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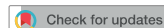
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Towards a Typology of Social Enterprises Based on Performance: Some New Evidence

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ABSTRACT

This study deals with the first empirical study on a performance typology of social enterprises (SEs). Based upon a sample of 61 Greek SEs, the empirical findings outline how the group of 'Impact Maximisers' (43 SEs) performs better than the group of 'Social Missionaries' (18 SEs). This paper goes beyond the evident focus on qualitative research and practice within the social entrepreneurship field. By discussing how different dimensions shed light on the performance potential of SEs in a European country, where they grow exponentially, this study serves as a bellwether for performance comparisons across Europe.

KEYWORDS

Social enterprises; performance; impact; empirical study; cluster analysis; hybridity

Introduction

Performance measurement has gained increased popularity in both practice and research (Bititci et al. 2012). Especially for social enterprises (SEs), which give major importance to the social purpose, it suggests a research topic of interest during the last 20 years (Arena, Azzone, and Bengo 2015; Short, Moss, and Lumpkin 2009).

Today, SEs are heterogeneous and complex; they are diversified, serve different sectors, are managed in different ways, involve a heterogeneous set of stakeholders (sometimes with conflicting interests) and sustain different networks of non-profit and for-profit organisations. SEs destroy the myth of the independence of social value and commercial revenue creation (Battilana et al. 2012). They often operate as hybrids (Mamabolo and Myres 2019), which adopt business models at the interface between non-profit and for-profit sectors (Battilana and Lee 2014b; Mamabolo and Myres 2019; Quelin, Kivleniece, and Lazzarini 2017; Vickers and Lyon 2014). Research suggests that SEs strive to align the activities that generate an impact on the activities that generate profit (Santos, Pache, and Birkholz 2015). Nonetheless, they are fragile and may find it difficult to achieve sustainability.

Increasing pressure to deliver both social and financial returns (Pathak and Dattani 2014) urges the need for SEs to focus on performance that delivers the maximum yield compared to for-profit organisations. As our understanding of performance issues

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remains embryonic, a challenging research topic is to explain the performance achievements of SEs while they undertake the responsibility for meeting social and environmental concerns in a sustainable pattern of development. Performance should not overlook differing interests and expectations (Bagnoli and Megali 2011), especially because social mission-driven organisations trade in goods or services for a social purpose.

To this end, this study provides empirical evidence on a typology of SEs based on performance. It looks at the performance phenomenon in terms of various dimensions and addresses two research questions in the context of SEs: Can we create profiles of SEs based on impact? Do these profiles embrace differences in output and outcome dimensions?

Based on a sample of 61 Greek SEs, this empirical study uses cluster analysis to form groups based on the widely acknowledged concept of impact. Using the Triple Bottom Line Approach (Elkington 1997), impact describes a multidimensional phenomenon embracing three pillars, namely social, economic and environmental. After validating the cluster solution, a one-way analysis of variance shows performance differences between the impact profiles of SEs in terms of output and outcome, which are key elements of many frameworks measuring social performance (Arena, Azzone, and Bengo 2015; Bagnoli and Megali 2011; Ebrahim and Rangan 2014; Grieco, Michelini, and Iasevoli 2014).

The empirical evidence produced here reveals two groups of SEs based on impact differences, namely the Impact Maximisers (43 SEs) and the Social Missionaries (18 SEs). Overall, the former group demonstrates better results than the latter group while addressing social problems in terms of all performance dimensions. Consequently, the Impact Maximisers respond to recent claims that SEs are, first and foremost, enterprises, and therefore pursue their social goals under economic and financial efficiency conditions (Bagnoli and Megali 2011).

This study contributes to social entrepreneurship research in three respects. First, this study, unlike numerous studies exploring the heterogeneity of SEs in terms of legal forms, missions and diverse contexts of operation (Grassl 2012; Holt and Littlewood 2015) focuses on performance differences of SEs. Such a focus provides explanations of the performance potential in SEs and of the different dimensions needed to shed light on their accomplishments. Similarly, it advances our limited understanding of why SEs choose specific types of performance measures (Chmelik, Musteen, and Ahsan 2016).

Second, this study responds to calls for an empirical examination of phenomena within the social entrepreneurship field (Granados et al. 2011; Hossain, Saleh, and Drennan 2017). A significant number of researchers emphasise that the paucity of empirical work hinders progress in this field. Similarly, several authors recognise the importance of metrics to foster the growth of the social business sector (Bengo et al. 2016). Measuring something provides not only the basis for managing it (Emerson 2003), but it is typically central in decisions concerning performance evaluation (Bengo et al. 2016). To the best of our knowledge, this is the first study to provide empirical evidence on a performance typology of SEs. By initiating action towards empirical research on performance, this study will serve to stimulate the interest of

scholars emphasising hybridity as an explanatory concept that captures the complexity of SEs and creates a space for theory development (Battilana et al. 2012; Certo and Miller 2008; Doherty, Haugh, and Lyon 2014).

