



# WHAT WORKS

The global evidence on social enterprise success factors

Social

Traders

Unlocking business for good



**RMIT**  
UNIVERSITY



Chocolate on Purpose

## ACKNOWLEDGEMENT OF COUNTRY

We acknowledge the Traditional Custodians of Country throughout Australia and their connections to land, sea and community. We pay respects to their Elders past, present and emerging. We extend that respect to all Aboriginal and Torres Strait Islander people.



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# EXECUTIVE SUMMARY

This report synthesises evidence from a systematic literature review (SLR) of research on social enterprises (SEs) published in high-ranking journals. The purpose is to identify key factors influencing success, resilience, and scalability globally and provide insights relevant to Australian SEs. Using a structured, multi-dimensional framework, the report distils findings across six dimensions:

- 1. Policy and strategy:** The regulatory environment and organisational planning.
- 2. Market:** Conditions and strategies for reaching beneficiaries and customers.
- 3. Finance/Resources:** Access to capital and managing resources.
- 4. Support:** The ecosystem of technical, technological, and relational backing.
- 5. Human capital:** The skills, knowledge, and capabilities of people.
- 6. Culture/Values:** The underlying beliefs, trust, and principles that guide action.

The key factors in each dimension are examined at the ecosystem, organisational, and individual levels, offering a holistic view of conditions that enable SEs to sustain operations, scale impact, and maintain mission integrity.

## Methodology

The report is based on a rigorous SLR that:

- Analysed 137 high-quality peer-reviewed studies on SEs in various contexts, identified from over 10,000 publications based on initial screening
- Applied a multi-level systematic analysis to extract key success factors
- Synthesised evidence that is considered most relevant for understanding the enablers of social enterprise success, resilience, and scalability across ecosystem, organisational, and individual levels.

This ensures robust, evidence-based insights integrating diverse perspectives from entrepreneurship, innovation, strategy, policy, and organisational behaviour.

## Key findings from the systematic review

Dimension	Ecosystem enablers	Organisational capabilities	Leadership & people
 Policy & strategy	<ul style="list-style-type: none"> <li>• Supportive institutions</li> <li>• Adaptive policy</li> <li>• Access to financial tools</li> </ul>	<ul style="list-style-type: none"> <li>• Mission clarity</li> <li>• Innovation</li> <li>• Technology</li> <li>• Flexible planning</li> <li>• Governance</li> </ul>	—
 Markets	<ul style="list-style-type: none"> <li>• State-supported awareness</li> <li>• Community networks</li> <li>• Legitimacy mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Alliances</li> <li>• Market orientation</li> <li>• Diversification</li> <li>• Bricolage</li> </ul>	<ul style="list-style-type: none"> <li>• Leaders' personal networks</li> </ul>
 Finance & resources	<ul style="list-style-type: none"> <li>• Flexible, mission-compatible funds</li> </ul>	<ul style="list-style-type: none"> <li>• Financial management</li> <li>• Revenue diversification</li> <li>• Bricolage</li> </ul>	<ul style="list-style-type: none"> <li>• Leaders' personal networks</li> </ul>
 Support	<ul style="list-style-type: none"> <li>• R&amp;D</li> <li>• Technology</li> <li>• Intermediaries</li> <li>• Favourable policy</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder engagement</li> <li>• Alliances</li> <li>• Legitimacy</li> </ul>	<ul style="list-style-type: none"> <li>• Advice-seeking</li> <li>• family support</li> </ul>
 Human capital	<ul style="list-style-type: none"> <li>• Continuous learning opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Dynamic capabilities</li> <li>• Governance</li> <li>• Workforce diversity</li> </ul>	<ul style="list-style-type: none"> <li>• Entrepreneurial orientation</li> <li>• Grit</li> <li>• Leadership</li> </ul>
 Culture & values	<ul style="list-style-type: none"> <li>• Trust</li> <li>• Low uncertainty</li> <li>• Positive perceptions</li> </ul>	<ul style="list-style-type: none"> <li>• Participatory culture</li> <li>• Stewardship</li> <li>• Value alignment</li> </ul>	<ul style="list-style-type: none"> <li>• Values-driven leadership</li> </ul>



# INTRODUCTION

SEs have emerged as pivotal actors in addressing some of the world’s most pressing social, economic, and environmental challenges.<sup>1</sup> Operating at the intersection of public, private, and civil society sectors, they pursue dual or multiple missions: generating sustainable social impact while maintaining financial viability.<sup>2</sup> As governments confront fiscal constraints, markets face growing expectations for responsible business, and communities demand inclusive development, SEs are increasingly recognised as essential contributors to sustainable and equitable systems of value creation.

Yet despite their growing prominence, many SEs struggle to sustain operations, scale their impact, or navigate the complex environments in which they operate. They routinely confront challenges related to limited resources, fragmented support infrastructures, regulatory ambiguity, market barriers, organisational tensions, and evolving stakeholder

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<sup>1</sup> Aly, F. H., Mason, K., & Onyas, W. (2021). The institutional work of a social enterprise operating in a subsistence marketplace: Using the business model as a market-shaping tool. *Journal of Consumer Affairs*, 55(1),31-58.

<sup>2</sup> Beaton, E. E., & Dowin Kennedy, E. (2021). Responding to failure: the promise of market mending for social enterprise. *Public Management Review*, 23(5), 641-664.

expectations.<sup>3</sup> These challenges underscore the need for a deeper, evidence-based understanding of the factors that underpin the resilience, performance, and scalability of SEs. This report responds to that need by presenting the findings of a comprehensive literature review of the social enterprise field. By synthesising insights across multiple disciplines, including entrepreneurship, management, public policy, development studies, social innovation, and organisational behaviour, our analysis provides a holistic, multi-level perspective on the conditions that influence SE success. The review examines enablers and constraints across six key dimensions: policy and strategy, market, finance and resources, support, human capital, and culture and values.

By consolidating scholarly evidence from multiple empirical contexts and theoretical perspectives, this report provides a holistic map of the key factors that influence the success of SEs to sustain and scale up. Through this synthesis, the report seeks to inform more effective strategies to strengthen social enterprise ecosystems, support organisational resilience, and align policy and investment practices with the needs of social mission-driven ventures. The report provides actionable insights for SEs, policymakers, and other focal ecosystem actors. The following section presents the key factors across six dimensions, examined at the ecosystem, organisational, and individual levels.

**137**

studies analysed

**6**

key dimensions identified

**3**

levels of responsibility  
examined

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<sup>3</sup> Davies, I. A., Haugh, H., & Chambers, L. (2019). Barriers to social enterprise growth. *Journal of Small Business Management*, 57(4), 1616-1636

# METHOD

The literature search followed PRISMA guidelines and focused on peer-reviewed articles in English from Scopus and Web of Science (WoS), the two major databases for academic publications. No restrictions were applied regarding subject area, publication year, or geographic location. The search targeted success factors for sustainable, scalable, and impactful social enterprises across three categories:

1. Financial sustainability
2. Impact
3. Scaling

Searches were conducted using keywords listed in **Table 1**, applied to titles, abstracts, and keywords. This yielded 18,955 articles (Scopus and WoS combined):

- Financial sustainability: 1,370 (Scopus), 1,978 (WoS)
- Impact: 1,486 (Scopus), 1,209 (WoS)
- Scaling: 6,668 (Scopus), 6,244 (WoS)

**Table 1: Search keywords**

Category	Keywords
Financial Sustainability	("social enterprise" OR "social entrepreneur*" OR "social business" OR "social venture" OR "social organi(s/z)ation" OR "social organisation" OR "non-profit enterprise" OR "hybrid organization" OR "hybrid organisation") AND ("financial sustainabl*" OR "resilience" OR "performance")
Impact	(same social enterprise terms) AND ("social impact" OR "social value" OR "social change" OR "jobs create*" OR "employability" OR "pathway outcomes" OR "community services delivered" OR "waste diverted from landfill" OR "funds donated to charities")
Scaling	(same social enterprise terms) AND ("scal*" OR "growth" OR "expansion" OR "extension" OR "replic*" OR "increas*" OR "business model" OR "profit" OR "revenue" OR "social procurement")

## Data cleaning and screening

The cleaning process involved three stages:

### 1. Deduplication

- a. Removed duplicates within each category and across databases using Excel's "Remove Duplicates" feature.
- b. Final dataset after deduplication: 11,895 articles.

### 2. Journal ranking

- a. Selected articles published in top-ranked journals (i.e., A/A\* based on ABDC list), reducing the set to 1,531 articles. ABDC journal list was produced by the Australian Business Deans Council and is the nationally recognised ranking system for assessing journal quality published in the business discipline.

### 3. Abstract screening

- a. Pilot review of 50 abstracts by three academic staff members independently, which achieved 84% interrater reliability. The process was then calibrated to ensure consistent assessment in further screening.
- b. Applied inclusion criteria: focus on financial sustainability, impact, and/or scaling of social enterprises.
- c. Selected 364 articles for full article review; 137 articles met the criteria for success factors.

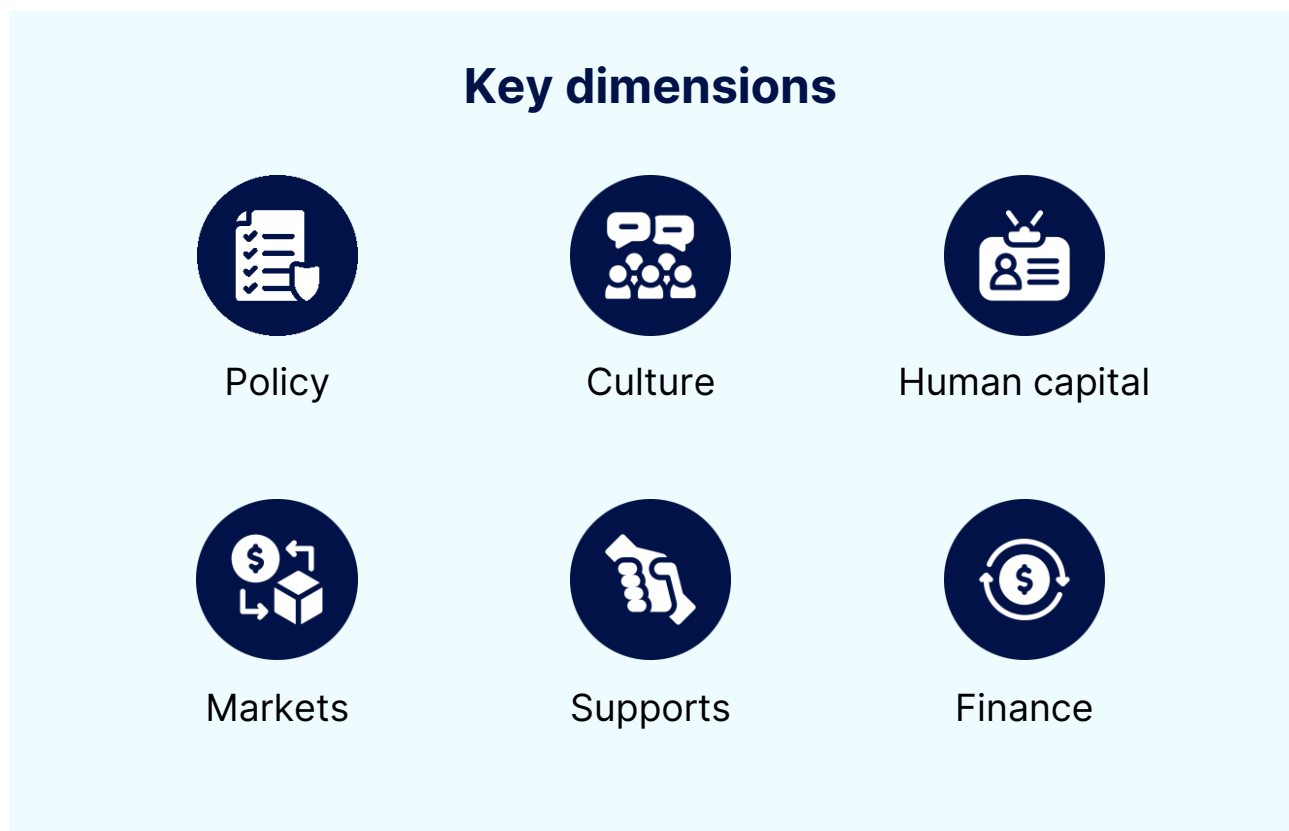
The next section presents findings using a multi-dimensional, multi-level framework to propose a social enterprise ecosystem at policy, organisational, and individual levels.

## → Finding

### Key success factors of social enterprises

In presenting the key findings of the literature review, we adapted from the entrepreneurial ecosystems (EE) framework that has been well established in the entrepreneurship literature<sup>45</sup>.

The EE framework covers six key interrelated dimensions, including, ***policy***, which encompasses regulatory environments and other government and organisational strategic interventions; ***finance***, referring to access to capital through grants, impact investments, and blended finance; ***culture***, which reflects societal attitudes toward entrepreneurship and social innovation; ***supports***, such as incubators, accelerators, and advisory networks; ***human capital***, representing the skills and education necessary for managing hybrid business models; and ***markets***, which provide opportunities for social enterprises to access customers and procurement channels.



<sup>4</sup> Stam, E., & Van de Ven, A. (2021). Entrepreneurial ecosystem elements. *Small business economics*, 56(2), 809-832.

