I decided to use multiple sources of

evidence to strengthen the case study through the triangulation of converging lines of inquiry (Yin, 2009). Such triangulation makes for more convincing and accurate findings and conclusions in the study.

1. Multiple sources of evidence - triangulation of data sources allowed for the development of converging lines of inquiry which made findings and conclusions more convincing and accurate.
2. Case study database - the case study database increased the reliability of the entire case study (Yin, 2009) and made it easy for me to refer back to specific details when developing case reports. All data collected for this research were organized and documented in spreadsheets, journal entries, transcription of interviews, notes and narratives.
3. Maintaining a chain of evidence - this principle of the data collection process allows an external observer to follow the derivation of evidence from the initial research questions to the ultimate case study conclusions, and increases reliability of information. In accordance with this principle, case reports make sufficient citation to the case study database, which reveals actual evidence and circumstances under which data was collected (Yin, 2009); circumstances are consistent with procedures described in case study protocol and indicate links between content of protocol and initial case study questions.

Data collection was conducted in real time and consisted of hand-written, typed or audio recorded notes (when permitted) of direct observations during planning meetings, key activities and individual interviews. 48 hours following an interview and data collection, journal entries were made regarding the new findings, notes were transcribed and new information was continuously added to the existing case study database. Any discoveries

which were made were coded to analyze from within-case and cross-case perspectives. Characteristic of qualitative research, new questions from regular analysis formed iterative and future lines of inquiry.

3.3.1 Primary Interviews

As mentioned in the research protocol, both leaders and key stakeholders who agreed to participate in the study were asked to schedule an interview time lasting no more than 90 minutes at the location of their choice. These formal interviews included, but were not limited to, questions similar to those found in the “Questionnaire Guide” provided in Appendix A. Some participants were interviewed more than once, tracking the progress and development of the venture. Through these interview conversations, I was able to explore specific issues regarding mission and vision, role dynamics, driver dynamics and overall consensus among key stakeholders of the social venture. Whenever possible, I encouraged the interviewees to choose a public location, such as a coffee shop or a restaurant, to make the interviewee feel more comfortable and at ease during our conversation.

Within 48 hours, I reflected upon each of my interviews and further explored new questions and concepts regarding the new data. At times, I referenced what other key stakeholders had to say about a specific issue to better understand individuals’ perspectives and knowledge of the situation. The iterative process of collecting new data and interrogating new findings across multiple cases allowed me to induct grounded theory regarding social ventures’ mission stability. Though I had initially intended to focus on the business model development for each of the ventures, following the first round of primary interviews it became apparent that my research was a precursor to the business model development stage. Thus I refined my research to focus on the exploration of interpersonal

and role dynamics of social ventures' key stakeholders to develop grounded theory regarding mission stability.

3.3.2 Direct Observations

Direct observations in this research created opportunities to observe leaders and key stakeholders' dynamics in natural settings during planning meetings, key activities and online communication via emails. Directly observing the ongoing conversation among key stakeholders of the ventures shed light on each of the participants' personal perspectives, attitudes towards specific issues, assumed roles and ability to overcome challenges as a group. At times, I would probe either individual key stakeholders or the group as a whole for deeper explanations and reasoning regarding particularly interesting developments of the venture. I focused on interactions among members of start-up ventures, commonalities and differences in their language, body language of participants and overall agreements regarding specific issues. Direct observations were recorded in real-time as unobtrusively as possible and were reflected upon through journal entries within 48 hours of observation.

CHAPTER FOUR: RESULTS

The primary findings from this exploratory research indicate that leaders' types of authority substantially influence interpersonal and role dynamics among leader, key stakeholders, and the community which directly influence the social ventures' potential to effectively adapt appropriate initiatives that will achieve the mission, thereby impacting mission stability. "Mission stability" is defined as whether or not a new social venture maintains consensus among the founders and stakeholders on the original purpose of the venture. Maintaining mission stability can have both positive and negative implications depending on the situation. For instance, if a social venture's mission is inappropriate for addressing social problems and issues, mission stability may increase the likelihood of the

venture being ineffective in adapting new initiatives. In contrast, if a social ventures' mission is appropriate and the venture is effective in addressing social problems and issues, mission stability is likely to increase.

The results are presented in four segments. First, I briefly introduce Max Weber's descriptions of the "ideal-types" of authority. Second, I describe findings from my observations and cross-case analysis regarding leaders' dynamics and types of authority, the relationship between leaders and key stakeholders, the leader's involvement with and understanding of the community the venture aims to serve, and finally, the relationship among key stakeholders (apart from the leader). Third, I present a theoretical process model explaining how leaders' type of authority influences a social venture's mission stability. Finally, I illustrate the theoretical process model by presenting rich details from each case study.

4.1 A Brief on Weber's Theory of Authority

While collecting data from my case studies, I discovered that Max Weber's (1968) types of authority were present in my cases. The literature on the topic of "ideal-types" of authority quickly became an essential theoretical lens for the results presented in this research. Based on his theory of authority, I categorized the leaders presented in this research from leaders' personal statements regarding their expertise and prior experience and key stakeholders' perceptions of the leaders' contributions to the venture. Weber defined authority as the "probability that certain specific commands will be obeyed by a given group or person" (1968, p 212), or in this research, the key stakeholders of a new venture. Key stakeholders legitimize leaders' right of authority based on legal-rational, traditional and/or charismatic grounds:

- *Legal-rational* – leader obtains power of legitimate authority from “laws and principles that are in accordance with the system of bureaucracy and legality”. Legal-rational leaders often “serve a higher authority (i.e. government or corporate CEO), are elected or appointed based on their technical skills, and are responsible for execution of assigned tasks” (Weber, 1968).
- *Traditional* - legitimacy of authority is derived from tradition, where a “leader is chosen in accordance with the principles of inheritance”. Followers respect and obey a traditional leader because they believe it is their “sanctioned traditional duty to do so”. Traditional leaders rely on followers’ willingness to respect their authority rather than forcing their own will upon the people. Traditional leaders often rule theocracies, oligarchies, autocracies, and the majority of monarchies. (Weber, 1968).
- *Charismatic* - power of authority is legitimized on the basis of the leader’s “exceptional and unique qualities, which set him or her apart from traditional persons and ideals, inspiring loyalty and obedience from followers”. The leader’s charisma speaks to his or her ability to inspire social innovation within a community rather than a personality trait (Weber, 1968).

Weber notes that in reality, these “ideal-types” of authority are found in combination with one another or are slightly transformed from the historically concrete descriptions of the authority. Leaders’ granted forms of authority also determine the type of relationship leaders have with their key stakeholders. Weber described legal-rational authority as dynamic and impersonal (unlike charismatic), traditional authority as non-rational and impersonal (unlike legal-rational), and finally charismatic authority as non-rational and dynamic (unlike traditional) (1968). In his “Critical Remarks on Weber’s Theory of Authority”, Blau (1963) alternatively described legal-rational authority as rational, traditional authority as un-dynamic

and charismatic authority as personal. I found that leaders' type of authority directly impact the relationship that is developed between leaders and key stakeholders, relationships among key stakeholders, and finally, the relationship between the system (new social venture) and the people (community).

4.2 Observations

While conducting the cross-case analysis, I speculated that the leaders' dynamics and types of authority influenced the interpersonal and role dynamics of key stakeholders, which ultimately impacted the ventures' mission stability. I discovered that the leader who was granted all three types of authority (legal-rational, traditional, and charismatic) developed more multi-faceted, personal and respectful relationships with the key stakeholders and the community. This discovery led me to further examine leader dynamics, established and developing relationship between leaders and key stakeholders, relationships among key stakeholders (apart from the leaders) and the ventures' involvement with and understanding of the community they aim to serve.

I found three distinct leader dynamics across the cases: a single leader, conflicting leaders, and competing leaders. The *single leader* had all three of Weber's types of authority - *legal-rational, traditional and charismatic*. In this case, all of the key stakeholders *unanimously agreed* that this person was the overarching leader of the venture and looked towards this individual for guidance and support throughout the business development process. The *conflicting leaders* comprised a *charismatic* ideological leader (IL) and a *legal-rational* operations leader (OL). Key stakeholders in this case *recognized the different leadership roles* these two individuals assumed, perceiving the IL as the visionary and the OL as the active agent in bringing the venture into fruition. Finally, the *competing leaders* experienced a clash between a *charismatic* leader and a pair of *legal-rational* leaders. In this

case, key stakeholders were pushed to choose between the charismatic leader and the legal-rational leaders as the overarching leader of the venture. Additionally, the leaders' type of authority influenced the relationships between leaders and their key stakeholders significantly.

Leaders with two or more types of authority – particularly, charismatic authority in addition to either legal-rational or traditional – were more likely to develop multi-faceted relationships with their key stakeholders involved in the formation of a new social venture. Such leaders were able to develop deep insight into the key stakeholders' daily lives, aspirations, personal challenges, previous work experience and talents, which were taken into account in the establishment of a new social venture. Legal-rational leaders were more likely to develop less personal, shallower and strategic relationships with key stakeholders. These leaders were more interested in their key stakeholders' skills, resources and networks rather than their personal aspirations and challenges. In one case, the legal-rational leaders departed from their original set of key stakeholders whom they believed were no longer valuable for the success of the venture. Finally, the charismatic leaders developed somewhat personal relationship with their key stakeholders and were more concerned with exciting and inspiring the key stakeholders with their vision.

The relationships that leaders developed with their key stakeholders influenced the leaders' involvement with and understanding of the communities they aimed to serve. Key stakeholders of a venture are often members of the larger community the venture aims to support and therefore provide additional information regarding a realistic and robust goal for the community. The single leader who developed multi-faceted, personal and respectful relationships with the key stakeholders had a much better understanding of the community's available resources, challenges and unfulfilled needs than the leaders who developed

shallower relationships with their key stakeholders. Comparatively, leaders who developed shallow relationships with their key stakeholders found it challenging to gain significant understanding of the community for the new social venture.

Next, I observed the relationships key stakeholders developed among themselves, apart from the leader. The key stakeholders who followed a single leader with all three types of authority also developed multi-faceted, personal and respectful relationships among themselves. These key stakeholders truly expressed strong personal attachment to one another for one another and believed that their collaboration would make the venture more successful in the long run. The key stakeholders who followed the conflicting leaders (charismatic IL and legal-rational OL) developed somewhat personal yet respectful relationships among themselves. In this case, the key stakeholders were geographically dispersed throughout the country and their main means of communication were via e-mails and phone calls. Lastly, the key stakeholders who followed the competing leaders (charismatic vs. legal-rational) had developed multi-faceted, personal, and respectful relationships within smaller groups apart from the entire organization.