Third, this study serves as a starting point towards reporting on performance comparisons of SEs across Europe. It draws data from an EU Member State, notably Greece, where SEs grow exponentially. The country's financial crisis, as well as the recent heavy migration wave, have urged for immediate response to threats of unmet social problems (i.e. minorities, poverty and unemployment). Creating empirical evidence on performance achievements of SEs would allow meaningful comparisons to understand and explain the vastness and diversity of the social sector within Europe. In a similar vein, scholars would explore how the hybridisation movement evolves to create a common space, where social and commercial sectors will converge (Battilana et al. 2012) and allow organisations to reach optimal performance.

The paper has the following structure. After this introductory section, the paper presents the research framework taking into consideration the specific Greek context. Sections 'Research Method' and 'Data Analysis, Model Estimation and Findings' include a brief presentation of the research method and the empirical findings. Finally, a concluding section summarises the results along with their implications.

Literature Review

Performance in SEs is a research topic of increasing interest over the last 20 years. Nonetheless, our understanding of performance measurement remains embryonic. Both research output and practice have not yet shown the expected progress. After a brief description of SEs, we formulate two research questions. Using input from both the social and traditional entrepreneurship works of literature, we focus on a performance typology of SEs. In particular, we first classify SEs based on three pillars of impact, and then we elaborate further differences in output and outcome dimensions (Arena, Azzone, and Bengo 2015; Bagnoli and Megali 2011; Ebrahim and Rangan 2014; Elkington 1997; Grieco, Michelini, and Iasevoli 2014). Our approach is substantially different from earlier studies and offers an alternative way to progress research on performance measurement.

Social Economy, SEs and Performance

Despite a history of nearly two centuries, the social economy in Europe includes only 2 million enterprises (i.e. 10% of all European businesses) and employs about 6.5% of the EU-27 working population (European Commission 2013). The social sector embraces a variety of organisations in terms of legal forms, such as voluntary, community and mutual organisations and cooperatives (Borzaga et al. 2013). These organisations typically pursue goals that are not just confined to profit; their main purpose is, on the one hand, to generate financial gains for their owners or stakeholders and, on the other hand, to provide goods and services either to their members or the community at large. Consequently, the social sector stresses the special attention that these

organisations pay to the social consequences of their activities and their participative governance structure.

Within the social sector, SEs have recently started to experience an impressive growth in several countries. They are primarily created to serve a social mission (Luke and Chu 2013) and are positioned between the two extremes of the hybrid spectrum, namely public (non-profit) and private (for-profit) organisations. Public-sector organisations prioritise public benefit and collective choice, whereas private-sector organisations are guided by market forces to maximise financial return. Because SEs do not fit neatly into the conventional categories of public and private organisations, they suggest a prime example of a hybrid organisational form (Pache and Santos 2012). Their hybridity is justified by the duality of social impact alongside financial sustainability. SEs rely on income from transactions to fund their mission activities. Not surprisingly, they are recently labelled hybrid organisations, social hybrid ventures, hybrid SEs or hybrids (Battilana and Lee 2014a; Battilana et al. 2012; Doherty, Haugh, and Lyon 2014; Haigh et al. 2015; Holt and Littlewood 2015; Jay 2013; Mamabolo and Myres 2019; Pache and Santos 2012). To summarise, hybridity as a concept captures the complexity of SEs and creates a space to explain not only their emergence but also their performance.

Performance issues in SEs have recently gained relevance among researchers and practitioners (Arena, Azzone, and Bengo 2015). In particular, performance measurement remains embryonic. As Florin and Schmidt (2011) report, measuring the performance of SEs is 'one of the major concerns of the social entrepreneurship field'. Both research output and practice have not yet shown the expected progress. In particular, survey-based, quantitative evidence in the field is still missing, as the prevalent emphasis is on qualitative research using case studies (Granados et al. 2011). Existing approaches to social performance measurement (i.e. logic models, expected return and cost-effectiveness, experimental methods) are taken, according to Ebrahim and Rangan (2014), from practice. Most of these approaches are diverse in nature, adopt complex objective measures and involve a vast range of methodologies drawing on benefit-cost analyses, summative evaluation, and experimental methods such as randomised control trials (Ebrahim and Rangan 2014). Overall, there is a lack of consensus and no unified model of measuring performance in SEs (Arena, Azzone, and Bengo 2015; Ebrahim and Rangan 2014). A significant number of researchers urge the need for empirical work on performance measurement to allow progress (Granados et al. 2011; Hossain, Saleh, and Drennan 2017; Mamabolo and Myres 2019).

To the best of our knowledge, this is the first study to provide empirical evidence on a performance typology of SEs. In particular, it deals explicitly with performance differences based on various dimensions as a response to two major challenges.

First, performance is in need of multidimensional conceptualisation (Bititci et al. 2012; Dess and Robinson 1984; Rauch et al. 2009). Not surprisingly, much of the literature on the topic of performance in the social sector is under-theorized and lacks conceptual framing (Ebrahim and Rangan 2014). Terms capturing the performance construct, such as impact, social value and social return, are adopted in a rather disruptive way. Knowing more about performance measurement in SEs will improve the overall understanding of social entrepreneurship as a phenomenon (Chmelik, Musteen, and Ahsan 2016).