<sup>5</sup> Stam, E., & Spigel, B. (2016). Entrepreneurial ecosystems (Vol. 16, No. 13, pp. 1-15). USE Discussion paper series.

This framework is considered valid and robust because it synthesises systemic factors rather than isolated variables, offering a holistic lens for understanding how ecosystems enable or constrain entrepreneurial activity. It has been applied across diverse contexts, regional, national, and sectoral, making it particularly useful for analysing the success factors of social enterprises. For industry stakeholders, these dimensions provide actionable insights into how policy, finance, and support structures can be aligned to foster sustainable social enterprise growth.

We also identified the key success factors within these six dimensions sit at different unit levels of analysis, with some factors discussing the broad ecosystem and regulatory context that Social Enterprises (hereafter referred to as SE) are situated within, some factors focusing on the attributes of the SE organisations, and other factors concerning individuals (e.g. founders) of the SEs. The factors are discussed in more detail below.



**Ecosystem level**



**Organisational level**



**Individual level**

# 1. Policy and strategy dimension

Policy and strategy are critical drivers of SE resilience and sustainability. Findings from this review indicate that policy-related factors, at both ecosystem and organisational levels, shape the ability of SEs to sustain operations, scale impact, and respond effectively to societal challenges.

## 1.1 Ecosystem-level factors

### Institutional quality and regulatory standards

The availability of quality institutions that provide predictable rules, clear regulations, and standardised certification processes supports SEs in operating effectively and building stakeholder trust. Research shows that these conditions reduce uncertainty and transaction costs, helping enterprises sustain both social and economic outcomes.<sup>6 7 8</sup>

### Sustainability-oriented policies

Policies that prioritise social and environmental outcomes create a supportive environment for purpose-driven enterprises. Studies indicate that such policies reduce entry barriers, encourage innovation, and expand opportunities for SEs to grow their impact.<sup>9 10 11</sup>

### Flexible policy frameworks

Regulatory frameworks that provide a flexible and equal environment help SEs experiment and combine social and commercial goals. Evidence highlights that this flexibility enables enterprises to innovate and scale without being constrained by rigid classifications, which

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<sup>6</sup> De Beule, F., Klein, M., & Verwaal, E. (2020). Institutional quality and inclusive strategies at the bottom of the pyramid. *Journal of World Business*, 55(5), 101066.

<sup>7</sup> Audretsch, D. B., Belitski, M., & Guerrero, M. (2023). Sustainable orientation management and institutional quality: Looking into European entrepreneurial innovation ecosystems. *Technovation*, 124, 102742.

<sup>8</sup> Bailis, R., Cowan, A., Berrueta, V., & Masera, O. (2009). Arresting the killer in the kitchen: the promises and pitfalls of commercializing improved cookstoves. *World Development*, 37(10), 1694-1705.

<sup>9</sup> Audretsch, D. B., Belitski, M., Eichler, G. M., & Schwarz, E. (2024). Entrepreneurship ecosystems, institutional quality, and the unexpected role of the sustainability orientation of entrepreneurs. *Small Business Economics*, 62(2), 503-522.

<sup>10</sup> Chan, C. H., Chui, C. H. K., Chan, K. S. T., & Yip, P. S. F. (2019). The role of the social innovation and entrepreneurship development fund in fostering social entrepreneurship in Hong Kong: A study on public policy innovation public policy innovation. *Social Policy & Administration*, 53(6), 903-919.

<sup>11</sup> Haugh, H., Robson, P., Hagedoorn, J., & Sugar, K. (2022). The nascent ecology of social enterprise. *Small Business Economics*, 58(3), 1223-1242.

occur when legal systems strictly separate organisational forms, such as nonprofit and for-profit, with fixed rules on taxation, profit distribution, and governance. Such rigid structures force SEs to fit into one category, limiting their ability to adopt hybrid models or diversify revenue streams. In contrast, flexible frameworks, like Benefit Corporations or Community Interest Companies, recognise hybrid purposes and allow SEs to pursue social impact alongside financial sustainability.

### Impact investment tools

Having structured financial instruments, such as Social Return on Investment (SROI) and related frameworks, helps SEs communicate impact and attract funding. Research shows that these tools strengthen stakeholder trust and stabilise revenue streams.<sup>12</sup>

### Social procurement mechanisms

Social procurement policies that favour mission-led enterprises can create reliable markets and foster partnerships, supporting financial sustainability and enabling social impact through supply chains. For instance, the Victorian Social Procurement Framework (SPF) is a good example of an institutional policy that prioritises mission-led enterprises to create reliable markets and sustainable partnerships. At the same time, government agencies and organisations need to be cautious to ensure that these relationships reflect genuine collaborations rather than being merely transactional or compliance-based.<sup>13</sup>

### → Ecosystem-level insight

At the ecosystem level, these factors shape the environment in which SEs convert mission into sustainable activity. Even capable enterprises may struggle to grow or maintain impact without supportive institutions, adaptive policies, and access to financial tools. SEs should actively advocate for and engage with the regulatory and policy landscape to identify opportunities, mitigate risks, and align their activities with favourable institutional conditions.

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<sup>12</sup> Chen, S., & Harrison, R. (2020). Beyond profit vs. purpose: Transactional-relational practices in impact investing. *Journal of Business Venturing Insights*, 14, e00182.

<sup>13</sup> Barraket, J., & Loosemore, M. (2018). Co-creating social value through cross-sector collaboration between social enterprises and the construction industry. *Construction management and economics*, 36(7), 394-408.

## 1.2 Organisational-level factors

### Mission orientation and consistency

A clearly defined and consistently managed social mission is central to SE success.<sup>14 15 16</sup> Balancing social and commercial objectives prevents mission drift, supports dual-goal management (i.e., social and commercial goals), and enhances social innovation performance.<sup>17 18 19 20</sup> Furthermore, aligning the mission content with stakeholder motivations and ensuring transparency in organisational practices are critical for maintaining legitimacy and preventing mission drift.<sup>21 22</sup>

### Social innovation

Offering innovative and context-tailored solutions enhances SEs' competitiveness and social impact by addressing unmet needs in ways that resonate with local realities: Unlike standardised approaches, context-specific innovations allow SEs to adapt products, services, and delivery models to cultural norms, resource constraints, and community priorities. This adaptability not only differentiates SEs from mainstream businesses but also strengthens trust and legitimacy among stakeholders. Integrating innovation with

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<sup>14</sup> Kim, T. H., & Moon, M. J. (2017). Using social enterprises for policy in South Korea: Do funding and management affect social and economic performance? *Public Administration and Development*, 37(1), 15-27.

<sup>15</sup> Siebold, N., Gunzel-Jensen, F., & Müller, S. (2019). Balancing dual missions for social venture growth: a comparative case study. *Entrepreneurship & Regional Development*, 31(9-10), 710-734.

<sup>16</sup> Smith, B. R., Cronley, M. L., & Barr, T. F. (2012). Funding implication of social enterprise: The role of mission consistency, entrepreneurial competence, and attitude toward social enterprise on donor behaviour. *Journal of Public Policy & Marketing*, 31(1), 142-157.

<sup>17</sup> Liu, G., Takeda, S., & Ko, W. W. (2014). Strategic orientation and social performance. *Nonprofit and Voluntary Sector Quarterly*, 43(3), 480-501.

<sup>18</sup> Davies, I. A., Haugh, H., & Chambers, L. (2019). Barriers to Social enterprise growth. *Journal of Small Business Management*, 57(4), 1616-1636.

<sup>19</sup> Ometto, M. P., Gegenhuber, T., Winter, J., & Greenwood, R. (2019). From balancing missions to mission drift: The role of institutional context, spaces, and compartmentalization in the scaling of social enterprises. *Business & Society*, 58(5), 1003-1046.

<sup>20</sup> Hagedoorn, J., Haugh, H., Robson, P., & Sugar, K. (2023). Social innovation, goal orientation, and openness: Insights from social enterprise hybrids. *Small Business Economics*, 60(1), 173-198.

<sup>21</sup> Akhmedova, A., Mas-Machuca, M., & Magomedova, N. (2022). Nexus between strategic fit and social mission accomplishment in social enterprises: Does organizational form matter? *Journal of Cleaner Production*, 330, 129891.

<sup>22</sup> Klein, S., Schneider, S., & Spieth, P. (2021). How to stay on the road? A business model perspective on mission drift in social purpose organizations. *Journal of Business Research*, 125, 658-671.

sustainability policies ensures commercial strategies reinforce the enterprise's social mission.<sup>23</sup>

### Bricolage and resource mobilisation

SEs often operate in resource-constrained environments where conventional funding and infrastructure are limited. The ability to creatively mobilise resources (bricolage) enables SEs to maintain legitimacy and deliver social outcomes despite these constraints.<sup>24</sup>

Research shows that repurposing assets, leveraging informal networks, and bypassing conventional systems enable SEs to maintain legitimacy and deliver social outcomes.<sup>25 26 27</sup>

<sup>28 29</sup> These practices support resilience, stakeholder recognition, and the creation of new norms for social impact. For example, in demonstrating bricolage, India's healthcare sector, where SEs employ jugaad, a Hindi term for improvised, frugal, and flexible solutions, to navigate resource dilemmas. These practices include frugal innovation, creating low-cost versions of products using local materials to expand access; adaptive framing, tailoring narratives to appeal to diverse stakeholders (e.g., emphasising profit to investors and social good to charities); and mission-driven bargaining, using their social purpose as leverage to retain control over core activities. Such bricolage strategies not only reduce costs but also enable SEs to scale impact while resisting pressures that could compromise their mission.

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<sup>23</sup> Erdiaw-Kwasie, M. O., & Abunyewah, M. (2024). Determinants of social innovation in hybrid organisations: The moderating role of technology readiness. *Business and the Environment*, 33(2), 1099-1112.

<sup>24</sup> Desa, G. (2012). Resource mobilization in international social entrepreneurship: Bricolage as a mechanism of institutional transformation. *Entrepreneurship theory and practices*, 36(4), 727-751.

<sup>25</sup> Agarwal, N., Chakrabarti, R., Prabhu, J. C., & Brem, A. (2020). Managing dilemmas of resource mobilization through jugaad: A multi-method study of social enterprises in Indian healthcare. *Strategic Entrepreneurship Journal*, 14(3), 419-443.

<sup>26</sup> Altinay, L., Sigala, M., & Waligo, V. (2016). Social value creation through tourism enterprise. *Tourism Management*, 54, 404-417.

<sup>27</sup> Chaudhuri, A., Prætorius, T., Narayanamurthy, G., Hasle, P., & Pereira, V. (2021). Finding your feet in constrained markets: How bottom of pyramid social enterprises adjust to scale-up-technology-enabled healthcare delivery. *Technological Forecasting and Social Change*, 173, 121184.

<sup>28</sup> Ciambotti, G., & Pedrini, M. (2021). Hybrid harvesting strategies to overcome resource constraints: evidence from social enterprises in Kenya. *Journal of Business Ethics*, 631-650.

<sup>29</sup> Zhang, Y., Xu, H., & Yang, H. (2024). An integrated path framework of tourism and hospitality social entrepreneurship: A systematic literature review. *International Journal of Contemporary Hospitality Management*, 36(3), 661-690.

## Technological integration

Integrating technology into management and service delivery improves efficiency, transparency, and stakeholder engagement.<sup>30 31 32 33</sup> Studies indicate that digital tools also support innovative revenue streams that align with the social mission. For instance, a case study of Tate Modern and the Pompidou Centre demonstrates how digital tools support innovative revenue streams by creating a synergy between commercial activities and social missions, such as using a virtual platform to offer greater global exposure beyond the physical gallery, generating both income and impact at a much larger scale.<sup>34</sup>

## Strategic planning and flexibility

Research shows that adaptive planning enables SEs to respond to dynamic contexts and translate external support into outcomes.<sup>35 36 37 38</sup> The business environment is rarely static, especially for SEs, which operate in response to complex social problems (e.g., poverty, changing regulations, shifting community needs). Adaptive planning, therefore, requires continuous scanning and monitoring of the external environment to anticipate and respond to these changes. A critical element of this approach is flexibility in strategic planning, which

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<sup>30</sup> Fan, X., Liu, Y., Chen, A., & Shou, Y. (2025). How to Digitalize Social Enterprises: Evidence from private museums in China. *British Journal of Management*, 36(4), 1635–1652.

<sup>31</sup> He, T., Liu, M. J., Phang, C. W., & Luo, J. (2022). Toward social enterprise sustainability: The role of digital hybridity. *Technological Forecasting and Social Change*, 175, 121360.

<sup>32</sup> Chen, J., & Wang, Z. (2024). How Do Artificial Intelligence (AI) and Big Data (BD) Technologies help social impact enterprises build legitimacy?: A Multiple-Case Study. *Journal of Global Information Management*, 32(1), 1–21.

<sup>33</sup> Erdiaw-Kwasie, M. O., & Abunyewah, M. (2024). Determinants of social innovation in hybrid organisations: The moderating role of technology readiness. *Business and the Environment*, 33(2), 1099–1112.

<sup>34</sup> Alshawaaf, N., & Lee, S. H. (2021). Business model innovation through digitisation in social purpose organisations: A comparative analysis of Tate Modern and Pompidou Centre. *Journal of Business Research*, 125, 597–608.

