



JÖNKÖPING UNIVERSITY

*Jönköping International
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Managing Mission Drift in Social Business Hybrids

An exploratory study on strategies that employees of Social
Business Hybrids apply to mitigate the risk of mission drift

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“We envision a global economy that uses business as a force for good. This economy is comprised of a new type of corporation – the B Corporation – which is purpose-driven and creates benefit for all stakeholders, not just shareholders.

As [...] [the next generation of] leaders of this emerging economy, we believe:

- *That we must be the change we seek in the world.*
- *That all business ought to be conducted as if people and place mattered.*
- *That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.*
- *To do so requires that we act with the understanding that we are each dependent upon another and thus responsible for each other and future generations.”*

- B CORP DECLARATION OF INTERDEPENDENCE (B Lab, n.d.)

Master Thesis in Business Administration

Title: Managing Mission Drift in Social Business Hybrids – An exploratory study on strategies that employees of Social Business Hybrids apply to mitigate the risk of mission drift

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Key terms: social entrepreneurship, social business hybrids, mission drift, multiple value creation, social employee, pluralist employee

Abstract

Background: Rising global uncertainty and volatility have changed how businesses envision themselves and their future. Particularly Social Business Hybrids emphasize the importance of purpose beyond profit. Their aim is to develop a more inclusive and green economy by pursuing and creating both financial and social value. This aim, however, comes with the risk of mission drift, meaning that the organization could prioritize one value at the expense of the other. As this is an emergent strategic dilemma in the field of social entrepreneurship, it is prudent to find ways to manage the risk of mission drift. In this context, considerable attention has to be given to the question of how employees of Social Business Hybrids manage the risk of mission drift, as their viewpoint has mostly been neglected by prior scholarship.

Purpose: The purpose of the present study is to provide an understanding of why the management of mission drift is relevant for Social Business Hybrids and to give new insights into perspectives that employees of Social Business Hybrids have towards tactics and strategies that support successful management of mission drift. By researching the critical role that employees play as stakeholders in the context of mission drift management, we aim to enrich current literature by deriving new insights into strategies that can help Social Business Hybrids successfully balance their dual objectives.

Method: This study is based on: Qualitative, inductive research; Ontology – Relativism; Epistemology – Social Constructionism; Methodology – Grounded Theory; Data Collection – 12 semi-structured in-depth Interviews; Sampling – Purposive, Snowball; Data Analysis – Grounded Analysis

Conclusion: In our findings, we ascertained distinct sources that anticipate a risk for mission drift. Further, we identified detailed tactics that can significantly support the management of mission drift. Finally, resulting from the findings, a framework was developed, that proposes five distinctive overarching strategies, which are enabled by two underlying mechanisms that employees in Social Business Hybrids apply to manage mission drift.

Definition of Key Concepts

Key Concept	Definition
Social Business Hybrids (SBHs)	Organizations that aim to create both financial value and nonfinancial value (i.e., social and/or environmental value) (Battilana & Dorado, 2010)
Mission Drift	Mission Drift occurs when an organization knowingly or unknowingly prioritizes one of its multiple values at the expense of another (Grimes et al., 2019)
Multiple Value Creation	When an organization creates various values (both financial and non-financial), rather than a single value (i.e., financial value) (Muñoz & Kimmitt, 2019)
B Corporation (B Corps)	B Corps are for-profit organizations that use profits and growth to make a positive impact on their employees, communities, and the environment, as accredited by the non-profit B Lab (B Lab, n.d.)
Organizational Mission	The purpose of an organization's existence and how it should act are communicated through its organizational mission (Grimes et al., 2019)
Pluralist Employee	Individuals that support and are able to work along both types of values (Besharov, 2014)

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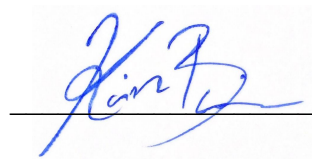
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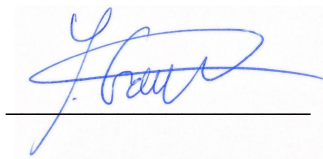
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Jönköping, 23rd of May 2022

A handwritten signature in blue ink, appearing to read 'Kim Bussian', written over a horizontal line.

Kim Naike Bussian

A handwritten signature in blue ink, appearing to read 'Janina Goettert', written over a horizontal line.