Second, measuring performance in SEs is not an easy task (Ebrahim and Rangan 2014). The lack of measuring culture in SEs is mainly due to the lack of conceptual framing. Fortunately, the cultural change is partially taking place in the policies set by the European Commission (Bengo et al. 2016). Suggestions in the OECD report on performance (Noya 2015) encourage experimentation as a means to structure measurement constructs. Bengo et al. (2016) call for empirical analysis to better monitor performance in the social sector and improve the social business ecosystem. Similarly, empirical evidence will allow gaining insight into the performance measurement choices of SEs (Chmelik, Musteen, and Ahsan 2016).

In a recent work on performance measurement (Arena, Azzone, and Bengo 2015), performance dimensions relevant for a SE (e.g. financial sustainability and impact) are defined by connecting the for-profit, the non-profit and the social sectors. Similarly, this study synthesises knowledge from practice and input from the organisational performance and social entrepreneurship works of literature. More specifically, we conceptualise performance in terms of impact, output and outcome to better capture its multifaceted nature. This conceptualisation converges with many frameworks measuring social performance and employs key elements of the basic logic model (Arena, Azzone, and Bengo 2015; Bagnoli and Megali 2011; Ebrahim and Rangan 2014; Grieco, Michelini, and Iasevoli 2014). Logic models have emerged in the late 1960s as a primary means, through which organisations in the social sector identify the impact and other performance metrics (Ebrahim and Rangan 2014).

By focussing on these dimensions, we respond to different stakeholders' interests, including aspects, such as society and the environment (Neely, Adams, and Kennerley 2002). We do not explore causal linkages, as they go beyond the scope of this study. In addition, we do not seek the 'one-size-fits-all' approach to performance measurement. Besides, performance and all the related measures do not suggest a single reality but a more complicated matter of differing interests and expectations (Bagnoli and Megali 2011).

In social sector organisations, the impact is a key concept for performance management (Ebrahim and Rangan 2014). It is driven by an increasing professionalisation of the sector to demonstrate results, creates a culture of accountability and ensures ongoing improvements. Impact corresponds to a sustainable change in society and mirrors the effect of SEs on changing the root causes that have initiated their creation. It is crucial, as it deals with changes happening in the community and served by an SE, in terms of knowledge, skills, status, living conditions and values (Ebrahim and Rangan 2014). Although impact assessment has a long history, no single framework fits the extreme diversity of SEs (Holt and Littlewood 2015). A more holistic and widely accepted view, namely the Triple Bottom Line (Elkington 1997), recognises the potential for value generation in terms of social, environmental and economic impact. More specifically, the final goal of SEs is to maximise social and environmental value creation while the success story is the 'combination of social and financial performances' (Arena, Azzone, and Bengo 2015).

An equally important performance aspect is output. Every organisation should at least measure and report on outputs, as these results are largely within its control (Ebrahim and Rangan 2014). Output refers to the direct products generated by SEs.

The output is measurable and can be quantified with conventional measures, such as people fed or treated.

Finally, outcome corresponds to the benefits individuals receive by a SE, such as improved living conditions for the beneficiaries. Outcome measurement is less common and more difficult to do because outcomes are often moderated by events beyond the organisational boundaries and therefore beyond the control of any entity (Ebrahim and Rangan 2014). In their literature review, Grieco, Michelini, and Iasevoli (2014) identify a growing interest in outcome measurement to assess organisational effectiveness, because outcomes have become the optimal signs of organisational performance, replacing other traditional indicators of success (Mitchell 2013).

Output and outcome are important performance dimensions suggesting distinct concepts in the non-profit literature (Forbes 1998). The outcome is different from the output, as the former involves the changes a SE brings about in the lives of individuals while the latter describes the results achieved by a SE at a community or societal level. While output shows results of actions (e.g. number of beneficiaries affected), outcome answers the 'so what' question on behalf of the SE's recipients (e.g. did the beneficiaries solve their social problem?).

In this study, performance conceptualisation and operationalisation embraces both financial and non-financial aspects to be in line with empirical studies on organisational performance. In the case of SEs, Epstein and McFarlan (2011) emphasise the critical importance of both financial and nonfinancial measures for performance assessment. Financial performance cannot be downplayed in SEs, as there is no mission without financial resources. Seen from another angle, financial resources abundance is irrelevant, if the SE is not focussed on a well-thought-out mission.

Based on the above argumentation, this study focuses on a typology of SEs in terms of performance differences. More specifically, this study empirically explores two research questions: Can we create profiles of SEs based on impact? Do these profiles embrace output and outcome differences?

The Greek Context

Greece is a suitable national setting to provide empirical evidence on the social sector for two reasons. First, the social sector in Greece is in need of EU support policy initiatives, as it is fully dependent on EU funding. Our government, as in many developing countries, still confronts huge problems, such as the financial sustainability of organisations, as a consequence of the worldwide financial crisis (e.g. Bengo et al. 2016). The number of SEs in Greece has significantly increased during the last years as a response to social problems emergent from the severe economic recession. SEs instantiate a new form of entrepreneurial initiative to pay off both socially and financially. Today, they are seen as a classic example of hybrid organisations. As the emergence of SEs differs between countries, Doherty, Haugh, and Lyon (2014) encourage scholars to gather more information in countries and contexts about which we know relatively little. Greece is more of a latecomer and not a frontrunner regarding SEs. It is placed among the Member States where SEs have emerged at a later time or have yet to take roots (Borzaga et al. 2013). Consequently, studying Greek SEs should be

prioritised, as they might challenge the combination of social welfare and revenue generation (Battilana et al. 2012).