<sup>35</sup> Barraket, J., Furneaux, C., Barth, S., & Mason, C. (2016). Understanding Legitimacy Formation in Multi-Goal Firms: An Examination of Business Planning Practices among Social Enterprises. *Journal of Small Business Management*, 54(S1), 77–89.

<sup>36</sup> Cheah, J., Amran, A., & Yahya, S. (2019a). External oriented resources and social enterprises' performance: The dominant mediating role of formal business planning. *Journal of Cleaner Production*, 236, 117693.

<sup>37</sup> Amran, A., Tharumarajah, N., & Cheah, J. S. (2023). Surviving and thriving in the COVID-19 crisis: Performance drivers and resource dynamics of social enterprises in a nascent ecology. *Journal of Cleaner Production*, 428, 139252.

<sup>38</sup> Olofsson, S., Hoveskog, M., & Halila, F. (2018). Journey and impact of business model innovation: The case of a social enterprise in the Scandinavian electricity retail market. *Journal of cleaner production*, 175, 70–81.

refers to the ability to adjust goals, reallocate resources, and modify operational processes as circumstances evolve. This flexibility is essential for SEs because it allows them to manage the inherent tensions between their dual objectives, social impact and financial sustainability, while navigating highly complex and resource-constrained contexts.

### Business model and scaling strategy

Effective models and scaling strategies, such as the SCALERS framework, guide growth while maintaining mission alignment.<sup>39 40 41 42</sup> The SCALERS framework identifies seven drivers of scaling social impact: Staffing, Communicating, Alliance-building, Lobbying, Earnings-generation, Replication, and Stimulating market forces. These elements guide enterprises in building capacity and expanding reach. Another model that complements this is the Three Scaling Pathways model,<sup>43</sup> which outlines three approaches, including scaling out (replicating programs to reach more people), scaling up (influencing policy and systems for broader change), and scaling deep (strengthening cultural roots and community engagement to ensure lasting impact). Within these frameworks, an inclusive approach plays a critical role by integrating marginalised communities into value chains, enhancing local embeddedness and social legitimacy.<sup>44 45</sup> This can involve hiring and training individuals from disadvantaged backgrounds, engaging local suppliers, co-creating products and services with community input, and even implementing profit-sharing or ownership models. Such practices enhance local embeddedness, strengthen social legitimacy, and

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<sup>39</sup> Bloom, P. N., & Chatterji, A. K. (2009). Scaling social entrepreneurial impact. *California management review*, 51(3), 114-133.

<sup>40</sup> Xiao, Y. (2025). Pathways to scaling up in emerging economies: A configurational analysis of organizational capabilities in social enterprises. *Journal of Business Research*, 189, 115091.

<sup>41</sup> Bocken, N. M., Fil, A., & Prabhu, J. (2016). Scaling up social businesses in developing markets. *Journal of Cleaner Production*, 139, 295-308.

<sup>42</sup> Dobson, K., Boone, S., Andries, P., & Daou, A. (2018). Successfully creating and scaling a sustainable social enterprise model under uncertainty: The case of ViaVia Travellers Cafés. *Journal of Cleaner Production*, 172, 4555-4564.

<sup>43</sup> Dees, J. G., Anderson, B. B., & Wei-Skillern, J. (2004). Scaling social impact: Strategies for spreading social innovations. *Stanford Social Innovation Review*, 2(4), 24-32.

<sup>44</sup> De Beule, F., Bruneel, J., & Dobson, K. (2023). The internationalization of social enterprises: The impact of business model characteristics. *International Business Review*, 32(6), 102188.

<sup>45</sup> Zhang, Y., Xu, H., & Yang, H. (2024). An integrated path framework of tourism and hospitality social entrepreneurship: A systematic literature review. *International Journal of Contemporary Hospitality Management*, 36(3), 661-690.

create shared value, key conditions for sustainable scaling.

### Territorial embeddedness and local integration

Embedding operations within the community is crucial for sustainable value creation.<sup>46</sup> This involves treating locals not just as customers but as partners and resource providers; building trust and leveraging local knowledge are critical for legitimacy and sustainability.<sup>47</sup> As a related point, commitments to respecting Indigenous knowledge of beneficiaries are crucial.<sup>48</sup>

### Governance, accountability, and legal structure

The choice of legal structure is a key strategic decision enabling hybridity.<sup>49 50</sup> Hybridity is the defining characteristic of SEs, characterised by the blending of two often conflicting institutional logics (Social logic and Commercial logic). A social logic is driven by the desire to solve a problem (like homelessness or climate change). In this mindset, the "customer" is often seen as someone to be helped, and success is measured by lives changed. On the other hand, a commercial logic is driven by the need to stay in business and grow. It follows the rules of the traditional marketplace, where efficiency, competition, and financial stability are king. Thus, conflict occurs when a leader has to make a choice between a decision that helps people and a decision that saves the business. Studies have indicated that integrated governance and control systems balance financial and social accountability, building legitimacy and stakeholder trust.<sup>51 52 53</sup> An integrated system moves beyond operating two

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<sup>46</sup> Slitine, R., Chabaud, D., & Richez-Battesti, N. (2024). Beyond social enterprise: Bringing the territory at the core. *Journal of Business Research*, 176, 114577.

<sup>47</sup> Prado, A. M., Robinson, J. A., & Shapira, Z. (2022). Serving rural low-income markets through a social entrepreneurship approach: Venture creation and growth. *Strategic Entrepreneurship Journal*, 16(4), 826-852.

<sup>48</sup> Bhardwaj, R., Srivastava, S., Mishra, H. G., & Sangwan, S. (2023). Exploring micro-foundations of knowledge-based dynamic capabilities in social purpose organizations. *Journal of Knowledge Management*, 27(4), 1016-1041.

<sup>49</sup> Santos, F., Pache, A. C., & Birkholz, C. (2015). Making hybrids work: Aligning business models and organizational design for social enterprises. *California management review*, 57(3), 36-58.

<sup>50</sup> Haigh, N., Kennedy, E. D., & Walker, J. (2015). Hybrid organizations as shape-shifters: Altering legal structure for strategic gain. *California Management Review*, 57(3), 59-82.

<sup>51</sup> Bagnoli, L., & Megali, C. (2011). Measuring performance in social enterprises. *Nonprofit and Voluntary Sector Quarterly*, 40(1), 149-165.

<sup>52</sup> Nicholls, A. (2009). 'We do good things, don't we?': 'Blended Value Accounting' in social entrepreneurship. *Accounting, organizations and society*, 34(6-7), 755-769.

<sup>53</sup> Quilloy-Custodio, K., Newman, A., & Pyman, A. (2025). Measuring the Social Impact of Social Enterprises—Scale

separate systems, one for finance and one for social programs, and instead, merges them into a single, cohesive framework where success in one area inherently supports success in the other. Strong oversight from the board and clear internal controls reduce the chance of taking reckless risks when faced with financial problems.<sup>54</sup> Effective hybrids adopt tailored mechanisms, such as socially committed boards and performance systems tracking both social and financial metrics.<sup>55</sup> Stakeholder engagement helps reconcile internal and external pressures, safeguarding dual objectives.<sup>56</sup> <sup>57</sup> Social impact measurement enhances accountability,<sup>58</sup> though hybrid structures often complicate these processes.<sup>59</sup> It forces the integration of clear, quantitative financial metrics with complex, qualitative social metrics (e.g., measuring intangible social change), requiring specialised, non-standardised accounting models.

### → Organisational-level insight

These organisational-level factors shape an SE's internal capacity to sustain operations, scale impact, and achieve long-term outcomes. SEs should actively invest in mission clarity, integrate innovation and technology into operations, adopt flexible planning, and ensure robust governance. Combining these practices with inclusive and scalable business models, deeply embedded in the local context, enhances both social impact and economic viability.

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Development and Validation. *Business & Society*, 64(7), 1269-1312.

<sup>54</sup> Im, J., & Sun, S. L. (2025). Problemistic search for a better world: risk-taking of social ventures in alleviating poverty. *Journal of Small Business Management*, 1-30.

<sup>55</sup> [1] Santos, F., Pache, A. C., & Birkholz, C. (2015). Making hybrids work: Aligning business models and organizational design for social enterprises. *California management review*, 57(3), 36-58.

<sup>56</sup> Ramus, T., & Vaccaro, A. (2017). Stakeholders matter: How social enterprises address mission drift. *Journal of Business Ethics*, 143(2), 307-322.

<sup>57</sup> Ramus, T., La Cara, B., Vaccaro, A., & Brusoni, S. (2018). Social or commercial? Innovation strategies in social enterprises at times of turbulence. *Business Ethics Quarterly*, 28(4), 463-492.

<sup>58</sup> Hoos, F. (2022). Showing off or showing impact? The joint signalling effect of reputation and accountability on social entrepreneurs' crowdfunding success. *Management Accounting Research*, 54, 100778.

<sup>59</sup> Banerjee, A., Carlsson-Wall, M., & Nordqvist, M. (2024). Hybrid board governance: Exploring the challenges in implementing social impact measurements. *The British Accounting Review*, 56(5), 101359.

## 2. Market dimension

The market dimension captures the conditions, strategies, and behaviours of the key actors in the market that enable SEs to reach beneficiaries, enter and shape markets, and sustain mission-driven activity. Evidence from the systematic literature review shows that market-related factors operate at ecosystem, organisational, and individual levels, collectively influencing the ability of SEs to secure demand, scale solutions, and maintain financial and social performance.

### 2.1 Ecosystem-level factors

#### State-sponsored social marketing

State-led social marketing initiatives raise public awareness of specific social problems and encourage consumers to direct their purchasing behaviour towards addressing these problems. Research shows that such interventions create informed demand and strengthen the societal legitimacy of SE offerings.<sup>60</sup>

#### Community-based network structures

The structure and composition of community-based networks influence how SEs mobilise different forms of market-relevant resources. Studies show large, loosely connected networks (broad networks with weak ties) help SEs access tangible resources such as funding and market information, while small, tightly knit networks (dense networks) grounded in trust provide intangible resources like advice and legitimacy. Additionally, expanding the number of contacts in the social network can increase access to effective resources such as goodwill and endorsements.<sup>61</sup> Some examples of community-based networks include neighbourhood associations, cooperatives, professional associations, nonprofit coalitions, faith-based groups, cultural or ethnic organisations, etc.

#### Legitimacy within supralocal governance systems

Ensuring the legitimacy of SEs within supralocal governance structures, those that operate beyond the local level, such as regional, national, or international policy frameworks, significantly enhances their recognition and acceptance in wider markets. This legitimacy is

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<sup>60</sup> Bailis, R., Cowan, A., Berrueta, V., & Masera, O. (2009). Arresting the killer in the kitchen: the promises and pitfalls of commercializing improved cookstoves. *World Development*, 37(10), 1694-1705.

<sup>61</sup> Garzon, I., Casanueva, C., Arroyo, F. O. Z. C., & Vega, E. C. (2025). Network Resource Mobilization in Community-Based Tourism Social Entrepreneurship. *Journal of Travel Research*, 00472875241313209.

not only about compliance with formal regulations but also about aligning with broader policy priorities, such as labour inclusion strategies, social procurement mandates, and sustainable development goals. By embedding themselves within these governance systems, SEs gain access to critical resources, including public funding, procurement contracts, and collaborative partnerships with large corporations and government agencies. Evidence indicates that securing this legitimacy strengthens organisational credibility and market access.<sup>62</sup>

### → Ecosystem-level insight (summary)

Ecosystem-level market factors shape the external conditions under which SEs gain recognition, secure demand, and access essential networks. Without state-supported awareness efforts, strong community network structures, and supralocal legitimacy mechanisms, SEs may struggle to attract consumers, mobilise resources, or compete in broader markets. Strengthening these conditions requires coordinated attention from policymakers, community organisations, and intermediary bodies to ensure that mission-driven enterprises can access markets on credible and informed terms.

## 2.2 Organisational-level factors

### Social franchising as a scaling strategy

Social franchising provides a mechanism for scaling, allowing SEs to shift from a small-group logic to a big-group logic.<sup>63 64</sup> This approach enables SEs to expand reach without losing local relevance. A strong example is Impact Hub, a global network of coworking spaces and innovation accelerators that successfully scaled social value using a social franchising model. The organisation faced significant challenges, including high agency costs and tensions between financial viability and social impact, particularly because activities like

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<sup>62</sup> Barraket, J., McNeill, J., Campbell, P., & Carey, G. (2023). Navigating network governance: the role of social enterprise in local employment services. *Public Management Review*, 25(6), 1082-1103.

<sup>63</sup> Giudici, A., Combs, J. G., Cannatelli, B. L., & Smith, B. R. (2020). Successful scaling in social franchising: The case of Impact Hub. *Entrepreneurship Theory and Practice*, 44(2), 288-314.

<sup>64</sup> Beckmann, M., & Zeyen, A. (2014). Franchising as a strategy for combining small and large group advantages (logics) in social entrepreneurship: A Hayekian perspective. *Nonprofit and Voluntary Sector Quarterly*, 43(3), 502-522.

community building and impact measurement do not immediately maximise profit. Impact Hub overcame these challenges by leveraging its shared, mission-driven identity to redesign governance. Three key adaptations were introduced: decentralised decision-making, allowing local hubs to tailor activities to community needs; shared governance, giving franchisees ownership over the mission to reduce the risk of prioritising profit over impact; and a shift from rigid control to collaborative orchestration, enabling rapid innovation and dissemination of best practices across the global network. These adaptations demonstrate how social franchising can balance scale with deep social impact when supported by strong identity and inclusive governance structures.