Janina Goettert

List of Abbreviations

Abbreviation	Meaning
B2B	Business to Business
B2C	Business to Consumer
CE	Commercial Entrepreneurship
CEO	Chief Executive Officer
CIT	Critical Incident Technique
COVID	Coronavirus disease
E-Commerce	Electronic Commerce
FinTech	Financial Technology
GmbH	Gesellschaft mit beschränkter Haftung
HO	Hybrid Organization
HR	Human Resources
INT	Interview
LLC	Limited Liability Company
min	minutes
NFT	Non-Fungible Token
Nr.	Number

OKR	Objectives and Key Results
PIM	Product Information Management
RQ	Research Question
SBH	Social Business Hybrid
SE	Social Entrepreneurship
TQM	Total Quality Management
UG	Unternehmergeellschaft
VC	Venture Capital
WISE	Work Integration Social Enterprises

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1. Introduction

The purpose of this chapter is to lay the contextual foundation of the research by demonstrating how Social Business Hybrids struggle to balance their social and commercial mission, which can lead to mission drift. Furthermore, the research problem and associated research gap illustrate the research purpose and the resulting research question.

1.1 Background

Activists, politicians, and academics are increasingly turning to social enterprises, or hybrid organizational structures that integrate social and economic purposes (Battilana et al., 2017), to find “new solutions to social problems” (Tracey & Stott, 2017, p. 51). This change is mainly influenced by rising global uncertainty and volatility, influencing how businesses view themselves and their future (EY Global, 2020). Especially hybrid organizations like Social Business Hybrids (SBHs) extensively emphasize the necessity of purpose beyond profit (Dacin et al., 2011; Haigh et al., 2015; Weerawardena et al., 2019; Zahra & Wright, 2016). SBHs are hybrid organizations working to reform business culture to develop a more inclusive and green economy by pursuing and creating both financial and social value (Battilana et al., 2015; Ebrahim et al., 2014; Pache & Santos, 2013). Therefore, they frequently innovate their business models in response to increasing demands from employees for meaningful employment, customers for inspiring brands, and society for companies to be responsible (EY Global, 2020; Klein et al., 2021).cf

However, research has demonstrated that creating value in hybrid organizations comes with risks, such as prioritizing one value above another, whether deliberately or unknowingly (Grimes et al., 2019). This phenomenon is known as mission drift, a concept that has previously been challenged and reoriented from the notion of unavoidably belonging on a continuum, with for-profit companies on one end and charitable organizations on the other (Muñoz & Kimmitt, 2019). In the literature, mission drift is mainly considered a threat to business success that should be prevented because it hinders the creation of solutions to global challenges in the business world

(Klein et al., 2021). However, a few scholars have found that a temporary mission drift does not have to be harmful when managed correctly (Muñoz et al., 2018). Given the rising demand for organizations to embrace multiple aims (Hollensbe et al., 2014; McMullen & Warnick, 2016), as well as heightened challenges from a fast-changing competitive landscape, mission drift is consequently front and center as an emergent strategic dilemma - one that transcends the context of social entrepreneurship (Grimes et al., 2019).

Due to mission drift, many SBHs have strayed from their social objective to pursue financial sustainability. Others have gone bankrupt or are on the verge of doing so because their good intentions could not be financed economically (Battilana et al., 2015). Accordingly, leaning too far in either direction for too long has evident downsides for the SBH. But how can the risk of mission drift be managed successfully?

1.2 Problem

The phenomenon of mission drift and the question of how to manage it is of particular interest in recent literature (Battilana et al., 2015; Cornforth, 2014; Daniel, 2021; Doherty et al., 2014; Ebrahim et al., 2014; Eiselein & Dentchev, 2020; Muñoz et al., 2018; Santos et al., 2015; Smith et al., 2013; Tracey & Phillips, 2007). Organizational studies have looked into methods to minimize or offset mission drift, with a primary focus on ownership (Haigh et al., 2015; Santos et al., 2015; Young & Kim, 2015), governance (Ebrahim et al., 2014; Wolf & Mair, 2019), leadership (Cornforth, 2014; Hai & Daft, 2016), operations (Battilana & Lee, 2014; Pache & Santos 2013), Human Resources (HR) (Battilana & Dorado, 2010; Ometto et al., 2019; Spicer & Lee-Chuvala, 2021) or from a founders perspective (Kwong et al., 2017). Different inclusive governance systems, new legal forms, or the separation of social and commercial functions are suggested to manage the dual missions (Battilana & Lee, 2014; Wolf & Mair, 2019). Besides this, scholars found that a strong sense of unified and shared organizational identity is critically important, as it helps employees to work towards a common purpose (Fiol, 2001), which has an impact on their behavior, such as

developing a loyal and committed workforce (Mael & Ashforth, 1992; Whetten, 2006). Employees who can balance the dual missions are considered necessary for helping SBHs manage the risk of mission drift (Cornelissen et al., 2021; Ometto et al., 2019; Spicer & Lee-Chuvala, 2021).