Second, the social sector in Greece is uncharted. Recent evidence (Bosma et al. 2016) shows that the government has just started to formally map the social sector. After 2010, the Greek Law on 'Social Economy and Social Entrepreneurship' has changed twice (4019/2011 and 4430/2016) to better capture the plural field of the not-for-profit activity. Like in Europe, the social sector in Greece embraces a variety of organisations in terms of legal forms. Before 2011, socially-oriented economic activities were placed somewhere between atypical and regrettably illegal economy (Nasioulas 2012). Under Law 4019/2011 Greece allowed for the first time the creation of new organisational forms, among which the 'social cooperative enterprises' suggest the main representative serving one of three purposes, namely work integration, social care and collective/productive. This law is considered a landmark decision in the country since it has introduced the concept of social economy in a formal way. 'Social Economy' was broadly defined as the sum of financial, business, productive and social activities undertaken by legal persons or associations, whose statutory purpose is the pursuit of collective benefit and serve broader social interests (Law 4019/2011, article 1, par. 1). Nevertheless, the blurred institutional environment (i.e. excessive bureaucracy, the abolishment of fiscal advantages) and the failure to fully implement some provisions of this law (such as the establishment of a Social Economy Fund) led to further legal adjustments (Law 4430/2016).

Research method

Sample and Data Collection

The population, from which the sample has been randomly selected, comprises 380 organisations of the social sector registered under the 4019/2011 Law in the Social Insurance and Social Solidarity Department of the Ministry of Labour in Greece (see the previous section). The social sector in Greece, like in Europe, embraces a variety of organisations. Existing and new legal forms for SEs have recently been adopted to accommodate the demand for hybrids, which successfully pursue the dual mission of achieving financial sustainability and social value creation (e.g. Battilana et al. 2012; Doherty, Haugh, and Lyon 2014). For the purpose of this study, the sampled organisations are labelled SEs, as they differ from organisations both in the public and the private sector. Table 1 provides a short overview of four SEs included in our sample.

Data were collected through a structured questionnaire sent by e-mail to the respondents, along with instructions during the second semester of 2016. Personal interviews have been conducted by the authors upon request. From the 130 SEs contacted, 65 agreed to cooperate (50% response rate). The final sample pertains 61 SEs, as 4 questionnaires were deemed unusable due to missing data on key constructs. The SEs in our sample address a wide range of social problems in sectors such as culture, education, health, food and environment, whereas the majority of them (61%) provide services. The target beneficiaries include homeless people, minorities, families, children and the elderly. Their activities are mainly domestic, as only 9% of their revenues are generated outside Greece. Concerning revenues, 48 SEs generate revenues

Table 1. Examples of Greek SEs included in the Sample of this Empirical Study.

Brief identity of SEs	Main activity – social area of intervention
Example 1: Shedia (http://www.shedia.gr/) established in 2013 is the only Greek street paper in urban areas, such as Athens and Thessaloniki. The founders of this SE with income-generating activities help homeless and unemployed by offering them the opportunity to work as salesmen in an innovative way, which allows more earnings based on individual performance.	Shedia is a member of the International Network of Street Papers (https://insp.ngo/), which distributes 122 street papers in 41 countries through almost 14,000 homeless salesmen to 6 million readers globally. Shedia has a strong social and environmental impact by improving living conditions of homeless and unemployed, boosting employability, reducing social racism, poverty and work exclusion.
Example 2: Boroume (the name stands for ‘we can’, https://www.boroume.gr/) is committed to reduce food waste in Greece. It is a SE without income-generating activities established in 2011. The founders are environmentally sensitive and have know-how in connecting parties to balance food surplus and food deficit.	Boroume is using a platform that connects parties to distribute the surplus food for charity throughout Greece. The organisation communicates to connect parties and keeps records. Boroume contributes to solving various social problems, such as poverty, unemployment and environmental pollution.
Example 3: Rokani (http://rokani.gr/) established in 2016 to make creative furniture out of second-hand, recycled and discarded materials. The founders are environmentally sensitive artisans with know-how in handcrafted work and a strong motive to join forces and work together.	Rokani provides customised furniture, furniture improvements and adaptations and gives expert advice on woodworking and furniture making. Rokani contributes to solving various social problems, such as the unemployment, the fall of traditional professions and the environmental pollution.
Example 4: Donorwiz (http://www.donorwiz.com/) established in 2014 to help SEs to operate as a multipurpose tool that connects parties for charitable purposes and/or to benefit a cause. The founders are socially sensitive and have know-how in using technology to serve social needs by managing donations in an efficient and effective way.	Donorwiz is using an innovative platform that connects parties to manage the delivery of donations in cash and/or product offerings and services. The organisation contributes to solving various social problems, such as healthcare, hunger and access to water, by arranging the delivery of gifts in money and in kind.