### Bricolage for market and impact expansion

Bricolage, which refers to the creative and improvised use of available resources, plays a critical role in helping social enterprises scale both the breadth and depth of their social impact. Rather than relying solely on new or external resources, bricolage involves repurposing existing assets, leveraging informal networks, and combining resources in innovative ways to overcome constraints. Research shows that internal bricolage (using what the organisation already has) and network bricolage (mobilising resources through partnerships) support geographic expansion, the development of new products and services, and the transformation of strategic alliances into market reach and social value. In practice, this means social enterprises can grow by creatively adapting to resource limitations - turning scarcity into an opportunity for innovation and impact.<sup>65 66</sup>

### Social alliances and partnerships

Strong alliances with NGOs, educational institutions, research organisations, local associations, and informal groups provide distribution advantages and better access to market information.<sup>67 68</sup> Mobilising broad networks of actors facilitates resource integration

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<sup>65</sup> Liu, W., Kwong, C. C., Kim, Y. A., & Liu, H. (2021). The more the better vs. less is more: Strategic alliances, bricolage and social performance in social enterprises. *Journal of Business Research*, 137, 128-142.

<sup>66</sup> Tasavori, M., Kwong, C., & Pruthi, S. (2018). Resource bricolage and growth of product and market scope in social enterprises. *Entrepreneurship and Regional Development*, 30(3-4), 336-361.

<sup>67</sup> de Souza João-Roland, I., & Granados, M. L. (2023). Towards social innovation strategy: An analysis of UK social enterprises. *Technological Forecasting & Social Change*, 187, Article 122189.

<sup>68</sup> Busch, C., & Barkema, H. (2022). Align or perish: Social enterprise network orchestration in Sub-Saharan Africa. *Journal of Business Venturing*, 37(2), Article 106187.

through shared value creation.<sup>69</sup> Network connections with commercial firms enhance financial performance.<sup>70 71</sup>

### Marketing strategies and communication work

Effective marketing for social enterprises often goes beyond promoting products; it focuses on connecting people emotionally to a social cause.<sup>72</sup> This approach, sometimes called emotion-symbolic work in research, uses storytelling, visuals, and relatable messages to make the social mission resonate with audiences. For example, campaigns against plastic pollution often highlight the impact on marine life or future generations, not to provoke distress but to inspire care and action. When done thoughtfully, these strategies help social enterprises build trust, attract supporters, and mobilise communities without relying on fear or guilt. The goal is to create positive engagement by showing why the cause matters and how people can contribute to meaningful change.

### Optimal market entry timing

Studies indicate that first-mover advantages can benefit both very early entrants and early followers, but their realisation depends on network effects and market structure.<sup>73</sup> Network effects occur when a product becomes more valuable as more people use it, making early entry critical for building momentum. Market structure, whether fragmented or dominated by large players, also shapes outcomes: in open markets, early entrants can gain traction, while in concentrated markets, strong resources or partnerships are essential. In short, timing matters, but its impact is determined by connectivity and competition.

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<sup>69</sup> Kullak, F. S., Baker, J. J., & Woratschek, H. (2021). Enhancing value creation in social purpose organizations: Business models that leverage networks. *Journal of Business Research*, 125, 630–642.

<sup>70</sup> Ko, W. W., & Liu, G. (2025). Bricolage Strategies, Stakeholder Engagement, and the Geographic Expansion of Social Enterprises. *Nonprofit and Voluntary Sector Quarterly*, 54(3), 636–665.

<sup>71</sup> Amran, A., Tharumarajah, N., & Cheah, J. S. (2023). Surviving and thriving in the COVID-19 crisis: Performance drivers and resource dynamics of social enterprises in a nascent ecology. *Journal of Cleaner Production*, 428, 139252.

<sup>72</sup> Barberá-Tomás, D., Castelló, I., de Bakker, F. G. A., & Zietsma, C. (2019). Energizing through Visuals: How Social Entrepreneurs Use Emotion-Symbolic Work for Social Change. *Academy of Management Journal*, 62(6), 1789–1817.

<sup>73</sup> Halberstadt, J., Kollhoff, S., Kraus, S., & Dhir, A. (2022). Early bird or early worm? First-mover (dis) advantages and the success of web-based social enterprises. *Technological Forecasting and Social Change*, 181, 121784.

## International market selection

Selecting suitable international markets allows SEs to balance social and financial objectives. Evidence shows that internationalisation choices influence dual mission fulfilment.<sup>74</sup> For example, a survey of 41 Impact Investment Organisations (IIOs) from Europe and North America operating in 153 developing countries found that market selection is guided by two key considerations: achieving a desirable balance between social and financial goals and minimising exposure to high-risk environments such as those with political instability or weak regulatory systems. These findings underscore the importance of strategic market assessment, as entering the wrong context can jeopardise both mission alignment and financial viability.

## Market orientation

A strong market orientation enhances both economic and social performance. Understanding customer preferences, competitive trends, and sector dynamics enables SEs to design relevant offerings and adapt to evolving market conditions.<sup>75</sup>

## Supplier selection and procurement logic

Appropriate supplier selection is important for operational and mission alignment. Studies propose eight implicit sourcing criteria that guide procurement practices<sup>76</sup> and show that SEs often prioritise marginalised suppliers based initially on the social logic, later blending commercial and social considerations depending on organisational structure.<sup>77</sup> The criteria include: aligned mission, adaptability, motivation, organisation and communication, skill, product quality, cost and product marketability.

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<sup>74</sup> Mersland, R., Nyarko, S. A., & Sirisena, A. B. (2020). A hybrid approach to international market selection: The case of impact investing organizations. *International Business Review*, 29(1), 101624.

<sup>75</sup> Bhattarai, C. R., Kwong, C. C., & Tasavori, M. (2019). Market orientation, market disruptiveness capability and social enterprise performance: An empirical study from the United Kingdom. *Journal of Business Research*, 96, 47-60.

<sup>76</sup> Schumm, C. Z., & Niehm, L. S. (2024). Supplier selection at the base of the chain: navigating competing institutional logics for shared mutual value. *International Journal of Operations & Production Management*, 44(10), 1780-1802.

<sup>77</sup> Taylor, K. M., & Rosca, E. (2023). Sink, swim, or drift: How social enterprises use supply chain capital to balance tensions between impact and viability. *Journal of Supply Chain Management*, 59(2), 62-86.

## Market diversification strategies

Choosing appropriate diversification strategies depends on the institutional voids, gaps or weaknesses in market-supporting institutions that SEs aim to address. To navigate these challenges, research distinguishes between market development diversification (MDD) and market functioning diversification (MFD), each suited to different contextual barriers.<sup>78</sup> MDD involves creating new markets or expanding into underserved segments to address the absence of services or products, for example, introducing affordable healthcare in rural areas with no formal providers. In contrast, MFD focuses on improving or substituting missing market functions within existing markets, such as building a distribution network or offering microfinance where banking systems are weak. In essence, MDD tackles the absence of markets, while MFD addresses dysfunctions within existing markets, enabling SEs to overcome institutional voids and scale their impact.

## Market testing and reduced grant dependence

Subjecting social ventures to market testing, including reducing dependence on government and foundation grants, is shown to be necessary for creating a viable and sustainable organisational base.<sup>79</sup> This means that for a social business to survive long-term, it needs to prove it can stand on its own two feet by selling a product or service people actually want to buy.

### → Organisational-level insight

Organisational-level market capabilities determine how SEs reach beneficiaries, compete, and scale. Strategic alliances, appropriate supplier and market selection, market orientation, diversification strategies, and the capacity to deploy bricolage collectively shape whether SEs can maintain both mission fulfilment and market relevance. SEs that invest in market intelligence, partnerships, and adaptive growth strategies are better positioned to secure revenue, sustain impact, and reduce vulnerability to external funding fluctuations.

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<sup>78</sup> Bhawe, N., & Jha, S. K. (2024). Context-Driven Diversification in Social Enterprises. *Business & Society*, 00076503241286321.

<sup>79</sup> Sharir, M., & Lerner, M. (2006). Gauging the success of social ventures initiated by individual social entrepreneurs. *Journal of world business*, 41(1), 6-20.

## 2.3 Individual-level factor

### Entrepreneur's social network for market opportunities

An entrepreneur's personal network plays an important role in identifying and accessing market opportunities. Evidence indicates that these networks help SE leaders connect to new markets and reduce dependence on external financial support.<sup>80</sup>

## 3. Finance/resources dimension

Financial and resource-related conditions underpin the capacity of SEs to maintain stable operations, pursue their mission, and scale their activities. Evidence shows that finance-related factors at ecosystem and organisational levels influence how SEs secure funding, mobilise complementary resources, and navigate constraints.

### 3.1. Ecosystem-level factors

#### Philanthropic grants

The availability of philanthropic grants enables SEs to invest in human capital and organisational development without pressure to achieve short-term financial returns, which strengthens employment creation and improves access to debt finance.<sup>81</sup> However, studies show such grants have no significant effect on revenues or access to equity, highlighting their role as a flexible funding source for capacity-building rather than a direct driver of commercial growth or equity investment.

#### Support from financial institutions

The willingness of banks and similar institutions to offer loans, consultancy, training, and advisory services provides SEs with both capital and knowledge resources.<sup>82</sup> Research highlights that these forms of institutional support enhance managerial capability and strengthen financial discipline.

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<sup>80</sup> Sharir, M., & Lerner, M. (2006). Gauging the success of social ventures initiated by individual social entrepreneurs. *Journal of world business*, 41(1), 6-20.

<sup>81</sup> Lall, S. A., & Park, J. (2022). How social ventures grow: Understanding the role of philanthropic grants in scaling social entrepreneurship. *Business & Society*, 61(1), 3-44.

<sup>82</sup> Agarwal, S., Lenka, U., Singh, K., Agrawal, V., & Agrawal, A. M. (2020). A qualitative approach towards crucial factors for sustainable development of women social entrepreneurship: Indian cases. *Journal of Cleaner Production*, 274, 123135.

## Donor support and loan guarantees

Donors facilitate credit access by providing loan guarantees to micro-lenders, thereby reducing lenders' perceived risk.<sup>83</sup> Donor contributions more broadly depend on perceived mission fit, entrepreneurial competence, and positive attitudes toward the social enterprise,<sup>84</sup> which demonstrates the reputational and signalling dimensions of resource mobilisation. In other words, big donors and charities act like financial guarantors for social businesses. Donors don't just hand out these guarantees to anyone. They look for three main things before they can vouch for a social enterprise: mission fit, competence, and attitude. They don't just give money; they use their reputation and their cash to help these businesses get loans and respect that they couldn't get on their own. When a major, respected donor supports a social enterprise, it sends a signal to the rest of the world.

## Government subsidies

Government subsidies contribute to enterprise formation, early growth, and improved social and economic performance.<sup>85</sup> A case from South Korea illustrates this dynamic: government subsidies have fuelled the creation and early development of SEs, enabling them to fulfil their social mission and improve both economic and social outcomes. Certified SEs in South Korea have become an important policy instrument for addressing unemployment and social exclusion, demonstrating how targeted subsidies can align enterprise growth with national social objectives. However, evidence also suggests that over-reliance on subsidies may limit innovation and financial independence, highlighting the need for balanced funding strategies.

## Crowdfunding and digital financing platforms

Emerging crowdfunding infrastructures expand financing options and support innovation by enabling diverse contributors to fund SE initiatives.<sup>86</sup> Studies indicate that such platforms

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<sup>83</sup> Bailis, R., Cowan, A., Berrueta, V., & Masera, O. (2009). Arresting the killer in the kitchen: the promises and pitfalls of commercializing improved cookstoves. *World Development*, 37(10), 1694-1705.

<sup>84</sup> Smith, B. R., Cronley, M. L., & Barr, T. F. (2012). Funding implications of social enterprise: The role of mission consistency, entrepreneurial competence, and attitude toward social enterprise on donor behavior. *Journal of Public Policy & Marketing*, 31(1), 142-157.

<sup>85</sup> Kim, T. H., & Moon, M. J. (2017). Using social enterprises for social policy in South Korea: Do funding and management affect social and economic performance? *Public Administration and Development*, 37(1), 15-27.

<sup>86</sup> Tung, W. F., & Jordann, G. (2017). Crowdsourcing social network service for social enterprise innovation. *Information Systems Frontiers*, 19(6), 1311-1327.

can reduce entry barriers and enable faster mobilisation of small-scale capital. This phenomenon typically occurs during the early stage of SE development, specifically within the ideation, pre-startup, and startup phases. Crowdfunding acts as a bridge during these high-risk stages when traditional lenders (banks) or large-scale investors (impact investors) are often hesitant to commit because the business model is still being proven.

### → Ecosystem-level insight

These ecosystem-level factors shape the financing environment within which SEs operate, influencing access to flexible and mission-compatible resources. Policy makers, donors, and financial institutions should strengthen long-term and capability-enhancing support structures. SEs should engage proactively with these actors, leveraging grant opportunities, loan guarantees, and emerging digital platforms to stabilise their financial base and reduce exposure to volatile funding cycles.