However, although research by scholars like Battilana and Dorado (2010), Besharov and Smith (2014), and Spicer and Lee-Chuvala (2021) has stated that socialization and hiring practices are possible drivers of the successful onboarding of employees that are capable of managing mission drift, there remains a gap regarding concrete actions on how to facilitate this onboarding. Furthermore, Eiselein and Dentchev (2020), Hlady-Rispal and Servantie (2018), Muñoz and Kimmitt (2019), and Ramus and Vaccaro (2017) call for extending the research around the role of employees and deepening the insights on how employees manage mission drift after their onboarding. Consequently, research has largely failed to identify and specify employee-driven strategies that can mitigate mission drift risk. Thus there is an existing need for studies that clarify how organizations can respond to the threat of mission drift (Grimes et al., 2019).

1.3 Purpose

Looking at this research gap, we derive a set of purposes for our study. First, this study attempts to understand why the management of mission drift is a relevant topic for SBHs. Second, we aim to give new insights into what experiences employees of SBHs have towards actions, mechanisms, and practices that, in their opinion, support successful management of mission drift risk. By researching the critical role that employees play in mission drift management, we aim to derive a general theory explaining mitigating strategies that could help SBHs successfully balance their dual missions. Accordingly, our Research Question (RQ) is: *What practices and strategies do employees of SBHs apply to mitigate the risk of mission drift?*

By answering this RQ, we hope to derive insights in this research field, change the perception around the role of employees in the context of mission drift management, and inspire more businesses to overthink their organizational practices. We consider learning from employees how to best manage the risk of mission drift as especially important as the demand for SBHs that successfully provide solutions for societal challenges is ever-increasing (Austin et al., 2006). In light of global challenges like the climate crisis, racism, or an increasing gap between rich and poor, we believe that societies would benefit from businesses taking over responsibility by developing products and services that create more than financial value.

Consequently, this study aims to present a framework derived from our qualitative research, which can help those engaged with SBHs manage and mitigate mission drift. This study will also identify further avenues for research in this developing field.

2. Literature Review

The aim of this chapter is to provide the foundation for this thesis. We first present the concepts of Social Entrepreneurship, The Social Enterprise, and Social Business Hybrids. Then, we will describe the current state of knowledge on the topic of Mission Drift, how it occurs, its consequences, and scholars' recommendations to manage it. The final section will summarize the literature gaps and provide the theoretical foundation for our Method Design.

2.1 Social Entrepreneurship

Traditionally, the creation of financial value has been the driving force behind most entrepreneurial activities (Schumpeter, & Stiglitz, 2010). However, creating new ventures (Moore, 1986; Schumpeter, 1943) and their outputs (Weick, 1979) were not strictly recognized solely for profit-making (El Ebrashi, 2013). As societies became more conscious of global social and environmental challenges, the role of entrepreneurship expanded to include social and environmental goals and core business operations. Accordingly, social entrepreneurship (SE), which originated in the non-profit sector (Harris et al., 2009; Weerawardena & Mort, 2006), was introduced in the 1970s as a concept to “address the issue of social problems sustainably” (El Ebrashi, 2013, p. 188).

With the concept of SE emerging, the ‘social entrepreneur’ becomes more important (Gidron & Hasenfeld, 2012). These individuals are relevant in SE research as they “are people from the private sector who are dedicated to making changes in social challenges that are often the domain of the public sector. They are described as game-changers with innovative ideas, ethical beliefs, strong problem-solving capabilities, and committed to finding solutions to pressing social problems” (Kabir, 2019, p. 214).

Overall, SE is solidly rooted in the entrepreneurship research theoretical paradigm (Dees et al., 2001; Mair and Martí, 2006), and both commercial entrepreneurship (CE) and SE address similar conceptual areas of inquiry relating to opportunity recognition, evaluation, and execution (Shane and Venkataraman, 2000). Nevertheless, SE research

is considered pre-paradigmatic (Lehner & Kansikas, 2013; Nicholls, 2010), and the concept of SE, as opposed to CE, is relatively uncontested. It primarily refers to good entrepreneurship (Dey & Steyaert, 2012), which implies ethical soundness and a positive social impact. We further build our research on the consensus that the social mission is a vital component of SE (Barendsen & Gardner, 2004; Bruder, 2020; Cochran, 2007; Dees, 2001; Thompson & Doherty, 2006). The balance between “social wealth creation versus economic wealth creation” can be regarded as “the main difference between entrepreneurship in the business sector and social entrepreneurship” (Mair & Marti, 2006, p. 39). Therefore, it is one of the most defining characteristics of social enterprises.