from operational activities, whereas 13 SEs do not sell products or services. Nevertheless, 62% of the SEs generate additional revenues based on non-operational activities, such as subsidies, funds from national or international resources and equity contributions. As SEs have been proposed as a potential response to some critical problems of our society (Arena, Azzone, and Bengo 2015), Greece experienced impressive growth of SEs. More than half of the sampled SEs (56%) got their business idea from the international market while the remaining 44% applied an idea conceived in the domestic market. On average, the sampled SEs are in operation for the last 5 years. However, some of them are newly established (e.g. 2016) while others are much older (e.g. 1983). The sampled SEs have on average 8 founding members, from which 3 are also paid employees. In addition, the SEs under analysis employ on average 3 full-time employees, 3 part-time employees, 31 volunteers and 4 disabled people.

Measurement of Variables

To measure performance this study combines the works of literature of organisational performance and social entrepreneurship. The organisational performance literature offers different approaches to the measurement of this multifaceted construct (Delmar, Davidsson, and Gartner 2003; Rauch et al. 2009; Shirokova et al. 2016). Empirical work adopts numerous dimensions based on objective and/or subjective

measures. The literature, in general, assumes that subjective measures (based on perceptions) offer more opportunities for estimating multiple dimensions as well as for performing comparisons with competitors or across different periods in time (Stam and Elfring 2006; Wiklund and Shepherd 2005). In addition, objective measures (based on indicators) collected from secondary sources, including statistical databases, company documents or archival data (Rauch et al. 2009), do not necessarily capture the multidimensionality of organisational performance. Researchers frequently encounter difficulty in obtaining accurate measures. The difficulty becomes more intense for small firms, as in the case of SEs. On the one hand, the SEs owners are reserved to release any performance-related data. On the other hand, objective measures, that are rarely available, embody a significant risk of error attributable to varying accounting procedures. Notwithstanding these limitations, SEs, compared to conventional firms, face even more difficulties, not only because of their small size but also because of their hybrid nature (Battilana and Lee 2014b; Certo and Miller 2008; Doherty, Haugh, and Lyon 2014).

In this study, performance is measured by one multi-item 7-point Likert-type scale that the authors have developed (see Appendix A). This scale builds on the works of Ebrashi (2013), Ebrahim and Rangan (2014) and Grieco, Michelini, and Iasevoli (2014) to capture the multidimensionality of the construct in terms of impact, output and outcome. Respondents were asked to assess performance parameters during the last 3-years (or less) compared to their main competitors, either inside or outside the social sector. The operationalisation of performance in this study responds, as already discussed in the conceptual framework, to three main challenges. First, it takes into account that our understanding of performance measurement remains embryonic. Second, performance in SEs is in need of multidimensional conceptualisation. Third, the lack of a measuring culture in SEs allows for experimentation in performance measures. In addition, Greek SEs are in their vast majority newly established and lack accurate accounting data.

Data Analysis, Model Estimation and Findings

The multi-item scale measuring performance in SEs was factor-analysed (see Appendix A) for two dimensions that included more than one items. Then, the averages of the items embedded into the factors extracted were used to form two of the seven performance dimensions, namely output 1 and outcome, for further statistical analysis. In this study, performance captures seven dimensions, namely three in terms of impact (environmental impact, economic impact, social impact), three in terms of output (output 1, output 2 and output 3) and one in terms of outcome (outcome). Impact dimensions refer to sustainable changes in the society in terms of environmental, economic and social accomplishments, as suggested by the triple-bottom-line approach (Elkington 1997; Holt and Littlewood 2015). Output dimensions capture direct assessments and benefits (Grieco, Michelini, and Iasevoli 2014), such as the number of beneficiaries and customers, the quantity of product/service offerings, revenues from operational and non-operational activities. Outcome mirrors changes in the lives of

Table 2. Descriptive statistics and reliability of performance in SEs.

	No. of items in scale	Mean	SD	Cronbach alpha
1. Environmental impact	1	3.73	1.89	
2. Economic impact	1	4.07	1.78	
3. Social impact	1	5.29	1.63	
4. Output 1	3	4.51	1.43	0.73
5. Output 2	1	3.49	1.90	
6. Output 3	1	2.90	2.06	
7. Outcome	2	5.05	1.61	0.87

Table 3. Pearson correlations among performance dimensions.

	Variable					
	1.	2.	3.	4.	5.	6.
1. Environmental impact						
2. Economic impact	0.63*					
3. Social impact	0.52*	0.64*				
4. Output 1	0.25*	0.40*	0.32*			
5. Output 2	0.03	0.24*	0.03	0.62*		
6. Output 3	0.15	0.01	0.20	0.26*	0.07	
7. Outcome	0.38*	0.35*	0.73*	0.28*	0.16	0.03

Notes. *Correlation is significant at the 0.01 level (2-tailed).

Table 4. Social entrepreneurs' impact profiles.

	Social missionaries	Impact maximisers
Impact		
Environmental impact	low	high
Economic impact	low	high
Social impact	medium	high

individuals (Ebrahim and Rangan 2014), such as beneficiaries' satisfaction and solving the social problem.

