
Abstract
Social Enterprises have grown in number and scope in response to reductions in state-provided welfare and increasing ambition to improve social conditions. Whilst a range of issues have been identified in the literature as affecting the ability of Social Enterprises to successfully conduct their activities, there is currently a dearth of research into the relative influence of these factors. This study explores and ranks the challenges faced by social entrepreneurs in South Wales. Based on a Delphi study with twenty-one social entrepreneurs, government policy-developers and scholars, it presents a hierarchy of fourteen factors, useful instruments for informing social entrepreneurs and policy makers about the way social enterprises are managed, and how national and local policy should be developed. As part of this, the study also identifies four novel factors that affect the sustainability of social enterprises: ‘Professionalisation of Marketing’, ‘Perception of Validity’, ‘Leadership’ and ‘Situatedness’.

Keywords:
Hybridity, Social Enterprise, Delphi study, South Wales, Management
Introduction

Social Enterprises (SE) are playing an increasingly important role in modern neo-liberal societies. Urged into existence and shaped by a shrinking state (Chan, Ryan and Quarter, 2017; Pathak and Muralidharan, 2017; Littlewood and Holt, 2015; Kerlin, 2010), diminishing welfare services and dwindling charity contributions (Mohamed, White, Wang and Chan, 2017; Munoz, Farmer, Winterton and Barraket, 2015), they have been fuelled by an ever-increasing legion of social entrepreneurs (Hoogendoorn, 2016; Haugh, 2007) who are ideologically and experientially driven (Hockerts, 2017; Kurland and McCaffrey, 2016; Thorgren and Omorode, 2015) to develop sustainable enterprises that “respond to the needs of others” (Dees, 2012, 321).

The range of issues that beset SEs and social entrepreneurs have been well researched, (see for example both Rey-Marti, Ribeiro-Sorino and Palacios-Marques, 2016; Doherty, Haugh and Lyon, 2014) but these challenges have tended to be examined in isolation (see for example Agarwal, Chakrabarti, Brem and Bocken’s, 2017 work on SEs in the healthcare sector) and the relative influence of these issues has not yet been explored (Rey-Marti, Ribeiro-Sorino and Palacios-Marques, 2016). Ranking matters because they allow the most important of what may be a plethora of factors, to be identified, consequently assisting policymakers in allocating what are often scarce resources. Future research is therefore needed in this sector, particularly that which moves beyond the mere description of the phenomenon and provides more quantitative empirical evidence (Sassmannshausen and Volkemann, 2016). This paper aims to address this gap by making a study of the challenges that are faced by the social entrepreneurs that operate SEs.
The term Social Enterprise (SE) denotes a multitude of organisation types that operate in all sectors of the economy (Doherty, et al., 2014). Despite their diversity they are united by the common factors of having a clear social/environmental purpose, they reinvest the majority of their profits that are generated through commercial activities and operate independently of the state (SEUK, 2018). Recognising this degree of heterogeneity this study adopts the term ‘social enterprise’ in its broadest sense when focussing upon the challenges that are faced by the social entrepreneurs that lead such organisations.

A structured literature review was performed, informed by and building upon Doherty et al’s (2014) seminal work. Keywords comprised the term ‘social enterprise’ with ‘hybridity’, ‘finance’ and ‘human resources’. In addition to this, the search was widened with the addition of ‘challenges’ and ‘management’. This returned 23 papers in 18 journals, with 8 published in 2014, 8 in 2014 and 7 in 2016.

The paper is structured as follows. The literature review, is presented thematically and identifies the ten issues that inform the subsequent Delphi study. The methodology is then detailed before the findings are then presented and discussed. The paper closes with summary comments and suggestions for future research.

**Literature Review**

Doherty, *et al.*, (2014) identified that SEs are consistently understood, and referred to in the literature, as ‘hybrid’ organisations. This is because they tend to comprise an amalgamation of private, public and non-profit organisation types. In attempting to satisfy the requirements of being partly competitive and profitable, while delivering much-needed services to society, and being simultaneously constrained by sources of funding and shortage of business skills, SEs are subject to complex and often paradoxical tensions (Ebrahim, Battailana and Mair, 2014). These tensions are found to arise between factors such as competing institutional logics (Cornforth, 2014; Crucke, Moray and Vallet, 2015) and “incompatible goals” (Santos,
Pache and Birkholz, 2015, 37) as they attempt to maximize both their financial and social performance (Alegre, 2015; Sanders and McClellan, 2014; Seanor, Bull, Baines and Purcell, 2014; Ebrahim, et al., 2014; Battilana and Lee, 2014).