Finally, I observed the new social ventures' mission stability over the course of this research. Of the three cases, only one new venture maintained positive mission stability, while the other two experienced either mission failure or organizational restructuring which created new missions for each of the new spinoff ventures. The social venture with key stakeholders who followed a single leader with all three types of authority maintained mission stability during this research. The social venture with key stakeholders who followed conflicting leaders (charismatic IL and legal-rational OL) lacked mission stability and experienced mission failure. Lastly, the social venture with key stakeholders who followed

competing leaders (charismatic vs. legal-rational) significantly lacked mission stability which caused organizational restructuring, creating three new ventures with new missions.

The above observations led me to the following conjecture: A single leader with all three of Weber's types of authority – legal-rational, traditional and charismatic – is more likely to develop multi-faceted, personal and respectful relationships with the key stakeholders and gain deep knowledge and understanding about the realities of the community. These key stakeholders will also develop multi-faceted, personal and respectful relationships among themselves, and the new social venture will maintain mission stability. Conflicting leaders (charismatic IL and legal-rational OL) developed somewhat personal, shallow and strategic relationships with their key stakeholders, and were disconnected from the realities of the community. Similarly, the key stakeholders developed less personal yet respectful relationships among themselves, and, the venture lacked mission stability and ultimately failed. And finally, competing leaders (charismatic vs. legal-rational) developed somewhat personal, shallow and strategic relationships with their key stakeholders and gained limited knowledge and understanding about the realities of the community. The key stakeholders developed multi-faceted, personal, and respectful relationships among themselves, yet the venture lacked mission stability and experienced organizational restructuring which create three new ventures with new missions.

Using Weber's theory of authority as the theoretical lens to conduct cross-case analysis allowed me to identify variations between interpersonal and role dynamics among key stakeholders and speculate that leaders' dynamics and types of authority influence social ventures' mission stability. Next, I present the process model and the causal processes through which leaders' types of authority impact social ventures' mission stability.

4.3 Process Model

From the cross-case analysis, I discovered the following: *Single (Legal-rational, Traditional, Charismatic) Leader - Strengthened Mission Stability, Conflicting Charismatic OL w/ Legal-rational OL - Failed Mission (No Stability), and Competing Charismatic Leader vs. Legal-rational Leader – Organizational Restructuring (New Missions - No Stability)*. Definitions of the model's conceptual elements are provided in Table 9 and Figure 1 organizes the elements in a modified "boxes and arrows" process diagram. First, I outline the model and its elements and then illustrate and support the model by presenting the data used to develop it, in a summary (Table 10) and extended process narratives.

Table 9: Definitions of process model elements

<p>Leader Dynamic</p>	<p>Key stakeholders involved in the venture acknowledged there to be either:</p> <ul style="list-style-type: none"> • <i>Single leader</i> - credited with establishing the mission and vision of the venture, and oversees direction and operations in founding the new venture. • <i>Conflicting leaders</i> - an ideological leader (IL) will set the vision for the venture while an operations leader (OL) will execute the necessary tasks of founding the new venture. (Key stakeholders wait for the ideological leader’s approval on key decisions, leaving the operations leader with partial authority to make such decisions). • <i>Competing leaders</i> - when a venture has two leaders with significantly different visions and missions, united by a common overarching goal, competing for the leadership position in order to direct and oversee the operations of founding a new venture.
<p>Form of Authority</p>	<p>Max Weber (1968) distinguished three categories of legitimacy for a leader to rule. As each leader gathers followers, they fall into one or more of the following categories:</p> <ol style="list-style-type: none"> 1. <i>Legal-rational</i> – leader obtains power of legitimate authority from laws and principles that are in accordance with the system of bureaucracy and legality. Legal-rational leaders often serve a higher authority (i.e. government or corporate CEO), are elected or appointed based on their technical skills and are responsible for execution of assigned tasks. 2. <i>Traditional</i> - legitimacy of authority is derived from tradition, where a leader is chosen in accordance with the principles of inheritance. Followers respect and obey a traditional leader because they believe it is their sanctioned, traditional duty to do so. Traditional leaders rely on followers’ willingness to respect their authority rather than forcing their own will upon the people. Traditional leaders often rule theocracies, oligarchies, autocracies and a majority of monarchies. 3. <i>Charismatic</i> - power of authority is legitimized on the basis of the leader’s exceptional and unique qualities, which set him apart from traditional men and ideals, inspiring loyalty and obedience from his followers. The leader’s charisma speaks to his ability to inspire social innovation within a community rather a personality trait.

Table 9 Continued

<p>Role Negotiation of Leader</p>	<p>When an individual key stakeholder is compelled to negotiate his or her role to either take on leadership responsibilities or become <i>the</i> authoritative leader of the new social venture. He or she will negotiate for this role with the already perceived (among key stakeholders) leader of the venture.</p>
<p>Pivot Point</p>	<p>A consequential event, such as role negotiation, which creates a situation in which the organization is at enhanced risk of straying from its original socially inclusive mission. While in this research role negotiation directly results in a pivot point, other consequential events may include the entrance of a new key stakeholder, the venture failing to receive a grant or new partnerships and sponsorships of substantial influence.</p> <ul style="list-style-type: none"> • <i>Mild</i> - though the venture experiences a significant change, it remains intact • <i>Severe</i> - the venture is unable to remain intact following the pivot point; organizational-restructuring resulting in two new ventures
<p>Stakeholders' Consensus on Leader</p>	<p>Key stakeholders' consensus on the "Leader" of the venture were either a:</p> <ol style="list-style-type: none"> 1. <i>Unanimous agreement</i> - all key stakeholders independently mention the same individual as the leader of the venture. 2. <i>Recognition of two differing leadership roles</i> - all key stakeholders independently mention one individual as the visionary leader and another individual as the active operations leader charged with executing necessary tasks in bringing the new social venture into fruition. 3. <i>Divided in agreement</i> - key stakeholders involved in the venture are pushed to choose the overarching leader they believe will effectively direct and oversee operations necessary in bringing the new social venture into fruition.

Table 9 Continued

Mission Stability	<p>If a social venture does or does not maintain consensus among the founders and stakeholders on the original purpose of the venture-- either for-profit or non-profit, whose core mission is to socially include a previously excluded sector of the community -- the new venture will experience one of the following:</p> <ol style="list-style-type: none">1. <i>Strengthened mission stability</i> - the venture maintains its original mission and is further strengthened through key activities and role dynamics among the key stakeholders.2. <i>Mission Failure (no stability)</i> – the venture does not maintain its original mission; rather, the key stakeholders make a decision to go no further with their efforts to establish a new social venture.3. <i>Organizational Restructuring (New Missions – no stability)</i> - once the original venture splits into two or more new ventures, each of the spinoff ventures develop a new mission to better suit their original vision.
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Figure 1 illustrates the development of a new social venture through the interpersonal and role dynamics of the leaders and key stakeholders involved in its formation. First, I discovered the leaders' dynamics in the group and then their respective type of authority. The combination of the leaders' dynamics and their type of authority influenced whether key stakeholders within the venture were compelled to negotiate for their role as a leader. Role negotiations for the leader indicated a pivot point in the development of the venture, either mild (venture remains intact) or severe (venture experiences organizational restructuring). Key stakeholders' consensus on the leader reaffirms the leaders' dynamics of a single leader, conflicting leaders, or competing leaders. Finally, the aggregation of the elements from leaders' dynamic to key stakeholders' consensus of the leader will result in mission stability, mission failure, or organizational restructuring.

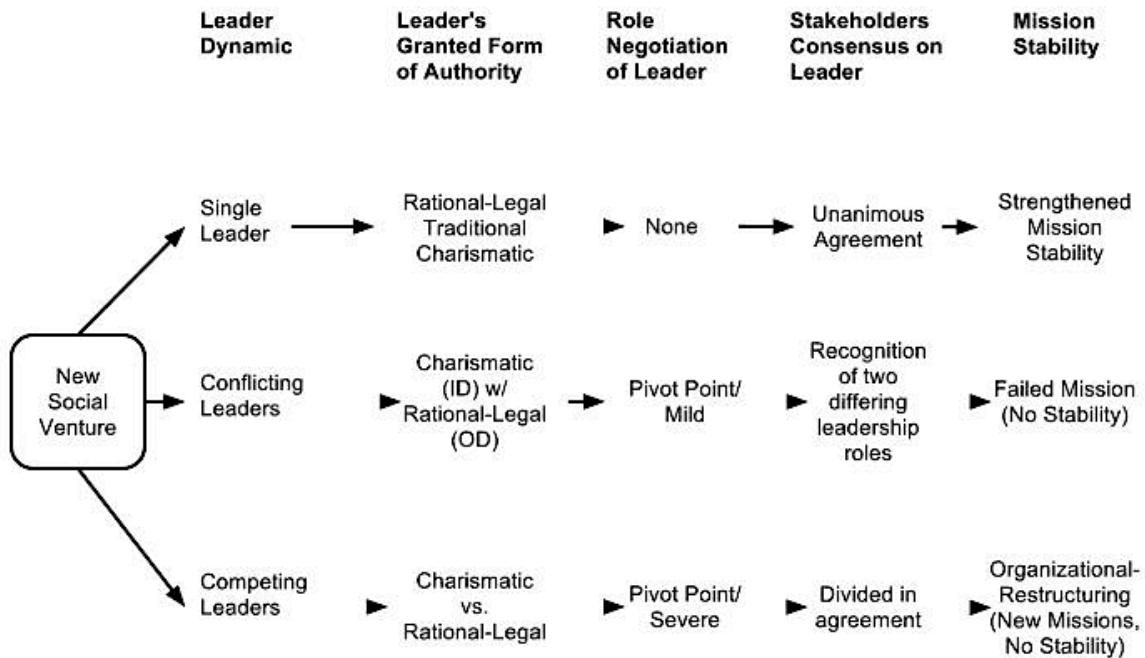


Figure 1: Process model of leaders' granted forms of authority and social ventures' mission stability

Leader Dynamic. First it was important to note key stakeholders' perception of leader dynamics within each of the cases to gain an understanding of who and how many leaders directed and oversaw operations of founding the new social venture. The three leader dynamics presented in the case studies were: single leader, conflicting leaders and competing leaders. A *single leader* is credited with instilling the vision and mission of the venture in addition to directing and overseeing the operations of founding the new social venture. *Conflicting leaders* were comprised of an ideological leader who set the vision of the venture, and an operations leader who executed the necessary tasks of founding the new venture; the ideological leader possessed more of the authoritative decision-making power, regardless of their active execution of tasks. Lastly, the venture with *competing leaders* dynamic experienced a power-struggle between two leaders with significantly different visions and missions, united by a common overarching goal (or an ideological community). Each of the competing leaders attempted to gain full authoritative power to direct and oversee the operations of founding the new venture.