2.2 The Social Enterprise

Social enterprises “manifest themselves as variants and combinations of conventional private profit-seeking businesses and classical private, nonprofit organizations established to pursue a public purpose under a non-distribution of profit constraint” (In Soh, 2014, p. 218). This study focuses on for-profit social enterprises, which strive to achieve a social mission the same way non-profit or voluntary organizations do while also operating successfully in the business world (Evers, 2005; Gidron & Hasenfeld, 2012).

Social Enterprises have various names, such as “hybrid organizations” (HO) and “social businesses hybrids” (SBH) (Santos et al., 2015, p. 36). The most crucial criterion for ‘qualifying’ as a social enterprise is that the organization has a specific social impact and that the organization's success is measured in terms of that impact (El Ebrashi, 2013). Social enterprises focus on value creation to benefit society or the environment (Santos, 2012). Thus, social enterprises often engage in “social missions while also engaging in commercial activities to sustain their operations through sales of products and/or services” (Battilana et al., 2015, p. 1658). Thus, at their core, social enterprises are a combination of “the efficiency, innovation, and resources” of commercial

organizations and “the passion, values, and mission of a not-for-profit organization” (Smith et al., 2013, p. 408).

From reviewing the SE literature, we further define hybridity and the pursuit of the dual mission of financial viability and social purpose as the defining characteristic of social enterprises (Austin et al., 2006; Doherty et al., 2014; In Soh, 2014; Smith et al., 2013).

2.3 Social Business Hybrids

The term “Social Business Hybrid” (SBH) describes organizations that “primarily use commercial means to achieve a social or environmental mission and adopt different legal forms depending on their regulatory context” (Santos et al., 2015, p. 38). SBHs combine the best of both worlds by creating value for society in places where markets and governments fail while generating financially sustainable operations that leverage commercial contracts and enable scalability. Nevertheless, SBHs are fragile organizations that tread a narrow line between realizing their social objective and adhering to market discipline. Their central challenge is to align profit-generating activities with impact-generating activities (Santos et al., 2015) while recognizing competing expectations of value capture and creation (Santos, 2012).

Famous examples of social business hybrids are benefit corporations (B Lab, n.d.; Ebrahim et al., 2014). These businesses have a financial mission to earn money while simultaneously following a social mission. Benefit corporations get certified for working towards these dual missions and predetermined standards in a third-party audit. For benefit corporations, called b-corps, the social mission builds the fundament of the company's identity and culture (Daniel, 2021; Ebrahim et al., 2014; Pache & Santos, 2013).

Due to their dual mission, SBHs are hybrid, which can be a source of identity tensions among different stakeholders, thus impacting organizational behavior, management decisions, and the genuine authenticity of the organization (Costanzo et al., 2014).

2.3.1 The Dual Mission

Current research defines that the dual mission of SBHs reflects in the management of tensions between commercial opportunity exploitation and social mission pursuit (Neck et al., 2009; Peredo & McLean, 2006; Zahra et al., 2009). Thus, the dual mission is fundamental in multiple value creation (Muñoz & Kimmitt, 2019). As SBHs reflect the balance between the social and the commercial mission in their organization's goals, values, and identity (Stevens et al., 2015), the following section will explain the missions and their aims in more depth:

The Commercial Mission

As it is “crucial for social entrepreneurs to sustain their ventures” (EL Ebrashi, 2013, p. 190), the commercial mission of SBHs focuses on revenue streams, securing future investments and expansions to grow and develop the organization. Therefore, the goal is to achieve financial stability within the enterprise (Agafonow, 2014). The ability of an enterprise to attract capital plays an essential role in social entrepreneurship (Bugg-Levine et al., 2012).

The Social Mission

The social mission of SBHs puts a focus on the creation of social impact, social change (Mair & Noboa, 2006; Nicholls, 2006), and social benefits (Agafonow, 2014), and social transformation (Alvord et al., 2004). And as SBHs are founded with a mission to bring “change in a specific socially-oriented way” (Stevens et al., 2015, p. 1055), they always have a social mission that they have to combine and balance out with the commercial mission to maintain economic efficiency (Zahra et al., 2009). Although SBHs have both a commercial and a social mission, research to date has focused on the importance of a dominating social mission, “as such, the ‘social’ is largely taken for granted and the ‘economic’ is considered as a crucial framework condition” (Stevens et al., 2015, p. 1052).