**Delphi Issue: ‘Hybrid Complexity’**

Ultimately, these difficulties lead to SEs experiencing mission drift (Cornforth, 2014; Santos, et al., 2015; Young and Kim, 2015; Ebrahim, et al., 2014) and a concomitant decline in the quality of their provision of service (Cornforth, 2014). Doherty, et al.,’s (2014) synthesis of the literature indicates that the root of SEs challenges arises primarily through financial pressures that lead to compromise of the social objectives. In fact, poor financial performance is often “punished more readily than poor social performance” (op cit, 8) and is exacerbated by difficulties in measuring and reporting their actual and perceived social value (Grieco, Michelini and Lasevoli, 2014; Ebrahim, et al., 2014; Zainon, Ahmad, Atan, Wah, Bakar and Sarman, 2014; Stevens, Moray and Bruneel., (2014).

**Delphi Issue: ‘Measuring Social Value’**

Recognising the wide ranging and competing objectives of SEs the involvement of multiple stakeholder groups is essential in being able to ensure effective governance structures (Crucke et al, 2015; Mair, Mayer and Lutz, 2015; Larner and Mason, 2014). However, the degree of engagement of board members and their focus upon social over financial objectives can be difficult problems to manage (Crucke and Knockaert, 2016; Berge, Caldwell and Mount, 2016; Fontes-Filho and Bronstein, 2016; Mason and Doherty, 2016; Mswaka and Aluko, 2015; Brown, 2014; Tian and Smith, 2014; Costanzo, Vurro, Foster, Servato and Perrini, 2014). Mswaka and Aluko (2015) suggest that more effective governance is possible
by following the stewardship model, whereby boards should act merely as stewards of the assets of the SE and do what is seen as best for the organisation as a whole.

**Delphi Issue: ‘Governance’**

SEs experience many financial difficulties, largely due to the complexities of pursuing dual and shifting missions (Reiser and Dean, 2014). ‘Traditional’ sources of investment are often difficult to secure and investors are often confused about the proposition and opportunity (Doherty, *et al.*, 2014; Reiser and Dean, 2014; Lehner and Nicholls, 2014). SEs are reluctant to incur debt and are poorly positioned to clear any debts that are gained, and therefore offer low rates of return on investment (Doherty, *et al.*, 2014; Reiser and Dean, 2014). Consequently, finance is often the primary hurdle that prevents those enterprises from innovating and growing (Martin, 2015). Indeed, Rey-Marti, Robeiro-Soriano and Sanchez-Garcia’s (2016) work supports this and finds that financial support for SEs can be directly attributed to job creation.

**Delphi Issue: ‘Finance’**

Collaborative networking is influential in SE success, and their ability to connect and support one another increases knowledge, capacity and income streams (Jenner, 2016; Weidner, Weber and Gobel, 2016). Jenner (2016) however, posits that the pursuit of commercial viability and growth results in a landscape where SEs are now competing as opposed to collaborating. The outcome of a more competitive environment, Jenner (2016) argues, is a reduction in trust between SEs.

**Delphi Issue: ‘Commercial Viability and Social Value’**
Large numbers of SEs have become administration-heavy ‘grant-hoppers’, diverting already scarce resources away from their social activities in order to remain going concerns (Martin, 2015; Cornforth, 2014). Paradoxically, it has been suggested that the very nature of SEs has the potential to offer novel opportunities for investment (Doherty, et al., 2014). For example, ‘Social Investment Funds’ such as the Charities Aid Foundation (CAF, 2016) have emerged that focus upon delivering maximum social impact with an acceptable rate of return for socially conscious investors. Lehner and Nicholls (2014) suggested that SEs explore the use of crowdfunding techniques to secure investments and it has also been suggested that there are some significant advantages to be gained when public sector and private sector organisations collaborate or ‘social alliances’ (Scholten and Schilder, 2015). In particular, private sector organisations may benefit from being perceived to be making an authentic commitment to social goals by partnering with SEs, while SEs may be able to develop new income streams (Acumen, 2015).

Delphi Issues: ‘Working With Private Sector’ and ‘Working With Public Sector’

Whilst Rey-Marti, Robeiro-Soriano and Sanchez-Garcia (2016) find that SE founders lack of experience and professionalization can result in limiting opportunities for new job creation, Doherty, et al., (2014) outline significant issues and challenges that human resource management presents to SEs. These range from day to day issues such as staff motivation and morale, dealing with the conflict that arises between paid and volunteer staff, recruiting, and managing the performance and retention of volunteers (Richards and Reed, 2016). In addition, Doherty, et al., (2014) identify that SEs are often faced with the unusual position whereby the clients they seek to serve, support or help are frequently also the employees of the enterprise. Thus, client and worker can be one and the same thing, and that in turn leads to further conflict that jeopardises their performance and potential. SEs can find themselves
managing vulnerable staff (clients), volunteers and paid staff, with limited resources, all under one roof.