Leaders' Types of Authority. Once the leader dynamics were determined for each case, the leaders' type of authority were categorized based on Max Weber's (1968) "ideal types" of authority: legal-rational, traditional and charismatic. Weber notes that in history these ideal types of authority are often found in combination. In this research, *legal-rational* leaders believed they could advance the foundation of the new venture following pre-existing business plan templates and principles which have been previously successful. Legal-rational leaders often recalled past challenges and opportunities they successfully seized and alluded to handling present situations in the same way as they did before. *Charismatic* leaders were seen as champions of a new social shift, challenging traditional norms in business, and believing they could captivate key stakeholders and additional

followers to support the venture simply by telling their story. Lastly, *traditional* leaders were chosen based upon their status as a faith leader within the community. Of the three case studies, only one leader had all three types of authority granted by the key stakeholders.

Role Negotiation of Leader. Leaders' dynamics – single, conflicting, or competing - and their types of authority influenced whether or not the venture experienced a *role negotiation of leader* among key stakeholders involved. If the venture had a single leader who had all three of Weber's types of authority, key stakeholders in the venture did not conduct a role negotiation for leader. A venture with conflicting leaders who had Weber's charismatic and legal-rational types of authority did have a mild role negotiation between the two leaders – the charismatic/ideological leader and the legal-rational operations leader. Competing leaders who were had Weber's charismatic and legal-rational forms of authority experienced a more severe role negotiation among the two competing leader. Whereas the conflicting leaders conducted a role negotiation to determine the operations leader's additional/new responsibilities and duties, the competing leaders were each interested in assuming full authoritative power of overseeing the direction and operations of founding the new venture. If key stakeholders within a venture performed a role negotiation for the leader role, the venture experienced a *pivot point*, which caused the venture as a whole to stray from its original mission.

Consensus of Leader. The venture whose key stakeholders did not perform role negotiation had a *unanimous agreement* on the leader among all key stakeholders. Meaning, the key stakeholders independently mentioned the same individual as the director and overseer of the venture's progress. Key stakeholders involved with the conflicting leaders venture had *recognition of two differing leadership roles*. All had credited the ideological leader with the vision and passion for establishing the venture, but always

referred to the operations leader as the individual with the data and responsibility of bringing the venture into fruition. While the operations leader had negotiated for additional “decision making power,” he was not able to proceed without the approval of the ideological leader on every issue. Finally, the key stakeholders of the venture with competing leaders were *divided in agreement* on the leader. Rather, the key stakeholders were pushed choose the overarching leader they believe will effectively direct and oversee operations necessary in bringing the new social venture into fruition. The particular disagreement between the two competing leaders themselves caused a split and organizational restructuring, leaving each leader the opportunity to pursue his original endeavors.

Table 10: Cross-case analysis

	Riverside Pottery	Farm-Raised Soap	Crafty Citizens, Inc.
Community	Rural	Rural	Urban
Original Mission	Pottery skill development	Production facility	Craft community center
Leader Dynamic	Sole Leader	Collaborating Leaders	Competing Leaders
Leaders’ Form of Authority	Traditional/Legal-rational/Charismatic	Legal-rational	Charismatic vs. Legal-rational
Leaders – Key Stakeholders Relationship	Multi-faceted, personal, respectful	Somewhat personal, shallow, strategic	Somewhat personal, shallow, strategic
Leaders – Community Understanding	Deeply connected	Disconnected	Somewhat connected
Key Stakeholders Relationship	Multi-faceted, personal, respectful	Somewhat personal, respectful	Multi-faceted, personal, respectful
Role Negotiation of Driver	No	Yes	Yes
Pivot Point	No	Yes/Mild	Yes/Severe
Mission Stability	Yes	Failed Mission (no stability)	Organizational Restructuring (New Missions – no stability)

Table 10 presents the cross-case categorization that supported the development of the process model. The data suggest the following conjectures: 1) a venture with a single leader with legal-rational, traditional and charismatic types of authority will maintain mission stability; 2) a venture with conflicting charismatic, ideological leader and a legal-rational, operations leader will experience mission failure; and 3) a venture with competing charismatic vs. legal-rational leaders will lack mission stability and experience organizational restructuring with new missions. Figure 1 illustrates the causal processes which guide the mapping of my observations between leaders' types of authority and whether a new social venture maintains mission stability.

4.4 Maintaining Mission Stability

Finally, I illustrate the theoretical process model by presenting rich details from each case study: Riverside Pottery, Farm-Raised Soap and Crafty Citizens, Inc.. Two of the cases, Riverside Pottery and Farm-Raised Soap, are located in rural communities, while Crafty Citizens, Inc. is located in a metropolitan community. Of the three cases, Riverside Pottery was the only venture to maintain mission stability throughout the course of this research. Farm-Raised Soap experienced a mission failure in getting its business off the ground. Finally, Crafty Citizens, Inc. experienced multiple organizational restructuring, resulting in new missions.

4.4.1 Strengthened Mission Stability

Rebecca May is granted legal-rational, traditional and charismatic types of authority from the key stakeholders involved in the formation of the new social venture and the surrounding community for the following reasons: 1). *Legal-rational* authority for her years of experience working in the nonprofit sector, writing grants and managing people; 2).

Traditional authority from her followers within the ideological community who she has served as an ideological leader in the community for many years, and; 3). *Charismatic* authority for her non-traditional approaches to spiritual guidance, commitment to her community and unprecedented belief that even the “least, last, and lost” can succeed with the right tools, resources and inspiration.

Over that last decade and a half, May has developed multi-faceted, personal and respectful relationships with several of the key stakeholders. May developed especially personal relationships with: Elizabeth Ogden, an expert in economic development for disadvantaged communities; Stephen Minor, her right-hand; and Gail Pena, who has 30+ years of experience in the pottery industry. During an interview with Elizabeth Ogden, she stated May was the leader and also mentioned that “She’s (May) actively developing, I think particularly, [Gail]...She’s very intentional about that”. When I asked May how she recruited the key stakeholders, she responded, “No. They, they started the process. They recruited me. I didn’t because I don’t know anything about this...they have been so gracious to let me be a part of the joy”.

Speaking of the Riverside Pottery program, May said, “I believe it’s become their vision and I have really backed out of it a little bit and let them dream it...I really have”. I asked May whether it was difficult for her to release the “grip” on Riverside Pottery and she replied, “Not as hard as maybe, say, [another program]. Because [Minor] and [Pena] are good at what they do; they are. There’s no way I could go in there and train anybody on how to [make] anything [from clay]. So, I can release a lot more of that than other things”. She was particularly excited to see Riverside Pottery “[bring] new life to both” Minor and Pena “who have had a history of this kind of work”.

Ogden, Minor, Pena and Brent have mutual respect for May's work in developing the leadership skills of the participants of Riverside Pottery, and for her mission to elevate the human spirit. With the exception of Warren Brent, who was hired to set up the studio for Riverside Pottery, the key stakeholders echo May's words and consistently use the terms "the children," "we," "us," and "team" when they speak about Riverside Pottery. They treat one another like family.

May has spent the last two and a half decades living in Seneca, noting, "When you live in [Seneca], you usually have to have an entry in, and I have one...my husband", who was born and raised in Seneca. May "started out with no support, just from the ground up, but believed the children needed some help and attention". She paid attention to what really engaged her community, basketball, saying, "after many years of trying to do traditional [things], we decided to really listen to a creative spirit and we decided to build [Riverside Pottery]".

Seneca is a rural community battling with extreme poverty, high rates of drug abuse and an average of 30-40% of high-school students who leave school prior to completing the diploma requirements. At first, May's mission was to "get the children off the street", but she later realized the mission had changed to "get [the children] back on the street with skills training, health care and literacy". Elizabeth Ogden built upon May's vision, adding "...to break the cycle of poverty, they [the community] had to have an economic engine. So how do you provide an economic engine for rural communities that do not have local job industries available to work in? That's kind of a unique situation". What the people of Seneca needed was an opportunity to create jobs within their community, within Seneca's borders.

Elizabeth Ogden echoed May's belief that Riverside Pottery must continue to focus on "growing local talent," because "a key to success is developing local talent that takes ownership and that's going to be sustainable". May believes Riverside Pottery "benefits the people that have helped create it because they see purpose realized and dreams that have come true. That always elevates the human spirit when you feel like you've made a mark and done something to help transform somebody else".

In comparison with the other two cases, May has the most intimate and realistic knowledge of what her surrounding community really needs. She's acquired such knowledge by living within the community, listening to her key stakeholders, who are also part the community, and creating an inviting environment for people to share whatever is on their minds. May is willing to work with individuals to tailor a schedule of commitment that will best suit them and will encourage them to stay focused and work hard toward a milestone or goal. May ensures those achievements are celebrated and shared with Seneca's entire community.

The key stakeholders' relationships among themselves are inspiring, honest and supportive. They all want to help one another, grow and develop new and forgotten skills, and see the venture succeed for the sake of the community, especially Minor and Pena who work side-by-side as the instructors at Riverside Pottery. When I asked Ogden about noticeable progress of the instructors and students, she said: "I'm very pleased with their progress. I think one of the things that I'm seeing is that [Stephen Minor] and [Gail] have really taken ownership and leadership where before they were very much in support with [May] kind of being the lead. They have assumed responsibility, very capable. And I see that as a tremendous positive. I see that the growth in the participants continuing to work and to

grow, wanting to make projects and to create products. But I think more than anything else, I can see [Gail] really starting a business”.

Ogden continued on the topic of Pena opening her own business, saying: “I think that she has the confidence now to really start a business. And I think that has tremendous potential.” Now her managerial and her being able to run all the business components of a business, she’s limited there, but it’s something that she could grow and I think [Stephen] could definitely help her. Again Ogden mentioned the importance of developing the local talent in Seneca, saying, “...it has to be grown from within to be sustained. [Gail], well, that’s her community, that’s her home and she’ll always be there, okay. And [Jamie Smith], you can go down the list. [Stephen Minor], you know, they’re not going to leave. They’re committed”.