2.3.2 Types of Social Business Hybrids

The research of Santos et al. (2015) has found “that leaders of social business hybrids should first acquire a clear understanding of the type of hybrid organization they are building.” This way, they can assess the correlating risks and challenges to identify the correct “management choices and practices that enable them to create a more resilient organization” (p. 53). Therefore, this section will explain the four different typologies of SBHs by Santos et al. (2015), which Sergi et al. (2021) also recognized in recent literature.

Market Hybrids

Market Hybrids are similar to pure commercial models, except they have a social goal. Its main characteristic is that clients act as beneficiaries, who pay for a product or service for which value spillovers - the increases or losses in value to economic agents outside of a single transaction - occur naturally without extra actions. Water, sanitation, health care, electricity, communications, and insurance organizations are examples of such hybrids. Market Hybrids develop goods to be manufactured and sold at a low cost to low-income customers. Access to these items or services results in an automatic value increase for the clients. Thus, the more goods sold, the more significant the societal impact (Santos et al., 2015).

Blending Hybrids

Blending Hybrids, like Market Hybrids, are businesses that supply paying customers while they are simultaneously the beneficiaries of their societal objective. Blending Hybrids, however, have to combine commercial offers with additional interventions, like group training or community outreach, that are dependent on positive societal spillovers. Blending Hybrids have “moderate financial sustainability” (Sergi et al., 2021, p. 43) and include microfinance, education, and social inclusion organizations that demand consumers change their behavior to have an impact (Santos et al., 2015).

Bridging Hybrids

Bridging Hybrids also have moderate financial sustainability and include organizations such as job placement programs for people with disabilities (Sergi et al., 2021). As Bridging Hybrids serve clients and beneficiaries from different social groups, they must bridge the needs and resources of both interest parties. The business model for this type of hybrid must incorporate clients and beneficiaries in the same intervention, which can be a challenge (Santos et al., 2015).

Coupling Hybrids

Coupling hybrids also have distinctive clients and beneficiaries, but unlike market hybrids, most value spillovers do not occur automatically, necessitating distinct social interventions and economic activities (Sergi et al., 2021). Coupling Hybrids are the most difficult to manage since they must serve two very different types of constituencies. Their social impact relies on initiatives not part of their core commercial activity. Examples of this hybrid type are Work Integration Social Enterprises (WISEs). Such business models place tremendous pressure on organizational leaders since they must continually balance competing demands on their time and resources (Santos et al., 2015).

No matter what type of SBH, whether their differing missions are “two ends of a continuum or orthogonal is an important debate in social entrepreneurship literature” (Stevens et al., 2015, p. 1053). Townsend and Hart (2008) argue that combining them can be problematic since each requires a different legitimization procedure, resulting in institutional ambiguity. Austin et al. (2006) reflect this argument. They claim that “commercial and social dimensions within the enterprise may be a source of tension” (p. 3), and Smith et al. (2013) summarize that the objective of keeping the two missions in equilibrium can be highly challenging.

2.4 Mission Drift

As described above, SBHs permanently have to balance their dual missions (Doherty et al., 2014; Zahra et al., 2009). However, social and commercial priorities often do not align, which endangers the balance. This conflict is an essential characteristic of social entrepreneurship (Tracey & Phillips, 2007) and describes the phenomenon of Mission Drift (Cornforth, 2014; Daniel, 2021; Doherty et al., 2014; Ebrahim et al., 2014; Eiselein & Dentchev, 2020; Grimes et al., 2019; Muñoz et al., 2018; Santos et al., 2015; Smith et al., 2013). Nevertheless, we acknowledge that the yet unclear definition of SE (Lehner & Kansikas, 2013; Nicholls, 2010) makes defining mission drift rather tricky.

Mission drift can be defined as “the real or perceived disconnect between organizational identity and actions” (Daniel, 2021, p. 16) or as “a process of organizational change, where an organization diverges from its main purpose or mission” (Cornforth, 2014, p. 4). While Ebrahim et al. (2014) clarify that mission drift in social enterprise refers to failure in achieving its social mission, Grimes et al., 2019 state that it occurs when an organization knowingly or unknowingly prioritizes one of its multiple values at the expense of another. Moreover, Doherty et al. (2014) argue that mission drift can lead to a reorientation in the shared cultural values of the organization. In summarizing, mission drift describes the actual or perceived process where a SBH drifts away from its social or commercial mission. In most cases, a SBHs mission is likely to drift toward a commercial mission (Cornforth, 2014).

2.4.1 Reasons for Mission Drift

In general, conflicts due to competing logics arise between and among different stakeholder groups (Battilana et al., 2015; Besharov, 2014; Santos et al., 2015). To better understand the phenomenon of mission drift, we identified several reasons why mission drift occurs.