**Delphi Issue: ‘Human Resources’**

The strong ties that SEs have with their stakeholders and neighbourhood beneficiaries are often the sources of much celebration. For example, 63% of UK social enterprises utilize 100% local employed staff (Villieneuve-Smith and Temple, 2015). A considerable number operate at a neighborhood level (28%) and that is generally within areas that suffer from social deprivation (Villieneuve-Smith and Temple, 2015). Social capital is therefore suggested to play a pivotal role in enabling business functions, the development of relationships with clients (Child, 2016; Richards and Reed, 2015), and the legitimisation of their entity (Peattie and Samuel, 2015). However, their overdependence upon social capital has been brought into question. Richards and Reed (2015) for example, argued that SE networks and associations are usually limited in size and are highly value laden.

**Delphi Issues: ‘Stakeholders’ and ‘Social Capital’**

The literature review has identified a considerable number of complex and interdependent challenges that modern SEs face. An analysis of this literature identified ten key factors: listed in Table 1. The complexity of SEs hybrid makeup, and the necessity to achieve profit with a social mission, appears to be the primary challenges that social entrepreneurs have to contend with. This conspires to magnify the operational issues that comprise corporate governance, financial management and measurement, leveraging social capital, human resources management, and the practical challenges of working in conjunction with private and public sector counterparts.
Methodology
This research employed a Delphi study to elicit expert insight into the relative influence of the ten factors that affect SE viability and growth (Kosow and Gassner, 2008; Skulmoski, Hartman and Krahn, 2007; Linstone and Turoff, 1975). Delphi studies are frequently employed in deductive research but may be combined with qualitative data capturing elements in order to afford more pragmatic instrumentalisation (Engelke, et al., 2016; Rowe and Wright, 1999). This can enable methodological triangulation (Yin, 2013), improve validity (de Vos, 2005) and increase the contextual understanding of phenomena (Jick, 1979).

The Delphi technique has been used in a wide range of research since its development in the 1950s (Dalkey and Helmer, 1963). In the field of business and management it has been employed in the study of a wide range of phenomena and in accord with this study it has also recently been used to examine SEs (Engelke, et al., 2016). It is a particularly useful technique for gaining insight into complex phenomena where there is controversy, an absence of data, or future predictions are being made (Kosow and Gassner, 2008; Petry, Maes and Vlaskam, 2007; Skulmoski, et al., 2007; Mitchell, 1992; Paliwoda, 1983).

The Delphi technique, however, also presents some challenges, including the selection of appropriate expert panel members, maintaining panel members’ commitment and response rates, designing the initial survey questions and determining when a satisfactory level of agreement among the panel has been reached (Okoli and Pawlowski, 2004; Wentholt and Frewer, 2010; Brill, Bishop and Walker, 2006; Paliwoda, 1983). Furthermore, there is a lack of agreement about how many rounds should be included in an effective Delphi study (Wentholt and Frewer, 2010; Petry, et al., 2007) though two are generally considered adequate (Gary and von der Gracht, 2015; Boulkedid, Abdoul, Loustau, Sibony and Alberti, 2011) as the addition of further rounds adds administrative burden and places pressure upon participants that results in lower response rates (Gary and von der Gracht, 2015). Data
analysis methods vary but commonly rely upon the examination of descriptive statistics of the data that have been obtained within each round (Watson, 2008; Scholl, et al., 2004; Harer, 2003). More sophisticated techniques, however, can be employed to provide a more precise analysis of the changes that occur between rounds (Melnyk, et al., 2009; Ray and Sahu, 1990). In policy Delphi surveys (Heiko, 2012), which this research can be seen to employ, a specific level of consensus is usually not considered the stopping criterion for the process, but rather clarification and definition of the different opinions and viewpoints between different groupings.

Because obstacles to social enterprises often depend on local and national ecosystem conditions it was decided to focus on a specific local ecosystem. More specifically, Social Enterprise UK’s (2018) recent ‘Trading for Good: A report on small and medium-sized social enterprises’ finds that 27% of small social enterprises are based in the top 20% most deprived areas and small to medium size social enterprises (41%) in particular are more likely to be focused on improving a particular community. All the social enterprises chosen for the study operated in the South Wales Valleys unitary authorities of Rhondda Cynon Taff (RCT), Merthyr Tydfil and Caerphilly. As discussed in Jones et al (2011), the South Wales valleys area suffers from multiple deprivation within Wales. Consequently it has been the focus of much government policy (David and Blewitt, 2004), at that time representing around 60 per cent of the area covered by Objective One Funding (Brooksbank et al., 2001), Adams and Robinson (2005), the Welsh Assembly Government (WAG) since then giving greater emphasis to increasing levels of employment and reducing economic inactivity.
The Heads of the Valleys (HOV) area of the South Wales valleys, which incorporate RCT, Merthyr Tydfil and Caerphilly (as well as Blaenau Gwent and Torfaen) can be seen as being in particular need, being described in the “Wales Spatial Plan” as: An area set in superb natural surroundings [y] facing very considerable social challenges created by economic restructuring of the late 20th century (WAG, 2008, p. 99). Jones et al (2011) further highlight that the HOV have average earnings that are only 93 per cent of the Welsh figure, itself only 89 per cent of the England level and fewer businesses compared to Wales generally and England) employing fewer than five people (being 68 per cent in Wales, 67 per cent in England, but only 61 per cent in the HoV area). This suggests, therefore, limited entrepreneurship and self-employment activity within the area.