Ogden was not the only one to mention Pena’s noticeable growth in leadership skills. When I asked Brent who he perceived as the leader of Riverside Pottery, he said, “Well, I would have to believe that [May] has still, is the biggest player, but, I think that, you know the contacts that we have are normally [Gail] and [Stephen]. And actually...[Gail’s] daughter is taking a high profile, too...taking an informal leadership and I think, providing...some extra oomph”. He continued to talk about seeing Minor and Pena in leadership positions and stated, “Especially [Gail] because she was so timid about some things, in especially speaking out in front of a group, and that’s the part I liked to deal with. It’s encouraging people to do things, and I like to see people develop. So I try to encourage her to do things she’s not comfortable with because that’s where we could get better”.

In this case, May was the *single leader with all three of Weber’s forms of authority: legal-rational, traditional and charismatic*. No single key stakeholder was compelled to challenge May’s leadership role; rather, May created an opportunity for key stakeholders

Minor and Pena to step into leadership roles as the instructors of Riverside Pottery. There is *unanimous agreement* among all key stakeholders that May is the overarching leader of Riverside Pottery but that Minor and Pena have realized ownership and leadership over the course of the research – further *strengthening the mission stability* of the new social venture. May's multiple forms of granted authority enable her to develop multi-faceted, personal and respectful relationships with both the key stakeholders and the community involved in the formation of the new social venture. As the leader, May provided the infrastructure, tools and support for Riverside Pottery to take on a life of its own as the instructors and participants envisioned it.

4.4.2 Mission Failure

Farm-Raised Soap was Economic Betterment Coalition's (EBC) final attempt to economically revive the Town of Monroe, a rural community with a population of about 630, of which roughly 25% live in poverty. Karen Kirkpatrick founded the EBC with a desire to facilitate community planning through restoration, rehabilitation and preservation of historical markers. Kirkpatrick' dream for over a decade has been to renovate the original hospital in Monroe. After ignoring years of warning signs including the exorbitant cost estimate required to historically renovate the hospital, the EBC hired Stewart Ross to conduct a feasibility study of the project. Ross deemed the project unfeasible due to lack of resources required to get the project off the ground, and suggested the EBC focus on establishing a natural, handmade soap facility – Farm-Raised Soap.

Farm-Raised Soap had two collaborating leaders: Karen Kirkpatrick, the ideological leader (IL) and Stewart Ross, the operations leader (OL). Kirkpatrick was credited with setting the vision of the venture, while Ross was in charge of executing the tasks necessary to make Kirkpatrick's vision a reality. Kirkpatrick was seen as a *charismatic* leader for her

unconventional vision to economically revitalize the Town of Monroe. Ross was seen as a *legal-rational* leader for his political connections and years of experience as an administrator of federal economic development projects.

Compared to the other two case studies, Kirkpatrick's relationship with her key stakeholders is somewhat detached and strategic. As the ideological leader and president of the EBC, Kirkpatrick is perceived as the chief leader of the venture. I spoke with Marisa Schaffer, her assistant and business manager. Schaffer coordinates communications for Kirkpatrick, including the key stakeholders of EBC such as Calvin Jones, a life-long friend who Schaffer says is "the touchstone in [EBC]; he is the lightning rod of truth and ethics, any time there's a question about the direction of the EBC, [Jones] is the first one who gets a call".

While Jones is happy to support his childhood friend and weigh in on new directions, during the interview his voice was filled with indifference and hopelessness mentioning several times he didn't want another trial and error project to be added to the EBC's archive. Even Ross, who was hired based on his "tremendous background in branding and marketing" to conduct a feasibility study for the area, reported findings to Schaffer more often than to Kirkpatrick herself. Ross mentioned there were times he preferred to report to Schaffer because Kirkpatrick has been known to abruptly leave a conversation if conflict arose.

All three key stakeholders I interviewed mentioned "Kirkpatrick's Dream" and how they wanted to support her efforts in turning her dream into a reality. I asked Ross if he thought EBC's members were jaded after years of failed attempts to make Kirkpatrick's dream a reality. He responded, "I think there's a couple of them that aren't jaded, that's not

the word. Realistic. You know, [Kirkpatrick] still has her dream. I'm having a hard time giving up on [Kirkpatrick's] dream for [Kirkpatrick]".

Kirkpatrick depends upon her key stakeholders, particularly Ross, who Jones described as "the person that we're looking to, and he's doing a great job to get [Farm-Raised Soap] off the ground". This type of relationship makes it difficult for key stakeholders to honestly speak with Kirkpatrick regarding the developments of the project, especially when they often communicate such information to Schaffer.

Monroe's challenges include an economic drought, lack of infrastructure and a lack of good educational resources. Calvin Jones describes Monroe as "a town of tremendous unemployment and a lot of hopelessness. For three generations, parents have had, as a goal, to get the child educated and out of [the county], out of [Monroe] so that they can have a better life. And for those that do go away and do finish school, there are no jobs to come home to. So it's been an outward migration for three generations. And it's a very sad little town". Kirkpatrick's relationship with the town is "from a stand point of [Kirkpatrick's historical interest in Monroe]. So there's – that's her home town...so there is a relationship just by 'that's where I was born and raised'".

Schaffer and Ross led me to understand Kirkpatrick's commitment to the community is by way of maintaining property in Monroe. Ross stated that "they [the community] know what the buildings are...the girls in the town hall know who we are. The local diner...they know who we are...[Kirkpatrick] has a get together, [every year], where people come over and eat fried chicken and a few hundred people show up from the town". While Schaffer mentioned Kirkpatrick's "financial and emotional investment in the town", mentioning Kirkpatrick has been "paying taxes. She has to hire someone locally to cut the grass. And the hospital is hers..."

As the leader, Kirkpatrick is drawing upon the perspectives of her key stakeholders to further develop a multi-faceted relationship with the community. Kirkpatrick has not created an opportunity to get to know the real struggles and challenges faced by Monroe's residents. Ross stated it will take "[Kirkpatrick] embracing these members of the team and rebuilding confidence within each and every one of them, because again...some haven't been working, or somebody has been working but has been laid off...there's a series of issues facing this community...so you have to rebuild their confidence".

Of the seven people involved with EBT only one key stakeholder, Eileen Walters a native of Monroe, resides in the town and she once had her "thumb on the pulse of the town". However in her senior years Eileen has lost her ability to act as the glue for the town. The rest of the key stakeholders live in other parts of the state or country and therefore they spend a limited amount of time in Monroe. In regards to the community's acceptance of the project Ross stated, "...when you have people sitting there in hope waiting for it to happen but the people aren't doing anything, they're waiting for [someone] to bring it to them". While Schaffer said, "I think people resent [Kirkpatrick] for her success".

In this case, there are two *conflicting leaders*: Kirkpatrick is the *charismatic, ideological leader* who hired Ross as the *legal-rational, operations leader*. When Ross determined Kirkpatrick's vision to open renovate the hospital unfeasible, he *negotiated his leadership role* to try to get a soap-making facility off the ground. The key stakeholders *recognized the different leadership roles Kirkpatrick and Ross had within the venture*. Unfortunately, Farm-Raised Soap experienced a *failed mission* due to: 1) charismatic leader's detached and strategic relationship with the key stakeholders, 2) limited and impersonal relationship among key stakeholders, and 3) charismatic leader's disconnection from the community and the actual needs of its residents.

4.4.3 Organizational Restructuring

Crafty Citizens, Inc. is located in Jackson, an urban community with population of roughly 400,000 of which 14% live in poverty. This venture evolved quickly over a short period of time and experienced two organizational restructurings. Regina McMillan wanted to establish a social community of emerging and established craft artisans to create opportunities for collaborations among those individuals who presented the original idea. Shortly after connecting with Roger Peterson, McMillan's idea transformed into a craft community center. Uncomfortable with Peterson's change of direction, McMillan made a decision to separate from the group in pursuit of her original mission. Crafty Citizens, Inc. later experienced a second organizational restructuring due to conflicts between Peterson and remaining key stakeholders.

Crafty Citizens, Inc. began with two competing leaders: Regina McMillan, a young entrepreneur who first introduced the idea of establishing an artisanal craft collective; and Roger Peterson, an experienced business mentor. McMillan, a *charismatic* leader, focused on building a relationship with the craft community first with intentions to allow the venture to form organically over time. Peterson was a *legal-rational* leader with decades of experience consulting with small private and public companies.

What eventually became Crafty Citizens, Inc. began as several interested members. At that time, McMillan and Peterson were united by their desire to establish an overarching organization for all types of crafts enthusiasts, small businesses and organizations. McMillan casually developed relationships with individuals she thought were interested in opportunities for social interaction with other craft professionals and enthusiasts in the community, hoping that these interactions would eventually foster collaboration and sharing of information.

Peterson was more deliberate in developing relationships with key stakeholders who possessed the required talent, experience and network to start a new business. Following a well-developed business model and plan, Peterson sought out property owners, city developers, marketing firms, and established craft professionals as essential stakeholders for the fruition of the craft community center. It was clear that Peterson had intended to lead the development of the new venture, stating, “somebody has got to provide some leadership and management because right now there is none”. His lack of experience working within the craft industry did not concern him because he “brings business wisdom, organizational know-how, leadership ability, ability to communicate, ability to influence and argue a position. [He] knows how to create businesses” and to him “it seems to be the kind of thing this community [Jackson] would need”.

McMillan wanted key stakeholders to organically step into their responsibilities rather than demand something from them. Oftentimes, McMillan took it upon herself to complete the necessary tasks. In contrast, Peterson created descriptions of each key stakeholder’s responsibility and role in the venture and was very quick to assign tasks to key stakeholders depending on their skills and experience, often requesting they take immediate action following an organizational meeting. Peterson freely admitted that he leads with “an iron fist”; indeed, I observed instances when Peterson had no reservations about raising his voice to bring the meeting to order.

Furthermore, Peterson was resistant to keeping an open mind to the suggestions and recommendations of fellow key stakeholders. Although he solicited key stakeholders for their expertise, he often insisted the group follow his decisions. For example, during a discussion regarding the venture’s progress with gaining followers on several social media

outlets, Peterson had argued about the course of action that needed to be taken with Logan Anderson, a brand development and marketing strategies executive.

Once McMillan realized that her original mission idea was shifting under the leadership of Peterson, McMillan negotiated her role as the leader during a private meeting with Peterson. Peterson told McMillan that she's still a "young and naïve" entrepreneur and therefore was not equipped nor fully prepared to effectively lead Crafty Citizens, Inc. Frustrated with Peterson's comments and new direction for the venture, McMillan made a decision to break away from the venture in pursuit of her original mission. Following McMillan's split from the large group, Crafty Citizens, Inc. stayed the course and moved quickly towards securing a facility to house the venture. Subcommittees such as PR & Marketing, Market Research and Membership Coordination were created in order for the venture to tackle the necessary tasks in parallel.