## 3.2. Organisational-level factors

### Financial management capability

Enterprises with more experience and larger operational capacity tend to manage financial and social goals more effectively due to accumulated organisational learning, scale efficiencies, and refined processes.<sup>87</sup> This capability supports long-term financial viability and reduces vulnerability to shocks. These shocks could be economic, policy/funding or social instability. To illustrate, economic or market shocks could be in the form of a sudden spike in the cost of raw materials, a global pandemic (like COVID-19), or a major corporate client cancelling a contract. Larger SEs have scale efficiencies. They have diversified income streams and cash reserves, meaning they don't have to shut down if one cafe location has a slow month. Policy or funding shocks could include a sudden change in government policy, the end of a major grant cycle, or new regulatory requirements. Established SEs have accumulated learning. This means they have usually navigated policy shifts before and have the administrative capacity to pivot their operations or find new funding sources quickly. A social driven shock could be a sudden influx of beneficiaries (e.g., a surge in refugees

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<sup>87</sup> Nyarko, S. A., Beisland, L. A., & Mersland, R. (2025). The moderating effects of size and experience in balancing social and financial performance in social enterprises: Evidence from microfinance institutions. *Nonprofit and Voluntary Sector Quarterly*, 54(5), 1227-1266.

needing jobs) or a crisis involving the people they support (e.g., a mental health crisis in a youth program). Refined processes mean the SE has standard operating procedures (SOPs) for crises. They aren't "making it up as they go"; they have trained staff and systems to handle social tension without draining all their financial resources.

### Income diversification

Developing diverse income streams reduces dependence on grants or single funding channels, thereby increasing financial stability and strategic flexibility.<sup>88</sup> For SEs, the safest way to survive is to make money from several different places at once. If a SE relies on only one source of revenue, it is fragile. Research demonstrates that diversified revenue portfolios help enterprises manage fluctuations in external funding environments. If that one source disappears, the SE dies. If it has diverse income, it is resilient.

### Bricolage practices

Bricolage enable SEs to reconfigure available resources to pursue opportunities. Studies show that social entrepreneurs practice alliance-specific bricolage to convert resources into superior social performance<sup>89</sup> and use bricolage for geographic expansion and stakeholder engagement.<sup>90</sup> In simple terms, alliance-specific bricolage is a strategy where a SE takes the leftover or under-used resources from its partners and creatively recombines them to solve a problem. Such an alliance allows a waste management firm, for instance, to take the manufacturing sector's leftover materials or idle equipment and creatively turn them into solutions for environmental or social problems. A textile manufacturer might produce large amounts of distilled water or mild chemical by-products as waste. A waste management firm can bricolage these by-products with their own filtration technology to create low-cost industrial detergents used for cleaning public spaces or provided to non-profits, turning a disposal cost into a social resource. The effect of bricolage on organisational growth is contingent on the availability of resources; in resource-rich environments, bricolage fosters renewal and growth, while in highly constrained environments, it maintains responsiveness

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<sup>88</sup> Powell, M., Gillett, A., & Doherty, B. (2019). Sustainability in social enterprise: hybrid organizing in public services. *Public Management Review*, 21(2), 159-186.

<sup>89</sup> Liu, W., Kwong, C. C., Kim, Y. A., & Liu, H. (2021). The more the better vs. less is more: Strategic alliances, bricolage and social performance in social enterprises. *Journal of Business Research*, 137, 128-142.

<sup>90</sup> Ko, W. W., & Liu, G. (2025). Bricolage Strategies, Stakeholder Engagement, and the Geographic Expansion of Social Enterprises. *Nonprofit and Voluntary Sector Quarterly*, 54(3), 636-665.

and innovation<sup>91</sup> but may not directly lead to growth.<sup>92</sup> This can include activities like identifying locally embedded village-level entrepreneurs to overcome resource constraints.<sup>93</sup> Research also warns that bricolage may create identity tensions or mission drift when social enterprises partner with organizations that hold unequal power or resources, such as large corporations.<sup>94 95</sup> In these relationships, the stronger partner often sets priorities or imposes conditions, which can pressure the SE to compromise its mission or adopt practices misaligned with its core values.

### Revenue concentration risks

Smaller organisations with concentrated revenue sources face heightened financial vulnerability and limited capacity to withstand market shifts.<sup>96</sup> Studies underline the importance of proactively managing customer and donor concentration. In other words, whether it is a single big customer (who buys products) or a single big donor (who gives grants), being too dependent on one source of income represents a risk.

Proactively managing this means the SE is intentionally looking for new, different sources of revenue before a crisis occurs.

### Fit between institutional logics and financial capital

Alignment between the institutional logics of external investors and those of the founding team enhances resource utilisation and mitigates mission tensions.<sup>97</sup> Research shows that

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<sup>91</sup> Shaheen, I., Azadegan, A., & Davis, D. F. (2023). Resource scarcity and humanitarian social innovation: observations from hunger relief in the context of the COVID-19 pandemic. *Journal of Business Ethics*, 182(3), 597-617.

<sup>92</sup> Bojica, A. M., Ruiz Jiménez, J. M., Ruiz Nava, J. A., & Fuentes-Fuentes, M. M. (2018). Bricolage and growth in social entrepreneurship organisations. *Entrepreneurship and Regional Development*, 30(3-4), 362-389.

<sup>93</sup> Hota, P. K., Mitra, S., & Qureshi, I. (2019). Adopting bricolage to overcome resource constraints: The case of social enterprises in rural India. *Management and Organization Review*, 15(2), 371-402.

<sup>94</sup> Ladstaetter, F., Plank, A., & Hemetsberger, A. (2018). The merits and limits of making do: bricolage and breakdowns in a social enterprise. *Entrepreneurship and Regional Development*, 30(3-4), 283-309.

<sup>95</sup> Kwong, C., Tasavori, M., & Wun-mei Cheung, C. (2017). Bricolage, collaboration and mission drift in social enterprises. *Entrepreneurship and Regional Development*, 29(7-8), 609-638.

<sup>96</sup> Guan, S., Tian, S., & Deng, G. (2024). Revenue diversification or revenue concentration? Impact on financial health of social enterprises. In *The Third Sector, Social Enterprise and Public Service Delivery* (pp. 122-142). Routledge.

<sup>97</sup> Sahasranamam, S., Lall, S., Nicolopoulou, K., & Shaw, E. (2024). Founding team entrepreneurial experience, external financing and social enterprise performance. *British Journal of Management*, 35(1), 519-536.

compatibility between social logic (driven by the desire to solve a problem (like homelessness or climate change)) and commercial logic (driven by the need to stay in business and grow) affects both funding stability and SE development trajectories

### Collaborations with corporate venture capital and incumbents

Partnerships with established firms or corporate venture capital units provide resource predictability, legitimacy, and longer investment horizons.<sup>98</sup> Studies highlight that these collaborations strengthen innovation and scaling capacity. For example, in the global energy sector, partnerships between SEs, corporate venture capital (CVC) units, and established firms have proven critical for overcoming financial frictions tied to SEs' hybrid nature. These collaborations provide predictable resources through stable funding and access to corporate networks, enhance market legitimacy by signalling credibility and shared values, and offer patient, long-term capital focused on strategic benefits rather than quick exits. Together, these factors enable SEs to innovate and scale effectively in a complex, capital-intensive industry.

#### → Organisational-level insight

These organisational-level factors emphasise the need for internal financial capability, strategic resource practices, and mission-compatible partnerships. SEs should invest in financial management systems, diversify revenue sources, and use bricolage strategically while monitoring risks of identity tension and mission drift. Building partnerships with aligned investors and industry incumbents can further stabilise resource flows and enhance scaling capacity.

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<sup>98</sup> Cabral, J. J., Reid, S. W., & Tucker, R. (2024). We're in it for the long haul: How corporate venture capital helps alleviate financial market frictions in social entrepreneurship. *Journal of Business Venturing Insights*, 22, e00504.

### 3.3. Individual-level factors

#### Personal networks for early-stage financing

Founders frequently rely on financial support from family and friends to initiate operations.<sup>99</sup> Evidence suggests that these early relational resources provide essential seed funding, although they offer limited potential for long-term growth. In the world of social enterprise, this is often called the "Love Money" phase. It refers to the very first dollars that hit the bank account, coming from the people who believe in the founder before they believe in the business.

## 4. Support dimension

Support structures influence the capacity of SEs to innovate, strengthen organisational capability, and sustain engagement with diverse stakeholders. Research on SEs identifies ecosystem, organisational, and individual-level support-related factors that jointly shape the conditions for long-term mission fulfilment.

### 4.1. Ecosystem-level factors

#### Public and donor-funded research and development support

Research and development funding directed toward sectors characterised by public goods, such as health or energy, enhances the ability of SEs to develop technologically informed solutions that address systemic gaps.<sup>100</sup> In many regions, the gap in health or energy isn't just a lack of will but a lack of infrastructure. R&D-backed SEs can develop technologies (e.g., low-cost solar storage or mobile diagnostic tools) that bypass broken traditional systems. Directed funding encourages SEs to collaborate with universities and research labs, integrating high-level technical expertise with the SE's deep on-the-ground understanding of social issues. R&D funding acts as a form of patient capital that protects the SE's social mission while they navigate the long development cycles typical of the health and energy sectors.

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<sup>99</sup> Sharir, M., & Lerner, M. (2006). Gauging the success of social ventures initiated by individual social entrepreneurs. *Journal of World Business*, 41(1), 6-20.

<sup>100</sup> Bailis, R., Cowan, A., Berrueta, V., & Masera, O. (2009). Arresting the killer in the kitchen: the promises and pitfalls of commercializing improved cookstoves. *World Development*, 37(10), 1694-1705.

## Technology infrastructure and technological opportunity

Investments in technological endowments, such as patent stocks or platforms enabling technological arbitrage (leveraging existing technologies in new ways or markets where they are undervalued or underutilised), provide opportunities for innovation and market entry.<sup>101</sup> . By repurposing or recombining existing technologies in novel ways, SEs can enter markets more efficiently and at lower cost than competitors who rely on developing new technologies from scratch. This approach not only accelerates innovation but also enables SEs to exploit gaps in underserved markets, turning resource constraints into strategic advantages. Evidence also shows that investments in IT platforms improve organisational agility and support the rapid launch of new products and services.<sup>102</sup>

## Support from policymakers and impact investors

Policy actors and mission-oriented investors who prioritise local empowerment rather than profit-maximising models create institutional conditions that reinforce community-centred approaches to enterprise development.<sup>103</sup>

## Quality intermediary organisations and social business orchestrators

Intermediary organisations and social business orchestrators coordinate relationships among actors with divergent values and interests, enabling collaboration, conflict mediation, and cross-sector alignment within the social economy.<sup>104</sup> <sup>105</sup> In an illustrative case, intermediary organisations and social business orchestrators play distinct but complementary roles in enabling collaboration within the social economy. While they both facilitate connections, their strategic intent and positioning differ significantly.

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<sup>101</sup> Anokhin, S., & Eggers, F. (2023). Social venture scaling: Does the technological environment matter?. *Technological Forecasting and Social Change*, 196, 122840.

<sup>102</sup> Richardson, S. M., Kettinger, W. J., Banks, M. S., & Quintana, Y. (2014). IT and agility in the social enterprise: A case study of St. Jude Children's Research Hospital's "Cure4Kids" IT-platform for international outreach. *Journal of the Association for Information Systems*, 15(1), 2.

<sup>103</sup> Peerally, J. A., De Fuentes, C., & Figueiredo, P. N. (2019). Inclusive innovation and the role of technological capability-building: The social business Grameen Danone Foods Limited in Bangladesh. *Long Range Planning*, 52(6), 101843.

<sup>104</sup> Gold, S., Chowdhury, I. N., Huq, F. A., & Heinemann, K. (2020). Social business collaboration at the bottom of the pyramid: The case of orchestration. *Business Strategy and the Environment*, 29(1), 262-275.

<sup>105</sup> Ho, J. Y., & Yoon, S. (2022). Ambiguous roles of intermediaries in social entrepreneurship: The case of social innovation system in South Korea. *Technological Forecasting and Social Change*, 175, 121324.

Intermediaries act as mission-driven middlemen whose primary loyalty is to the field or system rather than a single enterprise. They provide the scaffolding that allows individual social enterprises (SEs) to grow. For instance, in South Korea, intermediaries funded by national authorities prioritize compliance and standardised metrics, acting as both regulators and support providers through monitoring, training, and mentorship. Their dual role ensures accountability but limits flexibility. In contrast, a Social Business Orchestrator is often a larger, more established entity (sometimes a multinational company or a large NGO like Grameen) that takes a proactive, central role in coordinating a specific network of partners to solve a societal issue. Bangladesh environment offers an example of orchestration in action, where the primary goal is to maximize collective value in resource-constrained environments. Orchestrators act as system architects, setting network rules and using adaptive governance and relational contracts to tailor support based on partner size, capabilities, and market conditions. This flexibility fosters innovation and scaling, demonstrating how orchestrators can overcome rigid institutional constraints and create dynamic ecosystems for social enterprises.