This specific local ecosystem is therefore chosen because this area is an area suffering from social and economic deprivation but also where social enterprise as a policy has been significant in its use to try to overcome some of these issues (see for example Jones et al, 2011). As such it is therefore likely to have a variety of social enterprise types operating within it, as well as those social enterprises having a range of resourcing issues related to low socio-economic status. The study can therefore be seen to be of specific relevance to social enterprises operating in resource constrained local ecosystems. The South Wales Valleys, is therefore a perfect economic backdrop for the study, allowing the gaining of further insight from this types of economic geography, which helps us understand the eco system many SME social Enterprises are presently working in, further strengthening the contribution the paper makes.

Out of the nine SEs that participated, three were local service providers (running existing public service contracts), two were service based retailers (social cafes and meeting places),
two represented skills development agencies for disadvantaged groups, one managed the retail arm of a local charity and one operated a consultancy specialising in sustainability and corporate social responsibility for the construction industry. Policy makers were from RCT and Caerphilly economic development / business support and all the academics belonged to or had research / practical affinity with universities in South Wales, as well as subject expertise of relevance to the topic under discussion. Specifically, one was a professor of Small Business and Enterprise, one was a professor of marketing and seminal author on the topic of Social Enterprise, one was an associate professor of strategy, one a specialist in human resource management and six were strategy specialists. All of them had published in areas of relevance to the study in terms of subject (social enterprise), geography (South Wales) and organisational size (small organisations).

Descriptive statistics were used to make comparative analyses of responses and Kendall’s W was employed to measure the degree of concordance of the rankings in each round, where W=0 indicates no level of agreement and W=1 indicates complete agreement (Okoli and Pawlowski, 2004). There is no universally agreed value of W that indicates an ‘acceptable’ level of concordance but it may be used as a comparative indicator among sequential rounds of a Delphi study. In addition, and following Heiko, coefficients of variation were used, with values between 50% and 80% in round one suggesting a need for an additional round, and comparisons with round one values in round two identifying whether a further round was likely to increase levels of concordance.

This study utilized a three-round Delphi study of the views of nine social entrepreneurs that are founder-managers of small to medium-sized SEs, ten academics with expertise in social
entrepreneurship and small business, and two local government officials that are responsible for regional business policy development and implementation.

The exercise began with all participants ranking the ten factors that had been identified through the literature review. Following this, the data were analysed to generate the rank order of factors and this was used as the basis of facilitated discussions with participants in order to question and understand their rationale for providing their rankings. These discussions provided useful and enlightening information about an individuals’ position (Denscombe, 2010; Fox, 2009). Subsequent to these discussions, the participants were separated into groups, identified as ‘Academic’, ‘Social Entrepreneurs’ and ‘Policy-Makers’, and each cohort reviewed and re-ranked their perceptions of the significance of the ten factors that affect SEs. In the analysis section, pertinent discussions are illustrated with participant quotes and all responses are anonymized.

**Analysis - Round One**

Analysis of the entire panel’s perceptions of the importance of the ten key factors that affect SEs returns a moderate degree of concordance (W=0.30): see Table 1 for a breakdown of results. The Academic cohort returned a marginally higher degree of concordance than the overall panel (W=0.398) whereas there was a negligible difference between the overall panel and the Social Enterprise cohort (W=0.312). The Policy-Makers cohort, comprising a small number of panel members, returned a slightly higher degree of concordance than the other groups (W=0.45).

The Academic, Policy-Makers and Social Entrepreneur cohorts all identified ‘Finance’ as the key issue that affects SEs today. This was closely followed by the ‘Dual Challenge’ and ‘Measuring Social Value’. There is reasonable agreement at a panel level, and across all three cohorts, that the least significant issues that face SEs are their ‘Social Capital’, ‘Stakeholders’
and ‘Working with the Private Sector’. Note however that the Policy-Makers perception of ‘Working with the Private Sector’ is markedly different to that of the other cohorts. Also, there is a considerable difference between the Academic cohort’s ranking of the importance of ‘Governance’ (9) and that of the Social Entrepreneurs (4) as well as the Policy-Makers (5). There is a further difference in perception of the significance of ‘Human Resources’ between those of the Academic (4) and Policy-Makers cohorts (4), and that of the Social Entrepreneurs (9). Four of the factors the coefficient of variation was between 50% and 80% and this supported the need to undertake another round of analysis.

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Table 1, Round One Analysis

Analysis - Round Two

Following an open discussion of the overall rankings obtained in Round One, each cohort reviewed and re-ranked their perceptions of the significance of the ten factors that affect SEs.