Peterson was disconnected from the community he aimed to support with Crafty Citizens, Inc. During an interview Peterson mentioned the craft community center was "the idea of many people in this community ... looking to establish their business or work for other businesses in Jackson" rather than relocating to cities with more prominent craft communities. However, Peterson experienced difficulties in his attempts to engage such individuals.

Failing to listen to McMillan's advice, Peterson attempted to establish a business before he established the community which would support the business. Prior to her separation from Crafty Citizens, Inc., McMillan said, "the problem is we're trying to start a [venture] all at once...personally, for me, I think you start with the community first, you build the community, then you grow into a [venture]...and somewhere in between there you grow into a [larger entity]". But as stated earlier, Peterson had a predetermined plan for Crafty

Citizens, Inc. and he cared little to stray from his mission to establish a craft community center with a focus on business education.

Peterson conducted a surface-level market research about local crafters by having a handful of conversations with established small business owners, emerging entrepreneurs, and information he was able to receive from a nearby arts community center. He selected key stakeholders based upon knowledge and/or perceived (and actual) network within the crafting community. Following the initial organizational restructuring, the number of key stakeholders that attended planning meetings for Crafty Citizens, Inc. decreased significantly for two or more reasons: 1. Several individuals were not able to commit the time and skills required to develop the start up, 2. A few individuals decided to join McMillan's efforts, and, 3. Peterson chose to continue development of Crafty Citizens, Inc. with a hand-selected group of key stakeholders.

The selected key stakeholders of Crafty Citizens, Inc. – Anderson, Davenport and Boyd – developed multi-faceted, personal and respectful relationships among themselves; this group tried to distance itself from Peterson. At various times during the data collection period, Anderson made comments about keeping information internal to the marketing team (meaning, to exclude Peterson). Once Anderson admitted he purposefully coordinated a media interview when most key stakeholders were available to shift the focus from Peterson's vision to that of the entire team. Ryan Davenport, an arts community center liaison with years of experience conducting market research, developed a survey for the venture to use as a tool to collect data about the local crafting community and industry. "One of our goals is to try to quantify what this creative base is in [Jackson] and the surrounding area, maybe in the [broader region], and to try to create the [venture], in [Jackson](...)we can't tell what it'll all look like until we can understand our first customer base, which are all

the creatives, and then once we get that picture of the creative base and we can get them together and identify them...what their product categories are like”.

Victoria Boyd, the Membership Coordinator who referred to herself as an “evangelist of entrepreneurship”, worked mostly on her own to reach out to other community members she believed would benefit or contribute to the organization. Boyd also tried to get McMillan to rejoin the group after her decision to separate from Crafty Citizens, Inc., and although Boyd did not succeed, she continued to reach out to her regarding other opportunities. When Anderson, Davenport and Boyd realized Peterson was holding “secret” meetings with each of them and insisting the information must not reach the other members, the three key stakeholders decided they were uncomfortable with what they saw as Peterson’s lack of transparency, enough to separate from the original group. On the other hand, Peterson made connections with other members of the community who he perceived as a fit better as key stakeholders of the Crafty Citizens, Inc. and showed little or very little difficulty in staying the course of their mission during the second organizational restructuring.

In this case, there were two *competing leaders*: McMillan, a *charismatic leader*, and Peterson, the *legal-rational leader*. Within the first several months of planning meetings, McMillan felt uncomfortable with the shifted direction of the original idea she had presented to Peterson and therefore *negotiated for a more substantial leadership role* in the formation of the new venture. Peterson dismissed McMillan’s request due to his perception of McMillan as a young and naïve entrepreneur who did not possess the qualities and skills of the leader he was searching for. Eventually, McMillan made a decision to separate from the group in pursuit of her original mission. A few stakeholders who did not participate in this research also separated from the group to join McMillan’s efforts. Due to *lack of consensus*

on the leader, Crafty Citizens, Inc. experienced an *organizational restructuring*, allowing the newly separated groups to *develop new missions*.

Following the first organizational restructuring, Peterson continued to lead Crafty Citizens, Inc. and had support from key stakeholders Boyd, Davenport and Anderson - who developed multi-faceted, personal and respectful relationship amongst them. Feeling the same frustrations and concerns McMillan once did, Boyd, Davenport and Anderson made a decision to separate from Peterson's group following several situations that left the three of them feeling very uncomfortable with the startup's business activities. Table 11 is a summary of evidence collected from the case studies presented in this research.

Table 11: Illustrative quotes for forms of mission stability	
Mission Stability	
Key Stakeholder	Mission of the New Venture
Rebecca May Leader	"[F]irst words that fall out of my mouth are to elevate the human spirit, to give purpose and meaning and courage and skills to people who have lost sight of that; to create jobs is second to elevating the human spirit."
Elizabeth Ogden Board Member	"Success is when your passion and helping others intersect. [T]hat's the inspiration. Changing lives for the better; a society where people have value, they're respected, (and) they have self-worth in that they are contributing members to society. A key to success is developing local talent that takes ownership."
Stephen Minor Team Coordinator	"Bringing opportunities into this area that maybe people could [a] start business. [G]ain skills to gain employment (...) Motivating people in our community that otherwise didn't have work experience or didn't have (the required) skill levels, and it was a chance to help someone obtain those skills for job employment (...) Put people in the mindset that they can accomplish their dreams; to make readily available the skills and to place them in an atmosphere where they can learn...The potential for manufacturing to come back puts us into a great place that people can be trained to start their own businesses"
Gail Pena Technical Skills Instructor	"For people to see and take notice that we're trying. [S]eeing [the students] better [themselves] and [Riverside Pottery] growing becoming everything that everybody wants it to be...[I] hope for more than where we're at because currently the only jobs I can get seeing as how I only have a high school education is places like truck stops and fast foods...[For me this is] a chance to help train some of the people that would eventually get jobs in [pottery studios]. [W]e want to see them succeed and they know we want them to succeed and I think that makes a big difference. We're not ready to give up on them (the participants) and they really need jobs, they need something...I'd like to see them accomplish a lot more than, than most everybody in this area has. I'd like to see them go on and share what they've learned"
Warren Brent Contractor/Potential Partner	"Hopefully [Riverside Pottery will] enrich [the] community with people that not only are more employable but may be employers one day. [I]t would be nice to see people go out and not only learn the skill but learn how to work, what's expected when you're at a job and maybe translate that into people hav[ing] their own businesses. Come in and get an education, skill training, and hopefully some self-esteem...I'm looking at it as the less fortunate in the area and the product that they are going after what we're marketing is not the product but an opportunity [to] see people be successful, see people do well and feel proud of themselves and learn something"
Key Stakeholders	Key Stakeholders Attitudes Towards the New Venture
Elizabeth Ogden Board Member	"[Talent] has to be grown from within to be sustained. [Gail], well, that's her community, that's her home and she'll always be there, and [Stephen Minor]; they're not going to leave. They're committed (...) [O]ne of the things that I'm seeing is that [Stephen] and [Gail] have really taken ownership and leadership where before they were very much in support of [May] kind of being the lead. They have assumed responsibility. And I see that as a tremendous positive. I see that the growth in the participants continuing to work and to grow, wanting to make products and to create products. But I think more than anything else, I can see [Gail] really starting a business"

Table 11 Continued

Elizabeth Ogden Board Member	“I think one of the big factors is having [Warren Brent] who has tremendous expertise in the artisanal craft business from all the dominations. Being a senior mentor. [Rebecca May] is definitely wonderful [with] helping mentor the people skills and the dedication, the skills that you need to have to be considered a good employee. But [Warren] brings the business expertise, the knowledge that was very instrumental in setting up the pottery equipment. [W]ithout [Warren] we would still be further behind”
Warren Brent Contractor/Potential Partner	“The same thing with [May] and people like that being involved create an excitement; if you have good leadership and you’re touching the people and talking to them and they’re having contact with you and you’re continuing to keep the dream alive so to speak”
Rebecca May Leader	“[T]hey got ownership, they’re proud, and folks that have never done anything that was, what I would call productive, they’re like kites, I have to tie them down because they’re everywhere, just everywhere(...)I don’t think they quite understood how serious it was until I shared with them the grant application and the questions I have to answer in this mid-term report, which will be due on Friday and the timing of it is perfect, because one day that’ll be their work. I won’t be here forever. They’ll have to do that kind of stuff; keep their eyes open for anything that comes across the table. [T]hey don’t seem a bit scared.”
Rebecca May Leader	“[I]t benefits the people that have helped create it because they see purpose realized and dreams that have come true. [I]t helps people that have created it and sustained it and funded it. [I]t helps the people on the outside who watch [Riverside Pottery’s] dream team because they’re saying to themselves well if they can do something, I can do something(...)
Stephen Minor Team Coordinator	“When the [Riverside Pottery] project came on board and we were asked (to join). I was glad and readily available to offer my services and help in whatever capacity I could...Working with this group gives me an opportunity to encourage people that life isn’t over yet and there’s still hope in the future; you can still make it, you can still do it, you can accomplish this, don’t give up on your dreams...We’re looking to develop what you got. [O]ne of the greater challenges of anybody is to develop, even (for) a coach, your team to reach its potential”
Mission Failure	
Key Stakeholder	Mission of New Venture
Marisa Schaffer Communications Coordinator	“What we want to do is have TN products, made in TN and we want to source in TN. [S]elling point as well as [Kirkpatrick’s] name on the project - [Kirkpatrick’s] name is such that a lot of companies who would look at a [Farm-Raised Soap] catalog with [Kirkpatrick’s] name on it, they would know that the product they would be buying is better in quality...[W]e wanted to choose something that is relatable to [Kirkpatrick] but wouldn’t be perceived as a product that [Kirkpatrick] would be directly making money from as the [Kirkpatrick brand]”