### Favourable policy environments

Supportive policy environments characterised by resource-rich conditions and moderate competitive pressures provide openings for SEs to act, experiment, and scale, while hostile environments constrain such opportunities.<sup>106 107</sup> Examples of favourable policy environments can be found in South Korea and Scotland. For instance, South Korea offers one of the most comprehensive examples of state-led support, characterized by a highly regulated but resource-heavy framework. The Social Enterprise Promotion Act (2007) established a formal certification system and the Korea Social Enterprise Promotion Agency (KoSEA). Certified SEs receive direct wage subsidies for employing disadvantaged groups, tax reductions, and preferential public procurement. KoSEA operates "Social Enterprise Growth Support Centers" nationwide, providing free office space and tailored mentoring. This lowers the hostility of high market entry costs, allowing nascent SEs to focus on refining their social models rather than immediate survival. As another example, Scotland is often cited as having the world's most supportive "Social Enterprise Strategy," focused on a 10-year horizon (2016–2026) rather than short-term political cycles. The Scottish

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<sup>106</sup> Biddulph, R. (2018). Social enterprise and inclusive tourism. Five cases in Siem Reap, Cambodia. *Tourism Geographies*, 20(4), 610–629.

<sup>107</sup> Ruvio, A. A., & Shoham, A. (2011). A multilevel study of nascent social ventures. *International Small Business Journal*, 29(5), 562–579.

Government provides core funding for intermediary organisations (like Social Enterprise Scotland) that provide specialised business support. This ensures that even in remote or marginalized rural areas, SEs have access to digital connectivity and expert advice. Policy is developed in a decentralized manner, allowing local governments to craft solutions in collaboration with the SEs themselves, which promotes a safe-to-fail environment for local innovation.

### Multi-dimensional support for internationalisation

Successful international expansion requires multi-dimensional support, across several dimensions.<sup>108</sup> Financial incentives such as grants and blended finance reduce entry risks. Capacity building through training and mentorship prepares SEs for regulatory and cultural challenges. Facilitated market access, via trade missions and local partnerships, helps overcome entry barriers. Furthermore, recognition of social value through certifications and impact branding enhances credibility. Together, these elements create an enabling ecosystem for SEs to scale globally while maintaining their social mission.

#### → Ecosystem-level insight

Ecosystem-level supports determine the quality of the institutional and technological environments in which SEs innovate and operate. Strengthening R&D investment, broadening access to technological infrastructure, and cultivating effective intermediaries are essential for enabling sustained innovation and cross-sector coordination. Policymakers and impact investors should design support instruments that prioritise empowerment, capability-building, and long-term value creation, while SEs should strategically align with such supports to expand their capacity and extend their reach.

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<sup>108</sup> Veronica, S., Shlomo, T., Antonio, M. P., & Victor, C. (2020). International social SMEs in emerging countries: Do governments support their international growth?. *Journal of World Business*, 55(5), 100995.

## 4.2. Organisational-level factors

### Stakeholder engagement

Engaging employees, beneficiaries, customers, and institutional partners enhances legitimacy, fosters trust, and promotes co-creation.<sup>109</sup> However literature suggests that while SEs often involve stakeholders during idea generation, they may sometimes underutilise partners' expertise during implementation, which weakens the potential impact of collaborative innovation.<sup>110</sup>

### Long-term cooperation and social alliances

Sustained cooperation with organisations, communities, and partners enables information exchange, resource sharing, and coordinated action. These alliances distribute risks, responsibilities, and shared rewards while helping to build resilient ecosystems around SEs.<sup>111 112 113 114 115 116</sup>

### International social alliances

Collaborations between multinational enterprises and SEs in base-of-the-pyramid (BOP) markets, referring to low-income communities with limited access to goods and services, require the development of social, institutional, and commercial legitimacy to ensure that

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<sup>109</sup> Alegre, I., & Berbegal-Mirabent, J. (2016). Social innovation success factors: hospitality and tourism social enterprises. *International Journal of Contemporary Hospitality Management*, 28(6), 1155-1176.

<sup>110</sup> Phillips, W., Alexander, E. A., & Lee, H. (2019). Going it alone won't work! The relational imperative for social innovation in social enterprises. *Journal of Business Ethics*, 156(2), 315-331.

<sup>111</sup> Fan, X., Liu, Y., Chen, A., & Shou, Y. (2025). How to Digitalize Social Enterprises: Evidence From Private Museums in China. *British Journal of Management*, 36(4), 1635-1652.

<sup>112</sup> Sengupta, S., Sahay, A., & Hisrich, R. D. (2020). The social-market convergence in a renewable energy social enterprise. *Journal of Cleaner Production*, 270, 122516.

<sup>113</sup> Sharir, M., & Lerner, M. (2006). Gauging the success of social ventures initiated by individual social entrepreneurs. *Journal of world business*, 41(1), 6-20.

<sup>114</sup> Meyskens, M., Carsrud, A. L., & Cardozo, R. N. (2010). The symbiosis of entities in the social engagement network: The role of social ventures. *Entrepreneurship & Regional Development*, 22(5), 425-455.

<sup>115</sup> Bruder, I. M., & Sydow, J. (2025). Governing Inter-Organizational Collaboration through Purpose Work and Purpose Borrowing: How Social Enterprises' Normative Aspirations Influence Business Partners' Practices. *Journal of Management Studies*, 62(6), 2207-2240.

<sup>116</sup> Ciambotti, G., & Pedrini, M. (2021). Hybrid harvesting strategies to overcome resource constraints: evidence from social enterprises in Kenya. *Journal of Business Ethics*, 631-650.

partnerships are effective and locally accepted.<sup>117</sup> For these partnerships to succeed and gain local acceptance, they must build social legitimacy (trust and alignment with community values), institutional legitimacy (compliance with local norms and regulations), and commercial legitimacy (viable business models that deliver mutual benefit).

### Public acceptance and cultural legitimacy

The extent to which a social enterprise's activities align with prevailing cultural and social norms affects public acceptance and shapes prospects for continued support.<sup>118</sup> For instance, health-focused initiatives in rural Australia have shown that services are far more accepted when they integrate Indigenous health practices and cultural sensitivities rather than applying purely Western biomedical models. Programs that embed cultural determinants of health, co-design solutions with Indigenous leaders, and adopt culturally safe care frameworks have achieved better engagement and outcomes. Ignoring these norms often results in mistrust and disengagement, undermining the enterprise's impact.

#### → Organisational-level insight

Organisational-level supports underscore the importance of structured stakeholder engagement, long-term alliances, and culturally grounded legitimacy building. SEs should cultivate deliberate mechanisms for co-creation throughout all stages of innovation, deepen partnerships that reinforce shared value creation, and proactively develop legitimacy within their operational contexts. Enhancing these relational and collaborative capacities strengthens resilience and improves the effectiveness of mission-driven activities.

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<sup>117</sup> Pillai, K. G., Nair, S. R., Zahoor, N., & Khan, Z. (2024). Driving social innovation in Bottom-of-the-Pyramid markets through international social alliances: The role of legitimacy. *Management International Review*, 64(3), 567-595.

<sup>118</sup> Sharir, M., & Lerner, M. (2006). Gauging the success of social ventures initiated by individual social entrepreneurs. *Journal of world business*, 41(1), 6-20.

### 4.3. Individual-level factors

#### Seeking external feedback

Social entrepreneurs who actively seek feedback from individuals and organisations outside the enterprise improve learning, problem identification, and strategic refinement.<sup>119</sup>

Engaging with those who have "been there" allows entrepreneurs to gain experiential insider knowledge that they might otherwise have to learn the hard way. Unlike general market data, interpersonal feedback allows for clarification and elaboration, tailoring the learning to the entrepreneur's specific needs. External feedback serves as a critical tool for identifying gaps and errors that may be invisible from within the organization. Because social entrepreneurs are often too closely connected to their mission, they seek objective external feedback to keep themselves grounded and levelled. Seeking feedback is instrumental in aligning the organization's strategy with its complex, multi-stakeholder environment. Due to their hybrid nature, social enterprises face high uncertainty; feedback helps them balance competing social and commercial demands without losing sight of their mission. The process of seeking feedback is itself iterative; entrepreneurs evaluate the results of each feedback request to confirm or adjust their future strategic choices.

#### Family support

Family members provide emotional, instrumental, and informational support that helps entrepreneurs navigate uncertainty and maintain psychological and operational stability.<sup>120</sup>

They serve as primary sources of encouragement, helping entrepreneurs maintain the resilience needed to face frequent setbacks. They often provide concrete, physical resources that help a new business function when external capital or labour is unavailable. Beyond just help, families often provide the specialized knowledge and frames of reference needed to recognize and evaluate business opportunities.

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<sup>119</sup> Drencheva, A., Stephan, U., & Patterson, M. G. (2022). Whom to ask for feedback: Insights for resource mobilization from social entrepreneurship. *Business & Society*, 61(7), 1725-1772.

<sup>120</sup> Agarwal, S., Lenka, U., Singh, K., Agrawal, V., & Agrawal, A. M. (2020). A qualitative approach towards crucial factors for sustainable development of women social entrepreneurship: Indian cases. *Journal of Cleaner Production*, 274, 123135.

## → Individual-level insight

Individual-level supports highlight the role of personal relationships and learning behaviours in shaping entrepreneurial capacity. While family support provides stability, sustained organisational development requires expanding beyond informal sources toward broader networks of expertise. Systematic engagement with external advisors, mentors, and professional networks enhances strategic decision-making and strengthens the enterprise's adaptive capability.

## 5. Human capital dimension

Human capital represents a key driver of social enterprise resilience, innovation, and scalability. At multiple levels, it shapes the ability of enterprises to acquire, absorb, and deploy knowledge, develop managerial and entrepreneurial competencies, and sustain hybrid social and economic objectives.

### 5.1. Ecosystem-level factors

#### Education and capacity building

The availability of education programmes, capacity-building initiatives, and structured training for future social entrepreneurs supports skill development and venture readiness.<sup>121</sup> Such initiatives include launch spaces, research projects, entrepreneurship courses, and network-based knowledge infrastructures that provide technological, market, and business-model knowledge. Alternative funding networks that connect socially oriented enterprises with regional investors, global development organisations, and entrepreneurship support organisations in emerging economies further enhance venture preparedness.<sup>122</sup>

#### Tailored training

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<sup>121</sup> Zhang, Y., Xu, H., & Yang, H. (2024). An integrated path framework of tourism and hospitality social entrepreneurship: A systematic literature review. *International Journal of Contemporary Hospitality Management*, 36(3), 661-690.

<sup>122</sup> Vavilov, S., & Manning, S. (2024). How entrepreneurial ecosystems support the formation of international base-of-the-pyramid ventures: The case of Boston. *Technological Forecasting and Social Change*, 206, 123569.

Exposure to diverse learning experiences fosters the development of entrepreneurial, managerial, personal, and social competencies among social entrepreneurs, particularly for women and other underrepresented groups.<sup>123</sup> These forms of learning strengthen problem-solving, opportunity recognition, and adaptive capacity. Researchers note that general formal education (years of schooling) and general management experience were found to be weak predictors of success once the start-up process has begun. Therefore, training is most effective when it focuses on highly specialized, practical actions rather than generalist advice. For instance, training topics to develop the following skills are crucial: network and mentoring capabilities, specific business knowledge (e.g. how to develop a business plan), and strategic resource identification.

### → Ecosystem-level insight

To strengthen human capital at the ecosystem level, policymakers, educational institutions, and intermediary organisations should coordinate efforts to provide continuous and diverse learning opportunities. Integrated infrastructure for entrepreneurship education, networking, and funding is critical to ensure that social entrepreneurs can acquire the knowledge and competencies necessary for venture creation and scaling.

## 5.2. Organisational-level factors

### Dynamic capabilities

SEs' dynamic capabilities enable the adaptation and resilience of organisational processes, support business model innovation, and facilitate scaling into international markets.<sup>124 125</sup>

Dynamic capabilities refer to an organisation's ability to integrate, build, and reconfigure

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<sup>123</sup> Agarwal, S., Lenka, U., Singh, K., Agrawal, V., & Agrawal, A. M. (2020). A qualitative approach towards crucial factors for sustainable development of women social entrepreneurship: Indian cases. *Journal of Cleaner Production*, 274, 123135.

<sup>124</sup> Ince, I., & Hahn, R. (2020). How dynamic capabilities facilitate the survivability of social enterprises: A qualitative analysis of sensing and seizing capacities. *Journal of Small Business Management*, 58(6), 1256-1290.

<sup>125</sup> De Silva, M., Al-Tabbaa, O., & Khan, Z. (2021). Business model innovation by international social purpose organizations: The role of dynamic capabilities. *Journal of Business Research*, 125, 733-749.

internal and external resources and competencies to respond to changing environments. The concept originates from strategic management theory.<sup>126</sup>

### Board and workforce diversity

Diverse boards and teams drive innovation by combining different perspectives and skills.<sup>127</sup> <sup>128</sup> Mixing technical expertise with social care knowledge supports both mission and financial stability.<sup>129</sup> Having higher workforce diversity, such as including people with disabilities, improves productivity and problem-solving.<sup>130</sup> Team makeup, such as volunteer-to-staff ratios, also impacts success.<sup>131</sup> In essence, a successful ratio is one that is strategically deployed so that paid staff focus on core functions and management, while volunteers are utilized in roles that maximize their available time and skill set without burdening the staff's capacity for oversight.