The overall panel returned a similar degree of concordance to round one (W=0.31): see Table 2 for a breakdown of results. The Academic cohort returned a much higher degree of concordance than that of the overall panel and that returned in round one (W=0.445). The Social Enterprise cohort returned a similar degree of concordance to that returned in round one (W=0.318). The Policy-Makers cohort, comprising a small number of panel members, also returned a comparable value to that in round one (W=0.43).

Similar to round one, the overall panel results, along with the Academic and Social Enterprise cohort results, all identify ‘Finance’ and the ‘Commercial Viability and Social Value’ as the key factors that affect SEs:

*The big challenge for the social enterprise is to find the balance between value creation and profit.*

[Social Entrepreneur 2]

‘Social Capital’, ‘Stakeholders’ and ‘Working with the Private Sector’ remain the factors that are perceived to be least important. This is an interesting and at first glance, counterintuitive result, given the relevance placed on these in the literature. The key point, however, is not that these are unimportant issues, but rather that they are not perceived as being as important as other issues for this group of stakeholders in this local ecosystem.

It is particularly important to note however that the perception of the importance of ‘Governance’ shifted considerably between rounds. In round one it was considered to be the
seventh most important factor whereas in round two it was considered to be the third most important:

An inexperienced Board leads to failure.

[Policy-Maker, 2]

This change has arisen through changes in both the Academic and Social Entrepreneur cohorts’ perceptions following group discussion. The Social Entrepreneur cohort ranked it fourth in round one and third in round two, but the Academic cohort ranked it ninth in round one and fifth in round two. This serves to reinforce the importance of selecting a balanced panel of expert advisors when conducting Delphi studies. The coefficients of variation for the ten factors were also similar to round one, and it was therefore determined that a third round of analysis would be undertaken.
### Table 2, Round Two Analysis

**Analysis - Round Three**

Many of the social entrepreneurs were keen to express their concerns with regards to SEs’ inability to professionalise their internal and external marketing systems. Two key marketing functions, pricing and promotion, emerged from the discussions as problematic for SEs to manage and execute effectively:

“It’s very hard for us to put a financial value on what we actually do, so knowing our worth can be difficult to estimate.”

[Social Entrepreneur 3]

Some of the participants reflected upon their historical failings and expressed concerns over their inability to respond to the many rapidly emerging options and techniques now available through such things as social media platforms and programmatic advertising:

“We would benefit from knowing how to use social media more professionally. What we do with it now is make announcements on Facebook if we have a special event running or if we have a success story we would like to share. I have no idea how this works and if anyone is really reading it or sharing it.”

[Social Entrepreneur 4]
“Some of my friends have told me you can use Facebook for advertising. We just use it now and again when we think we have something to say. I think if we learned how to use it more professionally I’m sure we would get some people from around here interested in helping us or using our services.”

[Social Entrepreneur 2]

Some participants were keen to express the difficulties that SEs present when attempting to formulate a ‘uniformed communication strategy’ to develop a relevant and digestible unique selling proposition suitable to all stakeholders. Limited funds, a gap in social media technical skill and an inability to truly measure and communicate their social value all conspire to make some SE’s marketing communications appear ‘amateur and off-putting’:

‘Social Enterprises can struggle to communicate both their social impact and their commercial activities together. As a result, I think this can confuse some people.

Whereas people know what a business is and know what a charity is your average person in the street really isn’t that familiar with what Social Enterprises actually are.”

[Policy-Maker 2]

SEs are not well understood, even by their own staff, and this raises questions over their own, and others’, perceptions of their validity:

“Many people still don’t really know what a Social Enterprise is. Often I have to tell them we are not a charity.”

[Social Entrepreneur 8]
Numerous participants indicated that their ability to carry out commercial work for private enterprize or participate in public sector procurement contacts had frequently been questioned. Social Entrepreneurs noted that when bidding for contractual work they feel as if they face extra scrutiny regarding their resource capacity and commercial professionalism to complete their obligations on time and up to standard. As a result, many Social Entrepreneurs spoke of losing work simply because they are perceived as possessing third sector 'amateurism'.

The nature of SEs results in their founders and their staff being motivated to voluntarily contribute by their ideological positions or their social and personal needs. This was perceived to often result in a lack of skilled management and leadership. Similar to the challenges around the selection and structure of governing boards, there is a recognition of the need for greater formal leadership skills and abilities to make best use of scarce resources and aid in improving the internal and external perception of their validity:

“I find it hard telling people what to do and telling them off if they do things that aren’t appropriate is a nightmare cos lets’ face it they are not getting paid and they are doing lots of things that really help us.”