Table 11 Continued

Calvin Jones	<p>“[A]bout a year or so ago, we were trying to think of something that [Kirkpatrick’s] name and branding could support, that a labor force in [Monroe] could be easily trained to do, and that would produce something that we believed there was a market for that would create eight or ten jobs in [Monroe] as a pilot project to see if we could make a go of this one. [T]o give a few people jobs that will be an example for all the other unemployed that it is possible to stay and live in [town] and have a job that will support a person and a family...[T]hat’s why we have hired [Ross]. And [Ross] comes with a tremendous background in branding and marketing, so [Ross] is the person that we’re looking to, and she’s doing a great job to get this one off the ground.”</p>
Stewart Ross Operations Leader	<p>“The purpose right at this moment in time is to educate the local workforce, create jobs and sell a product. [T]hat right now is the purpose of the project, but this would only be the first piece in that overall goal and that is to have the [Farm-Raised Soap]. [W]hat I’ve done is I’ve really taken a look at the community and what their needs were and what the reality of the situation was and any small town in [TN] and that was to create jobs. And through education and through identifying a product that we can manufacture and sell...”</p>
Key Stakeholder	Key Stakeholders Attitudes Towards the New Venture
Marisa Schaffer Communications Coordinator	<p>“The community makes demands of what it wants The community has not been getting involved because they don’t care. What I think the real reason is, is that some of them are actually afraid that they will actually have to go to work...When you talk to them (community) yes they want something to happen. When you ask them to do something they act like you owe them money...I think the community resents [Kirkpatrick’s] success. I think they think this successful person is coming into our town. [M]any people did not grow up with [Kirkpatrick] and it’s a little off putting for them that [Kirkpatrick] wants to save their town...I think it (hope) can be found again, especially in some of the younger people in town who want to make a product and want to feel proud that they actually go to work every day”</p>
Calvin Jones	<p>“The challenges with this project are the same with all of the other ones. It’s lack of resources. It’s lack of money, it’s lack of a local government that has the time and the expertise to help bring the funds into the community to create the jobs. I think it’s almost an accepted fact that there’s an outward migration, there has been, and there will be; and hopelessness on the part of a number of the residents that there’s nothing we can do about it...It’s a town of tremendous unemployment and a lot of hopelessness. For three generations, parents have had, as a goal, to get the child educated and out of [county], out of [Monroe] so that they can have a better life. And those that do go away and do finish school, there are no jobs to come home to. So it’s been an outward migration for three generations. And it’s very sad, it’s a very sad little town.”</p>
Calvin Jones	<p>“I think the [EBC’s] frustration is the lack of partnership with the local government, it’s certainly not the people. In all of the public meetings that the EBC has had over the years, they (the residents) really turn out, and they turn out in large numbers, and they’re more than happy to share with us and with the various classes from the two universities that have been there, their problems, their wishes, their needs.”</p>

Table 11 Continued

<p>Stewart Ross Operations Leader</p>	<p>“I think our challenges in the future are going to be finding prequalified human resources to go through the training program, graduate that training program and become part of the team. I think the best way that you’re going to bring this team along, that team of the ten or twelve people that are going to be out there selling a high-end [hygiene products] and believing in that product is really going to be [Kirkpatrick] embracing these members of the team and rebuilding confidence within each and every one of them”</p>
<p>Stewart Ross Operations Leader</p>	<p>“We haven’t asked the town for anything, just their support and as I travel here and people know me, they’re always wondering you know, what’s happening. [W]e tried to step up to the table and I think we’re going to still do that, but to see a revitalization, a renaissance of the downtown of [Monroe] is going to take a local government(...)Like I said, we kind of lifted it (responsibility) off of our shoulders – and said here you go town. You tell us now – we tried all these things for ten years. We’ve got through the list of everything we’ve done. We can’t – we obviously have failed. And I said to them (town government) – I said, I’m standing here with my tail between my legs. I’m asking you for some help. We’ve got resources. What, Town, can you do with them. What does the people want? When you ask where we’re at, we lifted it off of us, we put it onto the town.”</p>
<p>Organizational Restructuring</p>	
<p>Key Stakeholder</p>	<p>Mission of the New Ventures</p>
<p>Regina McMillan Charismatic Leader</p>	<p>“[W]e were originally looking at it from a [crafters] perspective. [W]e did have the desire to include the other sectors, more as a service to the actual [crafter]; this is one of the positive changes they’ve (the other key stakeholders) become more of an integrated member and less of a service. [N]egative that started to evolve is that a lot of people want to focus on the consumer when the consumer is, in this instance, should be a second building block to the businesses. I think the number one stakeholder, and the one that often gets overlooked are the individual [crafter]. Individual [crafters] will have to become stakeholders; their vested interest in the project because if you don’t, then you don’t have any [craft industry], don’t have any design period, which I think that’s the key.”</p>
<p>Regina McMillan Charismatic Leader</p>	<p>“I did a lot of research, a lot of written documents for it, and then to try to let go a little bit and let it take it, let it take its own course and let others sort of take the lead on it, in some respect has been difficult. I don’t have the time to devote 100% to getting it off the ground so you have to have other people. The key is finding those people who are going to start leading it and making sure that they understand what you have thought about it(...)The challenge actually became and is becoming too many people who want to be involved when you’re attempting to kind of lay the foundation for the architecture of something as vast as we’re talking about, too many crafters sitting down at the table can be a bad thing. [Y]ou need a few very consolidated ideas going into it and then you can build off it. [T]he biggest challenge is convincing everyone of a singular view without hurting anybody’s feelings.”</p>

Table 11 Continued

<p>Roger Peterson Legal-Rational Leader</p>	<p>“The purpose (of Crafty Citizens, Inc.) is to provide a community of people that are willing to collaborate with one another and provide the means of collaborations, entrepreneurship kind of collaboration is what I mean, to nurture business ideas all the way through their fruition of a launchable business, help them launch these businesses, and help them solve the problems that are inherent. Once this catches on, what we’re doing here could apply to lots of different communities in the general area. I could also see the idea being franchised or franchisable into other communities.”</p>
<p>Ryan Davenport Arts Community Center Liaison</p>	<p>“[I]n developing the venture, one of the target markets are all the creative people out here, (and) just speaking to them to try to find out who they are and how many there are. [W]e can’t identify what it’ll all look like until we can understand our first customer base, which are all the creatives, and then once we get that picture of the creative base and we can get together to identify them(...)we have many others that are just unsung heroes at the moment that are very well hidden(...)there are many others that we need to be pulling out the talking about, and that’s a big part of what the district is, is to get the name, the word out for all of these companies, getting the word out to all, to where, to the markets that would be interested in them.”</p>
<p>Key Stakeholder</p>	<p>Key Stakeholders Attitudes Towards the New Venture</p>
<p>Regina McMillan Charismatic Leader</p>	<p>“Basically[I] split from [Crafty Citizens, Inc.] because when we first split, it was really we felt like they were heading in a very services-centric direction whereas we wanted to be very crafter-centric and what I mean by that is, a lot of the people in the group, felt like a lot of the issues were in the fact that were manufacturers, there were suppliers, which I certainly agree that that’s a necessary source, but, I guess from our philosophy and from some of the other crafters’ philosophies if we focus on the crafter and how to make them successful and how to just leverage the resources that all the other crafters have then there really isn’t any need [to set up the infrastructure], [the infrastructure] will develop on its own, and so that’s really the biggest difference ... I think it’s probably even better that the two groups have split. It seems like the [Crafty Citizens, Inc.] is much more focused on retail and providing a retail outlet that the crafters themselves can utilize and if you talk to a lot of crafters, they don’t necessarily want to sell their own goods as much as they want plenty of other people to sell their own goods.”</p>

Table 11 Continued

<p>Roger Peterson Legal-Rational Leader</p>	<p>“If you remember we drew a diagram of how we felt the craft community center looked and in the core of that [infrastructure]... you had suppliers, and sellers and stores, and everything around it, but you have to have some way of educating them (key stakeholders), on how to do this. And we got a lot of resistance from that, initially, mainly because they didn’t understand it, and it became clear, for me at least, that we’re going to do something, you know, pull a Nike or just do it, and, ah, they were looking for leadership, they were looking for somebody to take the leadership role and they had too many chiefs trying to. I felt more, that it was a lack of understanding on what our role would be. I would be more than happy if we got this thing off the ground and I stepped out, I don’t want to necessarily run this forever, my goal is to get the engine running. So I think when people started to realize that, it sort of took some of the wind out of the resistance on, there are extremely talented people in this, in this arena, some of them are, I’d have to say have the capacity to run and take over, ah, running this, but they’re not ready yet(...)[A] leader is earned, it is not appointed (and to me, a leader, if you look at the definition of good leadership it’s people that, ah, that other people will follow regardless because they believe in their capacity to run it on. And I have a very full plate right now and I think they’re beginning to realize, I’m not in this to be king, my ultimate goal is that this entity of this city takes on its own leadership and runs it from within.”</p>
<p>Victoria Boyd Membership Coordinator</p>	<p>“I think we can compromise with this and compromise with that so I think we’re gonna always experience challenges when you have so many people with different ideas. I think it’s a human challenge. And I think it’s important just to realize that we’re all here to do something good and not take anything personal and just try to keep the momentum in a forward position instead of getting stalled”</p>

CHAPTER 5: DISCUSSION

I discovered through this single exploratory study that leaders' types of authority substantially influence interpersonal and role dynamics among leader and key stakeholders (including the community) which directly influence social ventures' consensus among the founders and stakeholders on the original purpose of the venture, thereby impacting mission stability. Maintaining mission stability can have both positive and negative implications depending on the situation. For instance, if a social venture's mission is inappropriate for addressing social problems and issues, mission stability may increase the likelihood of the venture being ineffective in adapting new initiatives. In contrast, if a social ventures' mission is appropriate and the venture is effective in addressing social problems and issues, mission stability is likely to increase.

Understanding mission stability is important for: improving our knowledge on how social entrepreneurs engage stakeholders whose contribution of personal knowledge and resources will achieve the social venture's overall mission; and, improving our knowledge on the influence personal and emotional connections among social entrepreneurs, key stakeholders and the Community have on social ventures' primary mission to create and appropriate social value while addressing pressing social problems and issues. Mission stability is also important for guiding key stakeholders in achieving the overall mission during the development of new ventures and in gaining deep understanding of and recognition among the community.

My research supports grounded conjectures that leaders with two or more types of authority are more likely to develop multi-faceted, personal and respectful relationships with their key stakeholders. Specifically, leaders who are charismatic in addition to either legal-rational or traditional are likely to engage their key stakeholders more personally in the

development of a new social venture. As Yunus, Moingeon, and Lehmann-Ortega stated in their 2010 research, social entrepreneurs who want to start a social ventures would do well to involve stakeholders who are socially oriented and share similar visions and missions. Given the autonomy of most social ventures, many of which are small and somewhat informal, the development of these social ventures is strongly tied to the strength of the relationships built among the leaders and key stakeholders. Key stakeholders also provide additional windows into the realities of the community's available resources, talents and unfulfilled needs. As the driving force, it is crucial that leaders of a new social venture have a real understanding of the pressing social issues facing the community they hope to support.