Customers

On the one hand, SBHs can be tempted to “focus on serving the needs of their paying clients (who provide them with resources) rather than those of their beneficiaries (as informed by their social mission)” (Santos et al., 2015, p. 44). This happens especially in bridging and coupling hybrids, as their paying customers are not directly benefiting from the social mission but are necessary for generating revenue and thus keeping the SBH running (Battilana et al., 2015). On the other hand, an increasing customer group demands sustainability or social contribution when buying products or services (Filip & Voinea, 2011). In that sense, a social mission can be a competitive advantage among this customer segment, which might increase the need to focus on the social mission (Filip & Voinea, 2011).

Investors & Partners

While the founder might be more involved in the social mission of the SBH, investors or suppliers might be more interested in the commercial mission (Besharov & Smith, 2014). It is worth mentioning that conflicting logics especially appear during times of growth. Especially when external investors come in, SBHs have to be accountable for their dual performance (Ebrahim et al., 2014).

Governance & Structures

The governance challenges that can arise for SBHs primarily relate to balancing the expectations of paying customers. Customers are significant stakeholders for businesses, with the needs of social mission beneficiaries, who are primary stakeholders in charities (Ebrahim et al., 2014). Further, challenges can occur, as it is primarily by the association's agenda to choose the governance structures (Billis & Chew, 2011). Literature states that especially factors like transparency and accountability play an essential role when governing a social enterprise (Cornforth, 2014; Smith et al., 2013).

Employees

Another major stakeholder group in SBHs is the employees. Founders of SBHs often tend to hire people that already have an idealistic purpose (Besharov, 2014; Daniel,

2021). This, however, can lead employees to compromise the commercial success for their values (Besharov, 2014). In addition, an imbalance in the values and skills of employees can foster conflict and endanger shared values (Besharov, 2014). When employees fail to identify with the organization's mission, drift can result (Battilana & Dorado, 2010).

These reasons can lead SBHs to drift away from one of their missions permanently or temporarily (Muñoz et al., 2018). It doesn't matter if the mission drifts more to the social or the commercial side. It can always pose a risk to the success of the SBH (Raišienė & Urmanavičienė, 2017).

2.4.2 Risk of Mission Drift in different types of SBHs

It is important to note that each of the four types experiences a different risk of actually facing mission drift (Santos et al., 2015) (Table 1).

	Market Hybrid	Blending Hybrid	Bridging Hybrid	Coupling Hybrid
Risk of Mission Drift	Low	Intermediate	Intermediate	High

Table 1: Mission Drift Risk in Social Business Hybrids

Due to their strong alignment between social and economic activities, *Market Hybrids* are the least challenging type to manage (Santos et al., 2015). Market hybrids are less prone to experience mission drift since their social impact is generated by commercial operations targeted at population segments that are underrepresented by standard commercial offers (Sergi et al., 2021).

Blending Hybrids face an intermediate risk of mission drift due to the additional actions required to achieve impact, which does not contribute to producing revenues and hence has a negative influence on profits, putting them in danger of being disregarded (Santos et al., 2015).

The risk of mission drift is also intermediate in the *Bridging Hybrid* model because of the potential of prioritizing the interests of commercial clients over beneficiaries due to resource dependency patterns, especially in cross-segment subsidy arrangements (Santos et al., 2015).

When it comes to *Coupling Hybrids*, they may also be tempted to prioritize customers over beneficiaries. Moreover, it can happen that they as well discard or reduce their focus on extra activities that consume resources and do not contribute to the organization's financial viability. Consequently, the risk of mission drift is exceptionally high (Santos et al., 2015).

2.4.3 Consequences of Mission Drift

A drift in missions can have severe consequences for the company and society as a whole. If employees perceive a gap between an organization's missions and its actions, it can lead to dis-identification and decreased job satisfaction of employees (Lee & Raschke, 2020). This is especially true for idealistic employees, as the social mission is fundamental for them joining a SBH (Daniel, 2021). Decreased job satisfaction was proven to lower the effectiveness of hybrid strategies and thus endangers the dual mission balance (Lee & Raschke, 2020). In addition, decreased job satisfaction can result in fluctuations and hence loss of intellectual property, which would risk the innovativeness and competitive advantage of the SBH (Lam, 2006). Furthermore, if the mission drifts towards the commercial mission, customers might no longer trust the authenticity of the social mission and thus refrain from buying from the SBH (Filip & Voinea, 2011). In case of a drift towards the social mission, investors or suppliers might not be satisfied with the financial performance, which might endanger the business relationships (Ometto et al., 2019). These outcomes put pressure on the SBH and lead to insolvency in the worst case (Spicer & Lee-Chuvala, 2021).