[Social Entrepreneur 4]

Many Social Entrepreneurs in this study expressed an inability to ‘turn clients away’ despite not having the necessary resources to ‘really support them’. A desire to ‘socially serve’ those in need often results in SEs resources being stretched beyond their limits. This is however, much more than a mere resource and capacity issue. It is the socially-situated nature of hybrid SEs that underpin their existence. Motivated by local, social needs, and staffed by local, often socially-needy individuals, these enterprises are motivated by the inequalities of the social system within which they operate but simultaneously limited by that same environment. This in turn results in disappointed stakeholders and, at best, a reputation for delivering an
‘amateur service’ but, at worst, a failure to address societal inequalities and a dissolution of the SE itself:

“I try to support as many people as possible, but some days I’m just overwhelmed. I don’t help myself cos I just can’t say no. I hate to turn people away its goes against what we are trying to do. So, I try my best, but sometimes I must rush and sometimes I have nothing left to give. That’s just so disappointing, I can see the disappointment on peoples face but there’s not much I can do about it, basically I need to learn how to let people down gently, but that’s not why I came into this.”

[Social Entrepreneur 5]

These four new factors were incorporated alongside the ten established factors and re-ranked: see Table 3 for a breakdown of results. Time pressures precluded the Social Entrepreneurs and Policy-Makers panel members from completing the third round: this reflects both the challenges of maintaining commitment when using the Delphi technique and the practical resource constraints that social entrepreneurs face. The third round of analysis was therefore informed by the discussions among all three groups but ranked solely according to the perceptions of Academics.

A moderate degree of concordance was returned by the Academic cohort for the modified list of fourteen factors that affect SEs (W=0.359), with a similar average coefficient of variation, which was also under 50%, suggesting that an additional round was not necessary (Heiko, 2012). Similar to the previous rounds, ‘Finance’ and the ‘Commercial Viability and Social Value’ were identified as key issues. Three of the four new factors were then identified as the next most significant issues: ‘Leadership’ (ranked second), ‘Professionalisation of Marketing’ (ranked fourth) and ‘Perception of Validity’ (ranked fifth). Following these was ranked ‘Measuring Social Value’.
<table>
<thead>
<tr>
<th>Metric</th>
<th>Financial Complexity</th>
<th>Finance Measuring Social Value</th>
<th>Commercial Viability and Social Value</th>
<th>Working with the Public Sector</th>
<th>Human Resources</th>
<th>Social Capital</th>
<th>Governance</th>
<th>Stakeholders</th>
<th>Working with the Private Sector</th>
<th>Professionalisation of Marketing</th>
<th>Perceptions of Validity</th>
<th>Leadership</th>
<th>Situatedness</th>
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<tr>
<td>Max</td>
<td>14</td>
<td>6</td>
<td>12</td>
<td>9</td>
<td>11</td>
<td>13</td>
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<td>Min</td>
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<tr>
<td>Ave</td>
<td>8.9</td>
<td>3.1</td>
<td>6.7</td>
<td>5.1</td>
<td>8.9</td>
<td>7.9</td>
<td>8.5</td>
<td>8.6</td>
<td>11.1</td>
<td>11.4</td>
<td>5.6</td>
<td>6.4</td>
<td>5.7</td>
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<td>Std Dev</td>
<td>3.93</td>
<td>2.25</td>
<td>3.95</td>
<td>4.91</td>
<td>2.25</td>
<td>3.85</td>
<td>4.82</td>
<td>1.71</td>
<td>1.92</td>
<td>3.26</td>
<td>5.28</td>
<td>2.69</td>
<td>4.69</td>
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<tr>
<td>Coefficient of variation</td>
<td>44.16</td>
<td>73.25</td>
<td>58.96</td>
<td>57.06</td>
<td>25.51</td>
<td>44.84</td>
<td>62.05</td>
<td>32.79</td>
<td>15.91</td>
<td>15.09</td>
<td>58.21</td>
<td>41.25</td>
<td>72.70</td>
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<td>Ranked</td>
<td>10</td>
<td>1</td>
<td>8</td>
<td>5</td>
<td>10</td>
<td>7</td>
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**Discussion**

Whilst the results can be seen as in many ways in line with already existing literature, two specific contribution to the literature are made by this research. First, a ranking of the importance of the key issues affecting social entrepreneurs has been possible and second a number of new / more specific issues has been identified. This matters because it allows for a more nuanced and structured discussion and analysis of social entrepreneurs and also supports policymaking prioritization where resources are often constrained. Because of the local ecosystem specific nature of the analysis, however, it is difficult to generalize these results beyond the local ecosystem itself, but the process of obtaining the results, via the Delphi technique, can itself be seen as representing a contribution to method in this area.

Throughout the investigation, the issue of ‘Finance’ was recognised as the dominant factor that affected the viability and growth of SEs: see Table 4 for an overview of the ranking of factors in each round. This finding concurs with the literature that recognises the particular difficulties that SEs face in securing adequate sources of funding (Martin, 2015; Doherty, et al., 2014; Lehner and Nicholls, 2014; Reiser and Dean, 2014).