Additionally, such personal relationships between leaders and their key stakeholders create a guiding environment for key stakeholders to organically step into their roles, rather than have responsibilities and duties forced upon them by the leader. This shows the leaders' confidence in their key stakeholders' abilities and involvement. Allowing key stakeholders to step into leadership roles on their own encourages them to take ownership and pride in their contributions to the development of the social venture. Key stakeholders' ownership and pride further strengthen their commitment to the leader and the new social venture. This establishes a collaborative, open, and accepting working relationships, which will strengthen the leader's understanding of the community, ultimately strengthening the social venture's mission stability.

Comparatively, leaders with only one type of authority developed shallow, less personal and less respectful relationships with their key stakeholders. Specifically, leaders with legal-rational authority are more likely to strategically engage with key stakeholders based on their skills, available resources and networks. In this scenario, leaders are eager to assign responsibilities and duties to key stakeholders, forcing them into a role in the

social venture. In this type of a relationship, leaders are less accepting of key stakeholders' suggestions regarding the community and the development of the new venture, limiting the opportunities for key stakeholders to take ownership and pride in their contributions. Consequently, key stakeholders' commitment to the leader and the new social venture decreased over time, eventually causing lack of mission stability or possibly mission failure.

Riverside Pottery is a great example of a bottom-up, socially inclusive venture that successfully got off the ground for several reasons. First May embedded herself in the community. She learned about the challenges and social problems faced by Seneca's residents, built relationships with them and made herself familiar with the local government and the available resources. Once May was accepted as a member of Seneca's community, she received the help and support she needed to establish an ideological community. The ideological community legitimized May's right of authority as a legal-rational, traditional, and charismatic leader.

Second, May empowered members of her community to take leadership roles in the formation, development and continued progress of Riverside Pottery. "Empowerment, leadership and team development" is May's motto, which she puts into action as well as speech. She doesn't just say she's developing the talent within Seneca; she actually does so and documents each individual's growing talents and skills, as well as those of her entire team. She also knows that in order for Riverside Pottery to become self-sustaining, it must have the commitment of the community to maintain it and continue to grow it. This is a clear example of routinization of charisma, which Weber refers to as a leader's ability to establish the infrastructure of a social organization infused with his or her "charismatic qualities and aura" (1968, xxi). Weber goes on to say, "the test of any great charismatic leader lies not

only in his ability to create a single event or a great movement, but also in his ability to leave a continuous impact on an institutional structure,” (1968, xxi).

Further, May placed a higher priority on encouraging, inspiring and elevating the human spirit of the community members than creating jobs or reaching a financial goal. Yes, Seneca is in desperate need of creating an economic engine, and yes, the residents of Seneca are in desperate need of jobs. But if Riverside Pottery didn't take the time to prepare the individuals with the technical product development skills, entrepreneurship development, leadership development, team development and/or work ethic, then creating new jobs would have accomplished little. Riverside Pottery is helping individuals who have been excluded from society for many years build the self-esteem and confidence they need to contribute to society in productive ways.

On the contrary, Farm-Raised Soap failed in its mission to create jobs in Monroe for several reasons that appear clear in hindsight. First, Kirkpatrick did not live in Monroe but was a seasonal visitor so it was difficult for her to personally get to know many members of the community. Additionally, Kirkpatrick has Schaffer represent her on most occasions so again the community gets to know Kirkpatrick through Schaffer rather than engaging with Kirkpatrick herself. In a small community like Monroe that has suffered from poverty for decades, it is important for social ventures to build a trusting relationship with the residents. Jones and Ross allude that the charismatic story about transforming a community faded over time as Kirkpatrick become unable to adapt effectively for the needs and wants of the community. The fact that Kirkpatrick is trying to “save” the town of Monroe appears to be understood by at least some town leaders as indicating a sense of superiority in her attitude regarding the people of Monroe.

Second, Ross and Schaffer blamed Farm-Raised Soap's unsuccessful economic development attempts on the community's lack of involvement in the project. However when they were asked about ways they had tried to get the community involved, both mentioned the local government unwillingness to give financial aid towards renovations of the facility. Schaffer also mentioned the community's lack of support for features the EBC established upon the residents' request. However, EBC failed to take into account deeply rooted societal issues that continue to plague the community and had a significant impact on the residents' acceptance of the feature.

Lastly, EBC had only shifted its focus on job creation within the last two years since it was first founded over a decade ago. For a decade EBC was only concerned with making Kirkpatrick's dream a reality, believing in her creativity and influence in the handmade hygiene product industry. That remained the EBC's focus until Ross was hired to conduct a feasibility study renovating the hospital, which he determined to be beyond the EBC's available resources. Then Ross proposed the EBC shift its focus to handmade soap making, Farm-Raised Soap, and concentrate on creating jobs. Unfortunately, EBC or Kirkpatrick insisted that the facility be located in a building that required substantial and expensive renovations rather than an already renovated building which was readily available.

More than anything, the ultimate focus of the EBC was to tie something to Kirkpatrick because the key stakeholders involved believed it would take Kirkpatrick's brand name to generate revenue. The available skills, talents, and resources of the town of Monroe were not taken into consideration and EBC even agreed that if needed, it would import talent to Monroe to maintain the Kirkpatrick brand quality. I believe that in some ways, Monroe has become a charity project for Kirkpatrick and EBC. This is a result of the detached and

strategic relationship that Kirkpatrick and EBC have with the community, inhibiting EBC from gaining insightful perspective on the needs of Monroe.

Finally, Crafty Citizens, Inc.'s political conflicts within the group made it a likely outcome that the venture struggle in its attempts to gain stability. From the very beginning McMillan showed signs of discomfort with the vision Peterson had forced upon her original idea. At one meeting McMillan mentioned the mission statement she had written to which Peterson replied with a laugh and "you mean the mission statement I wrote? That one?". Peterson treated McMillan as the young entrepreneur who was easy to take advantage of because she was eager to turn her idea into a reality. It was my impression that Peterson felt *entitled* to lead the venture due to his credentials and experience which made him more qualified than the other key stakeholders.

His entitlement alone was enough for McMillan to question her collaboration with Peterson; McMillan evaluated Peterson's future plans as an attempt to turn Crafty Citizens, Inc. into what he wanted, not what the community needed. Therefore McMillan decided to leave the group and focus efforts on her original project with like-minded young entrepreneurs. Following this first organizational split, there was residual tension among the remaining members and the theoretical model predicted a second organizational restructuring would occur but did not expect it to happen as soon as it did. I believed the organization would experience another pivot point once the Crafty Citizens, Inc. opened its doors and started accepting resident members. However, Peterson's lack of transparency in the formation of Crafty finally reached its limits with Boyd, Davenport and Anderson who realized they had no stake in the venture.

5.1 Practical Implications

Understanding mission stability is important for: improving our knowledge on how social entrepreneurs engage stakeholders whose contribution of personal knowledge and resources will achieve the social venture's overall mission; and, improving our knowledge on the influence personal and emotional connections among social entrepreneurs, key stakeholders and the Community have on social ventures' primary mission to create and appropriate social value while addressing pressing social problems and issues.

Mission stability is also important for guiding key stakeholders in achieving the overall mission during the development of new ventures and in gaining deep understanding of and recognition among the community. Additionally, the venture's mission stability also has an emotional impact on the community the venture aims to support, especially if the community is deeply involved in the foundation and development of the new venture. Concentrating specifically on the missions of socially inclusive ventures, the community must be involved in the foundation and development of the new venture; otherwise, the venture will never get off the ground and will ultimately fail. The core substance of my theory relies on the relationships that are built between leaders and their key stakeholders, between the leader and the community, and ultimately, between the new social venture and the community. Understanding how these relationships impact developments of new social ventures will allow academia to create a body of knowledge social entrepreneurs could utilize when embarking on the challenging journey to empower disadvantaged communities.

5.2 Recommendations for Future Research

This research presents new opportunities to grow the knowledge pool on social entrepreneurship and the way this phenomenon influences society and business development in disadvantaged communities. Based on the research presented above, one

could further investigate if leaders who develop more personal and respectful relationships with their key stakeholders are more likely to establish social ventures that maintain mission stability. Scholars can also observe and record the techniques or practices social entrepreneurs utilize to engage and/or involve key stakeholders in the development of new social ventures. Lastly, it is important and relevant to gather more data on how new social ventures define community involvement and the ways the community is involved in the creation of a new social venture.

5.3 Research Limitations

One limitation in the study was access to a significant number of individuals from the Community for each of the cases, to gain insight on how the Community receives the new social venture. This could be measured by whether individuals from the community have heard of the new social venture, or if they were asked to be involved. If they were involved with the new social venture, I asked for their impressions of the new social venture and the people involved with the project -- especially when part of a small, tight-knit community. Often it's very difficult to enter those communities, receive a respectful following and motivate people to build a profitable business. A second limitation was the available time and funding to conduct the research. More time studying the dynamics and interactions of stakeholders as a venture continues to develop (or dissolve) could yield fascinating new data about human behavior as it relates to social entrepreneurship. What it is that makes us want to do good, and how do we choose the people we want to do good with?

The third limitation was my opportunity to develop deeper relationship with the leaders in this study. Leaders are the individuals who empower stakeholders to pave a path, direct the venture and drive the mission. Therefore, it's fair to assume their types of

authority, beliefs and attitudes toward life influence the mission stability of the venture. A deeper connection with the leaders would have yielded more robust categorizations of leaders' types of authority.

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APPENDICES

Appendix A
INFORMED CONSENT FORM FOR RESEARCH: Leaders

Title: Social Entrepreneurship

Investigators: Mor Aframian, Erin Powell Smith, Ted Baker

What are some general things you should know about research studies?

You are being asked to take part in a research study. Your participation in this study is voluntary. You have the right to be a part of this study, to choose not to participate or to stop participating at any time. The purpose of research studies is to gain a better understanding of a certain topic or issue. You are not guaranteed any personal benefits from being in a study. Research studies also may pose risks to those that participate. In this consent form you will find specific details about the research in which you are being asked to participate. If you do not understand something in this form it is your right to ask the researcher for clarification or more information. A copy of this consent form will be provided to you. If at any time you have questions about your participation, do not hesitate to contact the researcher(s) named above.

What is the purpose of this study?

The purpose of this study is to understand challenges that leaders of new social ventures face in day-to-day activities.

What will happen if you take part in the study?