Even though mission drifts often confront an organization with various issues, they may also offer unexpected benefits under certain conditions. Several scholars argue that companies must be able to adapt to the changing and complicated values of their

environment (Anderson, 1999; Davis et al., 2009; Greenwood et al., 2011; Sirmon et al., 2007).

Nevertheless, “the relationship between social and economic mission is complex and thus requires an account of strategic conditions” (Muñoz & Kimmitt, 2019, p. 859). If SBHs cannot manage mission drift, they can not help society tackle significant challenges. Consequently, we argue that the management of mission drift is not only in the interest of the direct stakeholders of a SBH but also of the broader society.

2.5 Managing Mission Drift

When it comes to the question of how SBHs can manage mission drift, scholars found that balancing out social and commercial missions through a dual mission approach helps to decrease the risk of mission drift (Austin et al., 2006; Doherty et al., 2014; Short et al., 2009; Smith et al., 2013). Creating a balance “shapes the processes of opportunity recognition and exploitation in that value capture is tied, either directly or indirectly, to social value creation” (Doherty et al., 2014, p. 422). The following section illustrates strategies presented by scholars that aim at balancing the dual mission:

2.5.1 Ownership

In the attempt to manage mission drift in SBHs, ownership, a fundamental structural element of all organizations, plays a significant role. According to current research, whoever is legally authorized to make decisions on behalf of the social enterprise has substantial discretionary power to direct the organization. As a result, the importance of ownership in SBHs is recognized by scholars who advise paying close attention to their legal structure (Battilana & Lee, 2014; Cornforth, 2014; Ebrahim et al., 2014; Haigh et al., 2015; Santos et al., 2015; Young & Kim, 2015).

According to Haigh et al. (2015), SBHs should always start their search for the proper legal structure by “knowing whether the initial structure was chosen for personal reasons (such as fit with founders’ values) [...] [or] strategic reasons (like the need to

raise capital) [as it] can inform companies of the likelihood of future change in the hybrid” (p. 77). Santos et al. (2015) argue that “leaders of social business hybrids should [...] also consider any transitions in the business model that they may be facing” (p. 53). However, Haigh et al. (2015) also emphasize that SBHs must be able to adapt their structure in response to changing conditions in the environment in which they operate. This aligns with the findings of Young and Kim (2015), who note that the “legal form and external opportunities affect incentives to pursue or de-emphasize market or social goals. Strong external incentives or tenuous financial conditions can incite change in the balance of financial and social goals” (p. 255).

2.5.2 Governance

Furthermore, scholars have provided several answers on managing mission drift around corporate governance (Wolf & Mair, 2019). In terms of mission drift caused by governance mechanisms and how to address it, the literature suggests two main approaches to utilizing governance strategies:

Board of Directors: Battilana and Lee (2014) conclude their study by stating that the board of directors is instrumental in managing mission drift and “recent research suggests that boards, in particular, are likely to play a key role in ensuring that social enterprises avoid [...] traps” (p. 419). Thus, SBHs are encouraged to analyze the composition of their board, the image it projects, the actual value it adds to the organization carefully, and, lastly, to use the board as an instrument rather than handing out seats randomly or out of gratitude.

Accountability Practices: Ebrahim et al. (2014) argue that there is a need for “supportive mechanisms of organizational governance” (p. 85), which takes the shape of accountability for all people involved in the social enterprise's activities and positions of responsibility. It is also vital to be aware of “how key actors within a social enterprise can act to manage tensions and reduce the chances of mission drift. Action may need to take place at the micro-organizational and macro-level” (Cornforth, 2014, p. 12). Monitoring the employees' actions should be a top priority and an effective strategy to

prevent mission drift (Ebrahim et al., 2014). Depending on how operations are carried out in the organization, Ebrahim et al. (2014) present two approaches for using accountability to manage the risk of mission drift in SBHs. On the one hand, the focus can be on results rather than efforts if the organization has appropriately educated its employees. On the other hand, with the aim of a company to hire more experienced people, it is preferable to manage individual behavior so that they think and act in the right way, as the workforce composition is a critical part of all SBHs.

Besides these two approaches, recent scholarship by Wolf and Mair (2019) argues for a proactive approach at the organizational level, considering “a focus on purpose, commitment and coordinating around small wins” (p. 535) as governance mechanisms for conflicting objectives. Eiselein and Dentchev (2020) further emphasize the relevance of giving simultaneous attention to the management mechanisms adopted at the individual and team levels of the organization.