The multifaceted nature of SEs manifests as internal pressures to balance social and financial goals and staff motivations, along with external pressures to communicate a clear and unambiguous message of their purpose and identity (Crucke and Knockeart, 2016; Fontes-Filho and Bronstein, 2016; Mswaka and Aluko, 2015; Costanzo, et al., 2014; Tian and Smith, 2014). This is compounded by challenges such as finding practical and meaningful ways to measure and communicate their social value (Mason and Doherty, 2016) and resisting the ideologically negative perception of engaging in more commercial activities even though such actions may ultimately improve their ability to deliver social value (Liu, Takeda and Ko, 2014).
The perception of SEs’ validity also emerged as a key factor that they need to address. This is clearly related to the challenge of possessing dual missions (Richards and Reed, 2016; Jenner, 2016; Martin, 2015; Cornforth, 2014; Costanzo, et al., 2014; Ebrahim, et al., 2014; Stevens, et al., 2015; Doherty, et al., 2014) along with satisficing a wide range of stakeholders (Fontes-Filho and Bronstein, 2016; Crucke and Knockeart, 2016; Costanzo, et al., 2014; Tian and Smith, 2014) and being dependent upon organisational and individual social capital (Jenner, 2016; Richards and Reed, 2015; Domenico, Haugh and Tracey, 2010). This would also appear, however, to be related to the newly emergent factor of their professionalization of marketing and these enterprises appear to be poorly equipped to make the best of their efforts even if they were able to successfully manage their multitudinous and often competing challenges (Katre and Salipante, 2012).

Moving the social and commercial validity of SEs in the same direction appears to be a key challenge and ironically calls for better or more novel approaches to marketing communications (Liu, et al., 2015; Liu, et al., 2014) that demonstrates an ability to promote the purity of SEs’ social mission alongside the pragmatic necessity of their commercial professionalism. Expanding upon Sakary et al., (2012) suggestion that social alliances between SEs and commercial business improve organisation validity our work indicates that SEs’ ability to deliver community-based social value has the potential to become a ‘socially validating advantage’, that other commercial enterprises will find impossible to replicate.

Leadership was identified by social entrepreneurs as a significant problem and was subsequently also ranked by academics as secondly only to finance as a key issue for SEs. The governance and stewardship of SEs has been recognised within the literature as an issue (Rey- Marti et al., 2016; Berge, et al., 2016; Crucke, et al., 2015; Mswaka and Aluko, 2015; Larner and Mason, 2014). The specific problem of individual leadership has, however, only recently been recognised, and then only in specific contexts, for example, Rey-Marti et al.,
(2016) suggest SE leaders’ lack of professionalism and commercial experience can be detrimental to growth, while Bacq, Janssen and Noel (2017) recognise the problems of founder succession and the impact this has on the mission and values of the social enterprise. This is an area that requires further examination since, while the practice of leadership is a complex discipline in itself, within SEs it is further complicated by the need to lead an often poorly resourced enterprise, with indistinct and competing missions, in an uncertain and maligned environment (Villeneuve-Smith and Temple, 2015; Ohana, Meyer and Swaton, 2010; Teasdale, 2010).

Finally, the situatedness of SEs was seen to be a complex array of issues that often need to be addressed (Kistruck and Beamish, 2010). SEs can be heavily influenced by two dominant stakeholder groups, the client as both the employee and the volunteer from the immediate community. These two groups offer unique attributes that SEs benefit from, for example, the social entrepreneurs in this study expressed an ability to develop services that are informed by local knowledge and an understanding of social issues directly from those who possess the lived-experience. However, these advantages are sometime paradoxical in nature. SEs’ deep rooted belongings to certain geographical and special interest communities can permeate their cultures, thereby rendering their functionality susceptible to the negative effects of local politics and community conflict.

<table>
<thead>
<tr>
<th>Round One</th>
<th>Round Two</th>
<th>Round Three</th>
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<tr>
<td>Finance</td>
<td>Finance</td>
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<td>Commercial Viability and Social Value</td>
<td>Commercial Viability and Social Value</td>
<td>Leadership ***</td>
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<td>Measuring Social Value</td>
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<td>Commercial Viability and Social Value</td>
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<td>Measuring Social Value</td>
<td>Professionalisation of Marketing ***</td>
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<td>= Hybrid Complexity</td>
<td>Human Resources</td>
<td>Perception of Validity ***</td>
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<tr>
<td>Working with Public Sector</td>
<td>Hybrid Complexity</td>
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In keeping with Haugh’s (2012) call for greater theory development in the study of SEs, this section closes with an examination of theoretical lenses that may be valuable for the further exploration of the nascent challenges that SEs face and may aid in problem resolution. For instance, a considerable body of SE literature has championed the fiscal challenges that beset SEs and their hybrid nature. This is perhaps unsurprising since the issue of funding and income generation is the most significant that SEs face. However, we suggest that if we continue to examine SEs from a position that prioritises financial concerns and performance above others (Doherty et al, 2014) then we are likely to restrict our discoveries to those that are grounded in financial theory.