Reliability coefficients follow the standards suggested by Van de Ven and Ferry (1980) and are presented together with descriptive statistics in Table 2. Table 3 reports the correlations among the seven performance dimensions.

In order to explore the possibility that SEs can be grouped based on impact, a cluster analysis was performed using the three impact dimensions (environmental, economic and social) as independent variables. The K-Means cluster analysis, which adopts the quick cluster routine of STATA/Release 13, was used for the clustering of the data. A quick cluster is an alternative to the more common hierarchical clustering that offers efficient use of computer resources while identifying clear and distinct clusters (Avlonitis and Gounaris 1999). After examining the two-, three- and four-cluster solution, the choice of the two-cluster solution was considered to be the most acceptable one based on (i) maximum external isolation and internal cohesion, and parsimony of explanation (Klastorin 1983) and, (ii) comparison with existing classifications (e.g. McDonald et al. 2015) often used to improve understanding and bring about clarity. As such, the two clusters of SEs (see Table 4) can be described in detail as follows.

Impact Maximisers

These 43 SEs achieve the maximum benefits socially, environmentally and economically-wise. They appear to satisfy the optimum conditions where the generation of commercial revenue allows the creation of social and environmental value. In line with the triple-bottom-line approach (Elkington 1997), SEs appear to improve the living of their constituents and their communities by bolstering economic propensity, environmental integrity and social justice (McDonald et al. 2015). The Impact Maximisers respond to the on-going sustainability challenges of their own existence, namely to balance the money-mission dilemma along with environmental stewardship. They suggest the ideal case of organisations in the third sector, as they fill gaps of both the public and the business sector. Examples 1 and 3 in Table 1 describe SEs of this group. Finally, they seem to instantiate the changes in the meaning of SE over time (Doherty, Haugh, and Lyon 2014), as they resemble both the hybrid models with economic and social interests (Battilana and Lee 2014b; Mamabolo and Myres 2019; Quelin, Kivleniece, and Lazzarini 2017) and the environmentally-motivated SEs (Vickers and Lyon 2014) recently introduced in the literature.

Social Missionaries

This group of 18 SEs lags behind to the other group as it solely serves the social mission. Social Missionaries appear to strive for social justice without fully understanding that social needs should be satisfied in a financially sustainable manner. They prioritise their purpose to serve society, which is to provide goods or services that generate direct benefits for the entire community of specific groups of disadvantaged people, thanks to the offerings delivered and allocation processes adopted (Borzaga and Galera 2014). Nonetheless, without emphasising financial viability, the Social Missionaries threaten their ability to pursue their social mission. Examples 2 and 4 in Table 1 describe SEs of this group. SEs of this group seem to capture the traditional concerns of not-for-profit civil society organisations aiming at addressing social needs that the state and the private sector were unwilling or unable to meet (e.g. Certo and Miller 2008; Vickers and Lyon 2014). Additionally, it seems that these SEs neither followed the evolutionary development of non-profit or voluntary organisations, nor changed over time (Doherty, Haugh, and Lyon 2014).

To provide a further understanding of the type of firms that belong to each group, some demographics (based on mean values) are presented in Table 5. Social Missionaries are on average 5-years-old and their activities are mainly concentrated inside Greece (95%). They have been created by 6 founding members, 2 of which are

Table 5. Characteristics of impact profiles.

	Social missionaries		Impact maximisers	
	Mean value	SD	Mean value	SD
Age in years	5	7	7	7
Number of founding members	6	3	9	11
Number of founding members – employees	2	2	3	3
Average operational activity inside Greece (%)	95	12	91	15
Average operational activity outside Greece (%)	5	12	10	21

Table 6. Differences in performance – analysis of variance.

	Social missionaries ^a	Impact maximisers ^a	<i>F</i>	<i>p</i> -value ^b
Output 1	3.71	4.83	7.93	0.01
Output 2	3.19	3.62	0.59	0.45
Output 3	2.18	3.19	3.04	0.08
Outcome	4.00	5.48	12.17	0.00

Notes. ^aFigures represent mean values in each cluster. ^bSignificance level (*p*-value) is based on one-way analysis of variance. Scale is from 1 to 7.

also paid employees. Likewise, the Impact Maximisers are on average 7 years old and they mainly operate inside Greece (91%). They have been on average created by 9 founding members, 3 of which are also paid employees.

Towards a deeper understanding of the performance profiles of SEs, a one-way analysis of variance was performed using the groups derived from the previous stage of the analysis as the independent variables and the dimensions of outcome and output as dependent ones. Table 6 indicates that the Social Missionaries and the Impact Maximisers have differences in more performance dimensions than impact.

As far as the outcome is concerned, the Impact Maximisers demonstrate higher potential than the Social Missionaries. The empirical evidence presented here supports outcome as a valuable dimension of performance reflected in both the direct (solving the social problem) and the indirect (beneficiaries satisfaction) benefits the individuals receive by a SE. The outcome appears to be indeed one of the various performance measures available (Chmelik, Musteen, and Ahsan 2016) and perhaps the most suitable to demonstrate performance differences of SEs within the social sector. Our empirical evidence corroborates the work of Zahra et al. (2009), which distinguishes types of social ventures that are significantly different in terms of their outcomes.