### Succession planning

Formalised succession strategies in senior leadership roles ensure continuity of the social mission and enable transitions from person-dependent to structured, transparent organisations.<sup>132</sup> In the social enterprise sector, the "Founder's Trap" is a common risk: the organisation is so tied to the charisma, networks, and passion of one person that if they leave, the mission collapses. Formalised succession strategies are the antidote. They move the organisation from being a personality cult to a permanent institution.

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<sup>126</sup> Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533.

<sup>127</sup> Andrews, R., & Hodgkinson, I. R. (2024). Resource dependence and the survival of government-created social enterprises. *Public Management Review*, 26(5), 1178-1200.

<sup>128</sup> Bridgstock, R., Lettice, F., Özbilgin, M. F., & Tatli, A. (2010). Diversity management for innovation in social enterprises in the UK. *Entrepreneurship & Regional Development*, 22(6), 557-574.

<sup>129</sup> Powell, M., Gillett, A., & Doherty, B. (2019). Sustainability in social enterprise: hybrid organizing in public services. *Public Management Review*, 21(2), 159-186.

<sup>130</sup> Narayanan, S., & Terris, E. (2020). Inclusive manufacturing: The impact of disability diversity on productivity in a work integration social enterprise. *Manufacturing & Service Operations Management*, 22(6), 1112-1130.

<sup>131</sup> Sharir, M., & Lerner, M. (2006). Gauging the success of social ventures initiated by individual social entrepreneurs. *Journal of world business*, 41(1), 6-20.

<sup>132</sup> Bacq, S., Janssen, F., & Noël, C. (2019). What happens next? A qualitative study of founder succession in social enterprises. *Journal of Small Business Management*, 57(3), 820-844.

## Knowledge management capabilities

Capabilities in acquiring, creating, and combining knowledge enhance value creation across social, environmental, and economic domains.<sup>133 134</sup> Absorptive capacity is an organisation's ability to digest and use new information from the outside world. It allows SEs to leverage external knowledge, while staff development initiatives improve employability and operational effectiveness.<sup>135 136</sup> Absorptive capacity highlights how well an SE can learn from the outside world (from partners, academia, competitors, or beneficiaries) and then apply that learning to improve its operations and social impact.

### → Organisational-level insight

SEs should invest in developing dynamic capabilities, formal governance, structured workforce diversity, and knowledge management systems. This strengthens organisational resilience, ensures continuity of mission, and enables effective adaptation to complex and evolving markets.

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<sup>133</sup> Granados, M. L., Mohamed, S., & Hlupic, V. (2017). Knowledge management activities in social enterprises: lessons for small and non-profit firms. *Journal of Knowledge Management*, 21(2), 376-396.

<sup>134</sup> Bhardwaj, R., Srivastava, S., Mishra, H. G., & Sangwan, S. (2023). Exploring micro-foundations of knowledge-based dynamic capabilities in social purpose organizations. *Journal of Knowledge Management*, 27(4), 1016-1041.

<sup>135</sup> Campos-Climent, V., & Sanchis-Palacio, J. R. (2017). The influence of knowledge absorptive capacity on shared value creation in social enterprises. *Journal of Knowledge Management*, 21(5), 1163-1182.

<sup>136</sup> Audenaert, M., Van der Heijden, B., Conway, N., Crucke, S., & Decramer, A. (2020). Vulnerable workers' employability competences: the role of establishing clear expectations, developmental inducements, and social organizational goals. *Journal of Business Ethics*, 166(3), 627-641.

### 5.3. Individual-level factors

#### Entrepreneurial orientation

Entrepreneurs' innovativeness, proactiveness, risk-taking, and alertness to opportunities positively influence venture performance, both financially and socially.<sup>137 138 139</sup> For a social enterprise, these aren't just personality quirks; they are the engine that drives the organisation to solve problems that others have given up on. When a founder is innovative, proactive, and willing to take calculated risks, they create a competitive advantage that works for both the bank account and the community. Innovativeness is the ability to move beyond traditional charity models to find new ways of creating value. Proactiveness is the first-mover advantage. It's about acting in anticipation of future problems or market shifts rather than just reacting to them. In social enterprise, risk-taking isn't gambling; it is the willingness to commit resources to an uncertain outcome because the potential social payoff is worth it. Alertness to opportunities is the ability to see a business opportunity where others only see a social disaster.

#### Sustainability orientation

A focus on sustainability as a strategic choice by leaders and founders of SEs improves crowdfunding success and strengthens stakeholder confidence in the social mission.<sup>140</sup> For social enterprises, "sustainability" doesn't just refer to the environment; it refers to the longevity and independence of the business model. When a leader makes a strategic choice to build a self-sustaining engine rather than a charity that relies on constant handouts, it signals a high level of professionalism and competence. This strategic choice creates a powerful ripple effect, particularly in the digital arena of crowdfunding and the boardroom of stakeholder management.

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<sup>137</sup> Cheah, J., Amran, A., & Yahya, S. (2019). Internal oriented resources and social enterprises' performance: how can social enterprises help themselves before helping others?. *Journal of Cleaner Production*, 211, 607-619.

<sup>138</sup> Amran, A., Tharumarajah, N., & Cheah, J. S. (2023). Surviving and thriving in the COVID-19 crisis: Performance drivers and resource dynamics of social enterprises in a nascent ecology. *Journal of Cleaner Production*, 428, 139252.

<sup>139</sup> Quilloy, K., Newman, A., & Pyman, A. (2024). Antecedents of the social impact of social enterprises: a systematic review and agenda for future research. *Nonprofit and Voluntary Sector Quarterly*, 53(3), 689-715.

<sup>140</sup> Calic, G., & Mosakowski, E. (2016). Kicking off social entrepreneurship: How a sustainability orientation influences crowdfunding success. *Journal of Management Studies*, 53(5), 738-767.

## Entrepreneurial competence

Founders' skills and experience are vital for social enterprise success. These include business, management, personal, and social skills.<sup>141</sup> <sup>142</sup> Having experience in different jobs and industries gives social entrepreneurs a broader perspective.<sup>143</sup> Prior business experience can help prevent mission drift,<sup>144</sup> and founders should keep learning and building new skills.<sup>145</sup> Founders with prior business experience tend to have a more stable professional identity. They don't see "business" and "social" as two enemies fighting for attention; they see them as two gears in the same machine. Strong leadership means engaging stakeholders, gaining government support, and creating income streams.<sup>146</sup> Finally, combining founders' expertise with external financial resources improves overall capacity.<sup>147</sup>

## Hybrid orientation

Leaders who adopt paradoxical frames, seeing hybrid tensions not as "either/or" choices but as "both/and" (contradictory yet interdependent), are better equipped to balance social and commercial objectives.<sup>148</sup> This mindset, combined with guardrails such as formal structures, leadership expertise, and stakeholder relationships, helps sustain organisational hybridity. Guardrails, formal and informal structures implemented by the SE, act like protective

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<sup>141</sup> Agarwal, S., Lenka, U., Singh, K., Agrawal, V., & Agrawal, A. M. (2020). A qualitative approach towards crucial factors for sustainable development of women social entrepreneurship: Indian cases. *Journal of Cleaner Production*, 274, 123135.

<sup>142</sup> Fernandez, V. (2021). The role of trust and social commitment in start-up financing. *International Review of Financial Analysis*, 75, 101722.

<sup>143</sup> Estrin, S., Mickiewicz, T., & Stephan, U. (2016). Human capital in social and commercial entrepreneurship. *Journal of business venturing*, 31(4), 449-467.

<sup>144</sup> Zhuang, X., Wang, C., & Li, B. (2025). Navigating mission drift in social enterprises: the interplay of social entrepreneurs' dual "business facet" and governance structure. *Entrepreneurship & Regional Development*, 37(5-6), 714-739.

<sup>145</sup> Prado, A. M., Robinson, J. A., & Shapira, Z. (2022). Serving rural low-income markets through a social entrepreneurship approach: Venture creation and growth. *Strategic Entrepreneurship Journal*, 16(4), 826-852.

<sup>146</sup> Bacq, S., & Eddleston, K. A. (2018). A resource-based view of social entrepreneurship: How stewardship culture benefits scale of social impact. *Journal of Business Ethics*, 152(3), 589-611.

<sup>147</sup> Sahasranamam, S., Lall, S., Nicolopoulou, K., & Shaw, E. (2024). Founding team entrepreneurial experience, external financing and social enterprise performance. *British Journal of Management*, 35(1), 519-536.

<sup>148</sup> Smith, W. K., & Besharov, M. L. (2019). Bowing before dual gods: How structured flexibility sustains organizational hybridity. *Administrative science quarterly*, 64(1), 1-44.

barriers, preventing drift toward one logic, especially the commercial side. External stakeholders, including beneficiaries and impact investors, serve as checks and balances: beneficiaries challenge mission drift, while investors demand evidence of social returns.

### Psychological capital

Entrepreneurs' psychological capital, such as grit, passion, perseverance, and low emotional anxiety improve the firm's social innovation, stakeholder trust, and organisational resilience.<sup>149 150 151 152 153</sup> Grit is defined as the combination of passion and long-term perseverance. In social entrepreneurship, one is often fighting systemic issues (like poverty or homelessness) that don't have quick fixes. Innovation in this sector often requires years of failed prototypes. Founders with grit don't quit after the first pilot fails; they iterate until they find a novel solution that works. Grit allows the firm to survive the "valleys of death", where funding is dry but the social need is still high. In social enterprise, passion isn't just excitement; it is identity-alignment. The founder cares about the mission as much as their own life. Donors, employees, and corporate partners can sense authentic vs opportunistic passion. When a founder is authentically passionate, it builds a trust reservoir. People believe the mission won't be abandoned when things get tough. Passionate leaders are better at storytelling, which is essential for attracting the first round of "Friends and Family" funding or convincing a big company to try a social procurement contract. In terms of anxiety, high anxiety leads to tunnel vision or paralysis. In contrast, a founder with low emotional anxiety can maintain a bird's-eye view, making calm, logical choices even during a financial shock or a policy shift. Emotions are contagious. If the founder is calm, the staff feels safe. This reduces burnout and keeps the team focused on the mission instead of panicking about the business's survival.

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<sup>149</sup> Kaes, M., Kruse, S., Maus, C., Krieweth, C., & Brettel, M. (2025). Entrepreneurs can create a better tomorrow: The relationship between entrepreneurial grit, nonfinancial success, and societal impact. *Journal of Small Business Management*, 63(2), 653-685.

<sup>150</sup> Sardana, D., Bamiatzi, V., & Zhu, Y. (2019). Decoding the process of social value creation by Chinese and Indian social entrepreneurs: Contributory factors and contextual embeddedness. *Management and Organization Review*, 15(2), 269-306.

<sup>151</sup> Ko, W. W., Liu, G., Wan Yusoff, W. T., & Che Mat, C. R. (2019). Social entrepreneurial passion and social innovation performance. *Nonprofit and Voluntary Sector Quarterly*, 48(4), 759-783.

<sup>152</sup> Thorgren, S., & Omorede, A. (2018). Passionate leaders in social entrepreneurship: Exploring an African context. *Business & Society*, 57(3), 481-524.

<sup>153</sup> Sharir, M., & Lerner, M. (2006). Gauging the success of social ventures initiated by individual social entrepreneurs. *Journal of world business*, 41(1), 6-20.

## Leadership styles

Transformational and responsible leadership approaches promote social innovation, support dual social and economic goals, and guide hybrid organisational management.<sup>154 155 156</sup>

Transformational leadership refers to a style where the leader inspires, motivates, and elevates the followers' commitment to the organisation's shared social mission, driving them to perform beyond expectations. Responsible Leadership is defined as the art of making decisions that account for the needs of all stakeholders—not just shareholders or owners. A responsible leader acts as a moral compass for the organisation, ensuring that the drive for profit never eclipses the commitment to the social mission.

## Intrapreneurship

Individual employees' innovativeness, intrapreneurship, and opportunity-sensing capability contribute to organisational adaptability, knowledge creation, and the development of novel solutions.<sup>157 158</sup>

### → Individual-level insight

Social entrepreneurs and their teams should pursue continuous skill development, cultivate psychological resilience, and foster leadership practices that accommodate hybrid goals. Supporting individual human capital through mentorship, coaching, and structured training strengthens venture performance, social impact, and long-term sustainability.

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<sup>154</sup> Erdiaw-Kwasie, M. O., & Abunyewah, M. (2024). Determinants of social innovation in hybrid organisations: The moderating role of technology readiness. *Business and the Environment*, 33(2), 1099-1112.

<sup>155</sup> Quilloy, K., Newman, A., & Pyman, A. (2024). Antecedents of the social impact of social enterprises: a systematic review and agenda for future research. *Nonprofit and Voluntary Sector Quarterly*, 53(3), 689-715.

<sup>156</sup> Zhang, Z. X., Yi, X., & Dong, Y. (2023). Taking the path less traveled: How responsible leadership addresses a grand challenge in public health, a case study from China. *Management and Organization Review*, 19(4), 838-855.

<sup>157</sup> de Souza João-Roland, I., & Granados, M. L. (2023). Towards social innovation strategy: An analysis of UK social enterprises. *Technological Forecasting and Social Change*, 187, 122189.

<sup>158</sup> Quilloy, K., Newman, A., & Pyman, A. (2024). Antecedents of the social impact of social enterprises: a systematic review and agenda for future research. *Nonprofit and Voluntary Sector Quarterly*, 53(3), 689-715.