The overriding message that the extant literature and this study impart, centres upon the issues that are presented by the dichotomous nature of SEs. This is not something that is unique to this sector or type of organisation. For example, the dual objectives of financial effectiveness and environmental/social performance have received some attention within the supply chain management literature and there have been recent suggestions to move away from the use of these terms in order to embrace more holistic concepts such as ‘resilience’ (Kashmanian, 2015; Ahi and Searcy, 2013). The paralysing influence of the hybrid mission is a facet that requires focussed attention and approaches such as Paradox Theory may be of further value in unpicking this particular problem (Peattie and Morely, 2008; Stevenson, 2010; Lewis, 2000).

<table>
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<tr>
<th>Working with Private Sector Stakeholders</th>
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<th>Governance = Working with Public Sector</th>
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Table 4, overview of factor ranks by round (*** indicates novel factors)
Alternatively, adopting alternative theoretical lenses may also yield greater insight into the
gamut of operational issues shown in Table 4. Leadership is a well-researched and theorised
area and numerous approaches could be adopted that would provide insight into the
managerial challenges within SEs (see for example Gandolfi and Stone 2017 and Sudha,
Shahnawaz and Farhat 2016). Servant leadership may provide insight into those that own and
manage SEs (Northouse, 2015; Spears, 1996) while followership theories may provide
valuable insight into the needs and motivations of SE staff (Foti, Hansbrough, Epitropaki and
Coyle, 2017).

The Professionalization of Marketing, and indeed other staff and functions, may be examined
through RBV (Campbell and Park, 2017) or Internal Marketing (Modi and Sahi, 2017)
theories. These may proffer insight into the factors that govern their efficacy within the
context of a hybrid organisation. Place also plays a significant role in determining identity
and authenticity (Tuan, 1977) and is key to the situatedness of SEs. Some research has
already called for further placed-based research in order to illuminate the machinations of
SEs (Munoz, 2010).

Managing the perception of SE validity is a complex undertaking. Measuring social value for
instance is a topic of much current debate but is currently dominated by measures of financial
performance (Mook, Chan and Kershaw, 2015; Bagnoli and Megali, 2011). The perceptions
of SE validity may be explored through alternative concepts of value that are not grounded in
financial metrics, for instance community-based social marketing theory (McKenzie-Mohr,
2011), and theories of authenticity (Samuel, Taylor and White, 2017; Wicki and Kaaïj, 2007)
would explain how perceptions of an SE are built by stakeholders and how SEs may
influence their perceptions.

Conclusion
In an era of global austerity and increasing social plight, new forms of hybrid social enterprises have emerged that aim to tackle a range of problems. Born of the founding social entrepreneur’s ideological motivations and responding to their local community needs, these organisations attempt to balance their social goals with the need to be a self-sustaining going concern, in an increasingly complex socio-political environment. Social enterprises provide much needed support in areas where local government services are being reduced or withdrawn and, as such, are becoming an increasingly valuable, and sometimes necessary, form of social institution.

Recognising the challenges that beset hybrid social enterprises, this study examines the factors that inhibit their inability to remain viable and to grow. It also responds to the call to provide more quantitative research in this field. Drawing upon expert insight from social entrepreneurs, academics and policy makers, a Delphi study was conducted to rank the ten factors that have been identified within the extant literature. Through facilitated discussions a further four key factors are identified that affect the successful operation of these types of enterprises.

The study identifies that the key challenges that social entrepreneurs face comprise the securing of finance and having to balance commercial viability with a commitment to providing social value. It also makes an important contribution by identifying four new factors that had not previously been recognised in the literature: ‘Leadership’, the ‘Professionalisation of Marketing’, ‘Perception of Social Enterprise Validity’ and ‘Situatedness’ are all identified as further factors that impinge upon the successful operation of hybrid social enterprises. The paper outlines potential theoretical lenses that may be useful for the further examination of the many tensions that beset SEs.

The research makes a further valuable contribution by providing a holistic examination of the factors that affect social enterprises and ranking them in relative order of importance. This is
a useful instrument for social entrepreneurs and policy makers that can inform the way that social enterprises are structured and managed, and how national and local policy may be developed to aid in overcoming the prevalent issues. The key issues that require attention are ‘Finance’ and ‘Duality of Mission’. Policy development needs to address the difficulties that social enterprises face when attempting to secure sources of funding by furthering their access to public sector opportunities and improving their ability to successfully secure such funding. In addition to this, social entrepreneurs should explore innovative models of securing funding such as crowdfunding.

This study is based upon a sample of expert views. Consequently, the generalisability of the findings can be debated, but they do reflect the views of the considerable body of extant literature. Further research should confirm the validity of the four novel factors that have been identified. Future work should also confirm the relative ranking of the factors in other countries, contexts and other forms of social enterprise.

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