As far as output is concerned, the empirical findings demonstrate interesting results as well. First, it appears that both operational and non-operational revenues (captured in two output dimensions) do not support any differences between SEs. This might explain why cost-effectiveness is always a concern for any organisation in the social sector (e.g. Ebrahim and Rangan 2014). As sustainability requires enhanced revenues and lower costs, the importance to know or even control the income components of SEs is vital (Bagnoli and Megali 2011). On the contrary, the amount of social work done (third output dimension measured by the number of beneficiaries/customers and the quantity of product/service offerings) is indeed different between SEs. Consequently, our empirical evidence shows that measuring results of specific actions (i.e. people affected and offerings provided) and not just revenues are crucial to capture performance differences, understand the multidimensionality of performance and explain the performance typology of SEs.

Discussion

This study provides unique empirical evidence on a typology of SEs based on performance (see Figure 1). Responding to the need for a multidimensional conceptualisation of performance (Bititci et al. 2012), it starts by creating profiles of SEs based on impact dimensions and then elaborates differences in output and outcome dimensions.

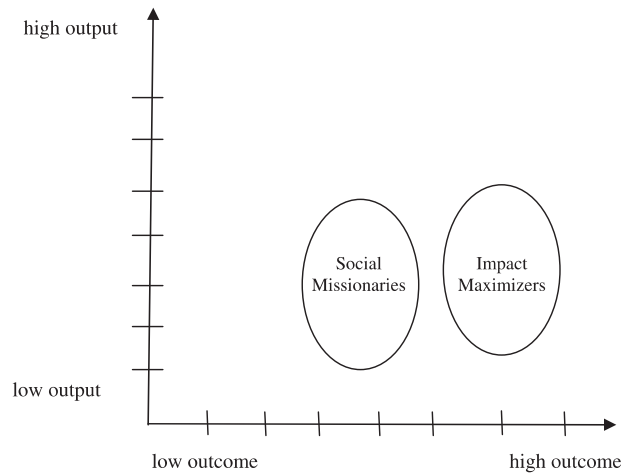


Figure 1. Performance profiles of SEs.

The empirical evidence provided here outlines two groups of SEs based on impact differences, namely the Impact Maximisers (43 SEs) and the Social Missionaries (18 SEs). The former group not only performs the most socially, environmentally and economically-wise but also demonstrates higher performance than the latter group in terms of outcome and output. Overall, it appears that the majority of SEs in our study support recent claims that they are, first and foremost, enterprises, which pursue their social goals under economic and financial efficiency conditions (Bagnoli and Megali 2011). To avoid placing SE hybridity centrally, we expect some of the SEs under investigation not to adhere to seeking profits. Some critical solutions to social problems will never be commercially viable (Battilana et al. 2012). However, the hybridisation movement might also encourage these SEs to combine properties associated with organisations of other sectors.

This study provides three meaningful theoretical implications. First, it outlines a typology of SEs based on performance. This is the first study offering empirical evidence that goes beyond what we already know about differences in legal forms, missions and contexts of operation (Grassl 2012; Holt and Littlewood 2015). Our contribution to the limited research on performance measurement in the social entrepreneurship literature (Granados et al. 2011), could stimulate the interest of scholars. Our performance typology delivers some answers to challenging questions, such as how SEs could measure performance in a more holistic way.

Second, this study provides unique empirical evidence on the multidimensionality of performance in SEs. The social entrepreneurship field is in need of research to understand the accomplishments of SEs based on different dimensions of performance. This study corroborates recent claims that impact, output and outcome are not only distinct concepts (Ebrahim and Rangan 2014), but they are also key elements when measuring performance (Arena, Azzone, and Bengo 2015; Bagnoli and Megali 2011; Ebrahim and Rangan 2014; Grieco, Michelini, and Iasevoli 2014). It also supports that a multidimensional conceptualisation of performance responds better to increasing pressures of how SEs deliver both social and financial returns (Pathak and Dattani 2014). Similarly, it advances the limited understanding of why SEs choose specific

types of performance measures (Chmelik, Musteen, and Ahsan 2016). The measurement of performance not only in economic but also in social terms is among the most prominent challenges, as all efforts have yet to converge on a meaningful consensus (Ebrahim and Rangan 2010; Kanter and Summers 1994). Convergence towards a common understanding and measurement of performance will be a boon for organisational research on SEs (Battilana and Lee 2014b). Without seeking to provide an exhaustive account of everything written to measure performance, we believe that measures should be interpreted with a critical eye on their moral and empirical underpinnings.