## 6. Culture/values dimension

Culture and values influence how SEs operate internally, interact with stakeholders, and respond to external environments. Both societal and organisational cultures, as well as the personal values of founders and leaders, shape strategic decision-making, stakeholder engagement, and the enterprise's social and economic performance.

### 6.1. Ecosystem-level factors

#### Social trust

High levels of social trust within the ecosystem increase the likelihood of obtaining external financing and support, facilitating the mobilisation of critical resources.<sup>159</sup> This trust enables smoother collaboration with partners, easier access to funding, and stronger legitimacy in the communities they serve. For instance, trust is built when an SE removes the mystery of how it operates. In a competitive landscape, being the most transparent player makes a social enterprise the safest bet for funders. In other words, openly sharing its impact data, financial health and even failures. Actively supporting other social enterprises in the ecosystem by sharing a supplier contact, co-hosting a training session, or referring a customer to a peer if it cannot handle the job signals to the ecosystem that the social enterprise is a system player, not a resource-drainer. It makes partners more likely to collaborate with it on large-scale funding bids.

#### Reducing uncertainty

Environments characterised by low uncertainty and easy access to reliable information reduce operational risks and enhance decision-making.<sup>160 161</sup> These conditions allow more predictable planning, informed resource allocation, and more effective responses to social challenges.

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<sup>159</sup> Fernandez, V. (2021). The role of trust and social commitment in start-up financing. *International Review of Financial Analysis*, 75, 101722.

<sup>160</sup> Agarwal, S., Lenka, U., Singh, K., Agrawal, V., & Agrawal, A. M. (2020). A qualitative approach towards crucial factors for sustainable development of women social entrepreneurship: Indian cases. *Journal of Cleaner Production*, 274, 123135.

<sup>161</sup> Zheng, W., Chen, Y., Dai, Y., Wu, Y. J., & Hu, M. (2022). Why do good deeds go unnoticed? A perspective on the legitimacy Judgment of social entrepreneurship in China. *Entrepreneurship & Regional Development*, 34(9-10), 788-806.

## Positive attitudes toward social entrepreneurship

Positive societal attitudes, including cultural norms that support resilience and adaptive behaviour, strengthen acceptance of social enterprise activities.<sup>162 163</sup> This helps gain legitimacy, attract customers and partners, and establish a foundation for social impact initiatives.

### → Ecosystem-level insight

At the ecosystem level, culture and societal values create an enabling environment for SEs. Social trust, favourable societal perceptions, and predictable environments enhance access to resources, support legitimacy, and allow enterprises to pursue social and economic goals effectively. Policymakers and stakeholders should therefore cultivate trust, reduce informational asymmetries, and promote awareness of social enterprise.

## 6.2. Organisational-level factors

### Commitment to social impact and quality services

Balancing social impact with service quality requires leadership and a culture capable of integrating social, environmental, and financial objectives.<sup>164 165 166</sup> Delivering high-quality services while maintaining mission fidelity strengthens stakeholder trust and market credibility. This means that a social enterprise cannot afford to be "good at heart but bad at

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<sup>162</sup> Veronica, S., Shlomo, T., Antonio, M. P., & Victor, C. (2020). International social SMEs in emerging countries: Do governments support their international growth? *Journal of World Business*, 55(5), 100995.

<sup>163</sup> Agarwal, S., Lenka, U., Singh, K., Agrawal, V., & Agrawal, A. M. (2020). A qualitative approach towards crucial factors for sustainable development of women social entrepreneurship: Indian cases. *Journal of Cleaner Production*, 274, 123135.

<sup>164</sup> Powell, M., Gillett, A., & Doherty, B. (2019). Sustainability in social enterprise: hybrid organizing in public services. *Public Management Review*, 21(2), 159-186.

<sup>165</sup> von der Weppen, J., & Cochrane, J. (2012). Social enterprises in tourism: An exploratory study of operational models and success factors. *Journal of Sustainable Tourism*, 20(3), 497-511.

<sup>166</sup> Sardana, D., Bamiatzi, V., & Zhu, Y. (2019). Decoding the process of social value creation by Chinese and Indian social entrepreneurs: Contributory factors and contextual embeddedness. *Management and Organization Review*, 15(2), 269-306.

business." To survive and grow, leadership must create a culture where doing a great job for the customer is seen as the only way to actually help the community. If the coffee is cold or the cleaning is sloppy, the mission fails—no matter how many lives it is trying to change.

### Participatory and stewardship culture

Inclusive and participatory cultures promote co-creation with clients, employees, and communities.<sup>167 168 169</sup> Furthermore, a stewardship culture, where leaders and employees act as stewards of the mission (prioritise protecting and advancing the social purpose over short-term gains), can compensate for a lack of capabilities or enhance the effectiveness of existing capabilities in scaling social impact.<sup>170</sup> Leveraging such cultures helps incorporate diverse perspectives, enhance social innovation, and improve the adoption and impact of services.

### Social salience and imprinting

Founding teams' early emphasis on social objectives shapes organisational priorities and performance.<sup>171 172</sup> Keeping social goals central during growth guides strategy and operations. This concept is often referred to as "imprinting." Just like a seedling grows in the direction it is first tilted, a social enterprise's future is largely determined by the values and priorities the founders set in the first few months. If a founding team is obsessed with the social mission from day one, that obsession becomes part of the company's DNA, protecting it from becoming just another business as it gets bigger.

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<sup>167</sup> Sengupta, S., Sahay, A., & Hisrich, R. D. (2020). The social–market convergence in a renewable energy social enterprise. *Journal of Cleaner Production*, 270, 122516.

<sup>168</sup> Tortia, E. C. (2025). Stakeholders self-organization and adaptive governance in social enterprises: Membership representation, worker control and client orientation. *Systems Research and Behavioral Science*, 42(2), 396–410.

<sup>169</sup> Biddulph, R. (2018). Social enterprise and inclusive tourism. Five cases in Siem Reap, Cambodia. *Tourism Geographies*, 20(4), 610–629.

<sup>170</sup> Bacq, S., & Eddleston, K. A. (2018). A resource-based view of social entrepreneurship: How stewardship culture benefits scale of social impact. *Journal of Business Ethics*, 152(3), 589–611.

<sup>171</sup> Battilana, J., Sengul, M., Pache, A. C., & Model, J. (2015). Harnessing productive tensions in hybrid organizations: The case of work integration social enterprises. *Academy of Management Journal*, 58(6), 1658–1685.

<sup>172</sup> Quilloy, K., Newman, A., & Pyman, A. (2024). Antecedents of the social impact of social enterprises: a systematic review and agenda for future research. *Nonprofit and Voluntary Sector Quarterly*, 53(3), 689–715.

## Transparency and trust-building

Open communication regarding intentions, background, and operational records fosters community trust.<sup>173</sup> In the social enterprise world, trust is a currency. Openness proves legitimacy. It shows the SE has nothing to hide. This transparency builds stronger partnerships, stakeholder support, and acceptance of social initiatives.

## Leadership and workforce culture

Leadership that treats employees with respect and promotes empowerment, work-life balance, and dignity fosters organisational commitment.<sup>174 175 176</sup> Such cultures enhance employee engagement, performance, and the capacity to deliver both social and economic objectives.

## Value congruence

Alignment between organisational values, social mission, and stakeholder expectations enhances credibility and operational discipline.<sup>177 178</sup> This alignment ensures coherent decision-making, reduces internal conflicts, and reinforces legitimacy with beneficiaries and partners. Achieving this kind of strategic harmony is a deliberate process. It involves moving from a vague idea of doing good to creating a rigorous system where every action of the SE matches its statements. This includes a clearly defined north star (Theory of Change or

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<sup>173</sup> Sengupta, S., Sahay, A., & Hisrich, R. D. (2020). The social–market convergence in a renewable energy social enterprise. *Journal of Cleaner Production*, 270, 122516.

<sup>174</sup> Meyer, M., Ohana, M., & Stinglhamber, F. (2018). The impact of supervisor interpersonal justice on supervisor-directed citizenship behaviors in social enterprises: A moderated mediation model. *The International Journal of Human Resource Management*, 29(20), 2927-2948.

<sup>175</sup> Bennouri, M., Cozarenco, A., & Nyarko, S. A. (2024). Women on boards and performance trade-offs in social enterprises: Insights from microfinance. *Journal of Business Ethics*, 190(1), 165-198.

<sup>176</sup> Agarwal, S., Lenka, U., Singh, K., Agrawal, V., & Agrawal, A. M. (2020). A qualitative approach towards crucial factors for sustainable development of women social entrepreneurship: Indian cases. *Journal of Cleaner Production*, 274, 123135.

<sup>177</sup> Spieth, P., Schneider, S., Clauß, T., & Eichenberg, D. (2019). Value drivers of social businesses: A business model perspective. *Long Range Planning*, 52(3), 427-444.

<sup>178</sup> Vo-Thanh, T., Zaman, M., Hasan, R., Rather, R. A., Lombardi, R., & Secundo, G. (2021). How a mobile app can become a catalyst for sustainable social business: The case of Too Good To Go. *Technological Forecasting and Social Change*, 171, 120962.

Logic Model), stakeholder mapping and engagement, embedding values in legal documents, and regular impact assessment.

### → Organisational-level insight

Organisational culture and values guide internal behaviour and mission execution. Fostering participatory, trust-based, and stewardship-oriented cultures, embedding dual social and service quality objectives, and aligning organisational values with stakeholder expectations strengthens social legitimacy, operational discipline, and overall effectiveness.

## 6.3. Individual-level factors

### Prosocial values and motivation

Entrepreneurs' intrinsic prosocial motivations guide their vision and strategic priorities.<sup>179 180</sup>

<sup>181</sup> These motivations ensure that social objectives remain central and inform differentiation and market strategies that maximise social impact.

### CEO attention allocation

Balancing external attention for resource acquisition and internal attention for HR management enhances economic and social performance.<sup>182</sup> This balance helps secure necessary resources while optimising internal capacities to deliver social outcomes.

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<sup>179</sup> Ruvio, A. A., & Shoham, A. (2011). A multilevel study of nascent social ventures. *International Small Business Journal*, 29(5), 562-579.

<sup>180</sup> Stevens, R., Moray, N., Bruneel, J., & Clarysse, B. (2015). Attention allocation to multiple goals: The case of for-profit social enterprises. *Strategic Management Journal*, 36(7), 1006-1016.

<sup>181</sup> Au, K., Jeong, S. S., Hsu, A. J., & Xiao, Y. (2024). When Does Prosocial Motivation Deliver? A Dual-Motivations Approach to Social Enterprise Outcomes. *Journal of Business Ethics*, 193(1).

<sup>182</sup> Zheng, W., Bronson, J., & Lin, C. (2020). How social entrepreneurs' attention allocation and ambidextrous behavior enable hybrid organization. *International Journal of Conflict Management*, 31(3), 509-528.

## Humility

Leaders' humility affects the extent to which they seek and contribute ecosystem resources.<sup>183</sup> Humility fosters collaborative relationships, stronger stakeholder engagement, and effective leveraging of external support.

## Compassion

Compassion informs ethical decision-making and promotes balanced consideration of social, environmental, and economic goals.<sup>184</sup> This orientation integrates ethical practices into operations and maintains legitimacy with diverse stakeholders.

## Values enactment

Founders' personal values shape operational behaviour and strategic choices.<sup>185 186 187</sup>

Consistent enactment of values strengthens mission alignment, credibility, and stakeholder trust, even under resource constraints.

### → Individual-level insight

At the individual level, leaders' values and motivations directly shape vision, strategy, and social impact. Founders who act with prosocial intent, humility, and compassion, and who consistently enact values, enable alignment with mission, enhance stakeholder trust, and achieve both social and economic objectives.

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<sup>183</sup> Roundy, P. T., & Lyons, T. S. (2022). Humility in social entrepreneurs and its implications for social impact entrepreneurial ecosystems. *Journal of Business Venturing Insights*, 17, e00296.

<sup>184</sup> Engel, Y., Ramesh, A., & Steiner, N. (2020). Powered by compassion: The effect of loving-kindness meditation on entrepreneurs' sustainable decision-making. *Journal of Business Venturing*, 35(6), 105986.

<sup>185</sup> Stevens, R., Moray, N., Bruneel, J., & Clarysse, B. (2015). Attention allocation to multiple goals: The case of for-profit social enterprises. *Strategic Management Journal*, 36(7), 1006-1016.

<sup>186</sup> Awad, M. H., Sanchez, M., & Abikenari, M. A. (2022). The values work of restorative ventures: The role of founders' embodied embeddedness with at-risk social groups. *Journal of Business Venturing Insights*, 18, e00337.

<sup>187</sup> Radoynovska, N. (2025). Expectations meet reality: Leader sensemaking and enactment of stakeholder engagement in multistakeholder social enterprises. *Business & Society*, 64(6), 1185-1228.

# CONCLUSION

Drawing on global evidence, the findings are clear: social enterprise success is not driven by trade alone, nor by individual effort in isolation. It depends on the alignment of policy and strategy, markets, finance and resources, support, human capital, and culture and values across the ecosystem, organisational and individual levels. Where systems recognise hybrid business models, activate demand for social value, provide mission-compatible capital and invest in enabling infrastructure, social enterprises are better positioned to perform, adapt and grow. These conditions are converted into impact through strong organisational capability and values-driven leadership.

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