If you agree to participate in this study, you will be asked to volunteer information about activities with your new venture. We will ask questions about the initial idea of the venture, your contribution to the venture, what you hope the venture will accomplish and how it will grow, how interest was created among a variety of stakeholders, and the challenges you face(d) in the formation and creation of the new start-up venture. The initial interview will last approximately 90 minutes and will take place at your company's facility. Additional interviews and observation times will be requested for up to 12 months following the initial interview. These times are negotiable and will be set for your convenience and according to your availability and company operations. We will record data through hand-written and typed field notes, and occasionally may request to audio record our conversations.

Risks

There are minimal risks to you if you choose to participate in this study. We want to accurately observe your activities, and will do our best to avoid disruption of your work environment. Although your identity will be altered to make it difficult for others to recognize your correspondence, due to the small participant group it is possible participating colleagues may recognize one another. Interviewing (conversational) and observational data will be held confidential between yourself and the researcher.

Benefits

There is no direct benefit to you for participating. Data related to you will be destroyed if you choose to withdraw from the study.

Confidentiality

The information in the study records will be kept strictly confidential. Data will be stored securely in a qualitative research database. No reference will be made in oral or written reports linking your name or company to the study. You will NOT be asked to write your name on any study materials so that no one can match your identity to the answers that you provide. Your data will not be shared with your employees. If data is compromised, the records will not contain your real name, the name of your company, or your employees. Although all names will be altered to make it difficult for others to recognize the participant, due to the small participant group it is possible participating colleagues may recognize one another.

Compensation

There is no compensation for participating in this study.

What if you are a stakeholder?

As a stakeholder of this new venture, you do not have to participate as a requirement to continue your involvement.

What if you have questions about this study?

If you have questions at any time about the study or the procedures, you may contact the researcher,

Mor Aframian

What if you have questions about your rights as a research participant?

If you feel you have not been treated according to the descriptions in this form, or your rights as a participant in research have been violated during the course of this project, you may contact

Deb Paxton, Regulatory Compliance Administrator

Consent To Participate

"I have read and understand the above information. I have received a copy of this form. I agree to participate in this study with the understanding that I may choose not to participate or to stop participating at any time without penalty or loss of benefits to which I am otherwise entitled."

Subject's signature _____ Date _____

Investigator's signature _____ Date _____

INFORMED CONSENT FORM FOR RESEARCH: STAKEHOLDERS

Title: Social Entrepreneurship

Investigators: Mor Aframian, Erin Powell Smith, Ted Baker

What are some general things you should know about research studies?

You are being asked to take part in a research study. Your participation in this study is voluntary. You have the right to be a part of this study, to choose not to participate or to stop participating at any time. The purpose of research studies is to gain a better understanding of a certain topic or issue. You are not guaranteed any personal benefits from being in a study. Research studies also may pose risks to those that participate. In this consent form you will find specific details about the research in which you are being asked to participate. If you do not understand something in this form it is your right to ask the researcher for clarification or more information. A copy of this consent form will be provided to you. If at any time you have questions about your participation, do not hesitate to contact the researcher(s) named above.

What is the purpose of this study?

The purpose of this study is to understand challenges that stakeholders of new social ventures face in day-to-day activities. .

What will happen if you take part in the study?

If you agree to participate in this study, you will be asked to volunteer information about activities with a new venture. We will ask questions about your involvement in the development of the venture, your contribution to the venture thus far, what you hope the venture will accomplish and how it will grow, how you have created interest among other stakeholders, and your experiences with challenges in the formation and creation of the new start-up venture. The initial interview will last approximately 90 minutes and will take place at your company's facility. Additional interviews and observation times will be requested for up to 12 months following the initial interview. These times are negotiable and will be set for your convenience and according to your availability and company operations. We will record data through hand-written and typed field notes, and occasionally may request to audio record our conversations.

Risks

There are minimal risks to you if you choose to participate in this study. We want to accurately observe your activities, and will do our best to avoid disruption of your work environment. Although your identity will be altered to make it difficult for others to recognize your correspondence, due to the small participant group it is possible participating colleagues may recognize one another. Interviewing (conversational) and observational data will be held confidential between yourself and the researcher.

Benefits

There is no direct benefit to you for participating. Data related to you will be destroyed if you choose to withdraw from the study.

Confidentiality

The information in the study records will be kept strictly confidential. Data will be stored securely in a qualitative research database. No reference will be made in oral or written reports linking your name or company to the study. You will NOT be asked to write your name on any study materials so that no one can match your identity to the answers that you provide. Your data will not be shared with your employees. If data is compromised, the records will not contain your real name, the name of your company, or your employees. Although all names will be altered to make it difficult for others to recognize the participant, due to the small participant group it is possible participating colleagues may recognize one another.

Compensation

There is no compensation for participating in this study.

What if you are a stakeholder?

As a stakeholder of this new venture, you do not have to participate as a requirement to continue your involvement.

What if you have questions about this study?

If you have questions at any time about the study or the procedures, you may contact the researcher,

Mor Aframian

What if you have questions about your rights as a research participant?

If you feel you have not been treated according to the descriptions in this form, or your rights as a participant in research have been violated during the course of this project, you may contact

Deb Paxton, Regulatory Compliance Administrator

Consent To Participate

"I have read and understand the above information. I have received a copy of this form. I agree to participate in this study with the understanding that I may choose not to participate or to stop participating at any time without penalty or loss of benefits to which I am otherwise entitled."

Subject's signature _____ Date _____

Investigator's signature _____ Date _____

RECRUITMENT CALL SCRIPT

Hi, My name is Mor Aframian. May I please speak with _____?
[leader/entrepreneur]

If no, is there a better time to reach him/her? [1st & 2nd calls, no messages; 3rd attempt, email "recruitment call message" & intent to call; 4th attempt, phone message; 5th & 6th attempts, no message; and move on (temporarily)]

If yes, hello _____, my name is Mor Aframian. I am a Masters student studying social entrepreneurship. I received/found your contact information through _____. I would like to talk to you about my research and perhaps ask for your participation. Is this a good time?

If no, is there a better time when I can reach you?

If yes, great; thank you very much.

I am very interested in how you have developed your idea into a start-up business. I would like to meet with you to ask questions about your initial idea of the venture, your contribution to the venture, what you hope the venture will accomplish and how it will grow, how you've created interest among a variety of stakeholders, and the challenges you face(d) in the formation and creation of the venture.

My advisors and I are structuring the research to study multiple start-up ventures and make comparisons across cases. Right now, we are starting initial interviews and recruiting start-up ventures for participation. We would like to come talk with you for an initial interview, maybe tour your facility (if one exists), and talk with you about participating in our study, which will take place over the next several months.

I would really appreciate your participation. Is this something my advisor and I can come talk to you about?

If yes, great. What days/times work best for you?
[my Mon., Wed., Fri. open]

If no, do you have certain concerns about participating?
[probably time, money, privacy]

If yes, what can I explain for you?
[time – at your convenience; observations without disturbing work; money – there is no cost to you; privacy – your name or your employees names will not be linked with the data at all, we can supply additional details and an informed consent document from our research office.]

If no, Once again, I would really appreciate your help. This could be a great opportunity to promote social entrepreneurship in the local community, connect with the great resources and perhaps learn from others at the end of the analysis.

If still no, I understand; thank you for your time. If you have any more questions or thoughts later, feel free to send me an email. Have a great day.

LEADER INTRODUCTION SCRIPT

Leader: Hello, _____. This is (Investigators). (Investigators), this is _____. He/She is responsible for _____. (Stakeholder), we wanted to introduce you so that you know why they're here. They are doing research about social entrepreneurship and are interested in talking with our start-up venture participants. I have already talked with them about their study and they are mainly interested in our process for building the venture, the challenges we face day-to-day and how we gather and use resources to solve those challenges.

I have agreed to talk with them from my perspective, including how the idea of the venture began and when we brought everybody on board. They are also interested in talking with you about your challenges, experiences and perspective. Your involvement with the venture and day-to-day challenges may be different from everyone else's and you may be the only person that knows how you solve them so well.

Please let me stress that you do not have to participate if you are not interested. It's completely voluntary. They can talk with you now, describe more about the research and give you their contact information.

Researchers: Thank you, (Leader) _____. It's nice to meet you, (Stakeholder) _____.

(Leader walks away)

Researchers: As (Leader) said, we are conducting research about the formation of new ventures in our area and challenges entrepreneurial firms face and how the people within the firms find and use resources to solve those challenges. We are talking with other start-up ventures to also understand their process, challenges and resources. We will be coming back to talk with (Leader) several times over the next several months and would like to understand your perspective.

We want to let you know that speaking with us is not a part of your job or involvement with the new venture, and you are not at all required to talk with us or participate in this study. (Leader) understands that as well. However, we want you to know that your decision and all of our conversations will be held confidential between you and the researchers. Here is Mor's contact information. Please read through these forms and give Mor a call outside of work. May we also have your personal phone number to follow-up in about a week to see if you have any questions? We're following this same procedure for your co-workers so that everybody has the same information and opportunity.

(Give Mor's card and IRB Informed Consent Form to the Stakeholder. Receive the stakeholder's personal contact information.)

Researchers: Thank you and we'll talk soon.

QUESTIONNAIRE GUIDE

Interview Date:

Interview Location:

Current name of start-up venture:

Name of Interviewee:

Current Position of Interviewee:

About the Start-Up Venture: Leader Questions

Please tell me about when you initially came up with the idea for this start-up venture.

What is the purpose of the venture?

How would you like to see the venture develop and grow overtime?

Who is the venture benefiting?

What/who is the venture's target market?

What are you bringing to the table, as it relates to the fruition and progression of this start-up venture?

What do you hope to gain in return for your invested time and resources?

In what order did you recruit other stakeholders?

Why did you recruit these specific stakeholders?

What do you hope the stakeholders will bring to table?

What are some of the challenges you have faced in organizing the venture?

Have you had particular challenges in persuading a particular person to join?

About the involvement with the Start-Up Venture: Stakeholder Questions

How did you find out about the idea for this new venture? (i.e., personal friend, business contact, etc.)

What in particular sparked your interest to participate in the formation of this venture? (prior experience, personal interest, financial opportunity, etc.)

What is the purpose of the venture, from your perspective?

How would you like to see the venture develop and grow overtime?

Who do you believe is your target market?

Are there others who you might encourage to become founding stakeholders of this venture?

What are your hopes for this start-up venture?

How would you like to see this organization develop?

What are you bringing to the table, as it relates to the fruition and progression of this start-up venture?

What do you hope to gain in return for your invested time and resources?

What are some of the challenges you have faced as you joined the business? How were those resolved? (if past tense, otherwise frame in current/future tense)

Have you experienced any frustrations – or have other stakeholders expressed frustrations – in this process?