Third, unlike the evident focus on qualitative research and practice, we provide an empirical study to draw conclusions on performance profiles of SEs. Both research output and practice have not yet shown the expected progress, as survey-based, quantitative evidence in the SE and social entrepreneurship fields is still missing (Granados et al. 2011). Upgrading the level of research expertise is important, as the understanding of performance in SEs remains embryonic along with difficulties in reaching commonly accepted performance measurement practices (Bititci et al. 2012). In short, this study empirically confirms that (i) a variety of dimensions allows getting a better grasp of performance in SEs, and (ii) a performance typology might explain at least partially the hybridity of SEs. Recent research on hybrids in organisation theory has focussed on SEs that combine business and charity at their core (Jay 2013; Pache and Santos 2012). As the promise of hybrids to offer a vehicle for the creation of both social and economic value is real (Battilana et al. 2012) and SEs create a 'ready-made' laboratory for exploring a creative variety of hybrids, it is about time to shift the discussion of hybridity from separate works of literature to the social entrepreneurship literature.

In addition to theoretical implications, this study has substantial practical implications for aspiring social leaders and policy-makers. Based on the empirical findings, they are advised to follow the Impact Maximisers, namely the group of higher performance potential. This group (43 SEs) could serve as a benchmark for new entrants in the third sector. SEs of this group operate as hybrids in order to balance the money-mission dilemma along with environmental stewardship. They excel at creating value for the society and/or the environment in a financially sustainable way. As not all SEs are high performers in terms of impact, output and outcome, actions should be directed towards the potential to apply the Triple Bottom Line, which does not 'sacrifice' tangible financial returns to maximise the creation of less-tangible social and/or environmental value (Haigh and Hoffman 2012). This approach might help organisations driven primarily by a social purpose to face the challenge of avoiding mission drift while staying committed to effective operations (Battilana et al. 2012). Targeting appropriate performance measures allows SEs to leave behind the old fashioned way of treating performance measurement as a burden rather than a competitive advantage.

The empirical evidence reported here also serves as a basis to streamline EU policy initiatives (see Appendix B) by fostering the development of the social economy and the social entrepreneurship in member states like Greece. The Greek government strives to ensure a favourable environment for SEs through several policy actions. These actions correspond to the provision of support to SEs, such as training and

mentoring services, during the start-up and development phase as well as funding for sustainability and scalability purposes. These actions should also emphasise on the fact that the more successful SEs are not solely concentrated on social mission accomplishment but they follow a balanced approach towards the three pillars of impact and other performance parameters. Emphasising various performance measures in social sector organisations would be in line with stakeholders demanding more transparency and accountability (Ebrahim and Rangan 2014).

Drawing a sample of SEs from a single national context, notably Greece, has its limitations mainly because Greece is not a country where the third sector has a significant size. However, further empirical evidence on how SEs are classified based on performance dimensions in similar or different national settings would help to confirm and generalise the conclusions. However, comparisons should be treated with extreme caution due to the definitional differences of SEs on a national basis. From an empirical perspective, this investigation reveals that performance requires a multidimensional conceptualisation (Bititci et al. 2012) implying multiple operationalizations and difficulties in reaching commonly accepted measurement practices. By placing a two-group performance typology of SEs we do not seek to provide an exhaustive account of everything written on performance. Instead, we hope the typology to expand in a way to embrace all SEs, no matter how heterogeneous and complex they might be. Finally, performance in this empirical study captures new measures of impact, output and outcome. Future studies in the social sector should operationalise performance in a similar way to further validate these measures, as the social entrepreneurship field has yet to agree on how to measure performance in SEs, both theoretically and empirically (Ormiston and Seymour 2011).

Disclosure statement

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Appendix A. Performance measures

Table A1. Performance Scale.

Please assess your social enterprise for each of the following aspects for the last three (or less) years on average (response format: 1 "extremely weak" to 7 "extremely strong")

	Dimension
1. Environmental impact	Impact 1
2. Economic impact	Impact 2
3. Social impact	Impact 3
4. Number of beneficiaries	Output 1
5. Number of customers	Output 1
6. Quantity of product/service offerings	Output 1
7. Revenues from operations	Output 2
8. Other revenues (i.e. subsidies, European funds)	Output 3
9. Beneficiaries satisfaction	Outcome
10. Solving the social problem	Outcome

Table A2. Exploratory factor analysis for performance dimension (Output 1).

	Factor loadings ^a
Number of beneficiaries	0.73
Number of customers	0.83
Quantity of product/service offerings	0.86
Total variance explained (%)	0.65

Note: ^a Principal components analysis with varimax rotation

Note: ^aPrincipal components analysis with varimax rotation.

Table A3. Exploratory factor analysis for performance dimension (Outcome).

	Factor loadings ^a
Beneficiaries satisfaction	0.94
Solving the social problem	0.94
Total variance explained (%)	0.89

Note: ^aPrincipal components analysis with varimax rotation.

Appendix B. EU policy 1999–2018

The EU institutions introduced since 1999 a series of policy initiatives to foster the development of social economy and social entrepreneurship. In 2003, the focus was on supporting the development of cross-border and trans-national activities of cooperatives, whereas in 2004 the emphasis shifted on the Member States with a relatively underdeveloped cooperative sector. Furthermore, the Social Business Initiative (SBI) launched in 2011 included measures (i.e. EU-level 2014–2020 financial instruments) that aimed at helping social entrepreneurs to expand beyond national borders and get access to funding. At that time, social entrepreneurs had been recognised to be innovators and drive social change. For the same reasoning, the Commission introduced in 2013 a Social Investment Package to further boost growth and cohesion within the third sector.