2.5.3 Leadership

Overall, it is the responsibility of the SBH's leadership to make sure that people can recognize that the company is not only doing greenwashing by encouraging a strong and visible internal culture centered around the social mission (Battilana & Lee, 2014; Cornforth, 2014; Hai & Daft, 2016). Battilana and Lee (2014) get to the heart of the role of a SBH-leader, as they emphasize that the “managers’ influence over employees’ identification with the organization is most substantial in the presence of specific management practices. These include developing integrative solutions, removing explicit references to ideology, and constructing and reinforcing routines that affirm ideology without referring to it. These types of practices were most likely to be observed when managers were “pluralists” that embraced the organization’s hybrid identity” (p. 416). This kind of leadership can aid in the resolution of internal tensions. Thus, managers must understand the organization's structure and the complexity of running it, as it is essential for the management of mission drift and the organization as a whole (Battilana & Lee, 2014; Cornforth, 2014; Hai & Daft, 2016).

2.5.4 Operations

Scholars believe that similar to the ownership structure, SBHs should initially determine whether their customers and beneficiaries are the same people, ideally before incorporation. This entails that they need to discover whether the people who are influenced by the firm's social mission (beneficiaries) are the same as those who will buy the product or service the company offers (customers). They can then decide between three ways of structuring their organization (Battilana & Lee, 2014; Cornforth, 2014; Ebrahim et al., 2014; Hai & Daft, 2016).

Integrated operations (coupled): Integration means combining all SBH's activities and carrying them out simultaneously or in parallel. This entails serving both beneficiaries and customers simultaneously, even if they are not the same people. Integration supports mission drift mitigation by ensuring that all stakeholders are evaluated simultaneously, preventing cross-prioritization. As a result, the SBH can avoid conflicts between providing for their customers and furthering the organization's social objectives (Battilana & Lee, 2014; Santos et al., 2015).

Differentiated operations (decoupled): Another method for countering mission drift is to separate commercial and social mission operations in the SBH, particularly if the beneficiaries and consumers are not the same people. In this approach, activities primarily designed to help beneficiaries and fulfill the social mission are separated from activities mainly focused on serving customers and producing revenue (Battilana & Lee, 2014; Santos et al., 2015).

Selective coupling is the deliberate enacting of selected practices within a pool of competing possibilities instead of decoupling, which comprises the ceremonial espousal of a mandated activity with no actual enactment. Pache and Santos (2013) advocate this approach to SBHs to reduce mission drift, stating that selective coupling enables hybrids to control logic incompatibility and hence lower the costs and risks of "alternative practice-level strategies, such as decoupling or compromising" (p. 973).

2.5.5 Human Resources

Besides these rather structural approaches to managing the risk of mission drift, the development of human resources (HR) as a solution to manage mission drift has been gaining traction (Raišienė & Urmanavičienė, 2017). By providing space for negotiation or “herding spaces” (Spicer & Lee-Chuvala, 2021, p. 264), SBHs provide their employees and stakeholders opportunities to connect to the social mission, which can help to manage mission drift (Battilana et al., 2015; Spicer & Lee-Chuvala, 2021).

Furthermore, current scholarship (Aiken, 2006; Battilana & Dorado, 2010; Battilana et al., 2015; Ometto et al., 2019; Spicer & Lee-Chuvala, 2021) found that through socialization and hiring, SBHs can increase the identification of employees with the organization, which can prevent mission drift. In line with this argument, Besharov (2014) and Puchalska-Kamińska et al. (2021) state that shared goals and values can enhance the culture of a SBH and reduce ground for conflicts and thus help to manage mission drift. Daniel (2021) provides further evidence that the hiring and socialization of employees in SBHs play a role in mitigating the risk of mission drift. To further understand this area of research, we will give a more detailed overview of the existing research around hiring and socialization practices in SHBs.

According to Battilana and Dorado (2010), *hiring policies* define who can join an organization, and *socialization policies* teach and reinforce desired behaviors and values in employees. They are critical early levers for developing an organizational identity and support the sustainability of a novel logic combination, thus helping manage mission drift risk.

Often HR managers in SBHs *hire* in their existing network to ensure that new employees follow the same values (Thompson & Eijkemans, 2018). In addition, founders of SBHs tend to select candidates that already engage in social activism (Aiken, 2006; Daniel, 2021) and are intrinsically motivated to achieve the social mission of the SBH (Besharov, 2014). Moreover, shared values between founder and employee are likely to influence the hiring decision more than the employee’s technical job skills (Daniel, 2021). In addition, Besharov (2014) suggests hiring people with

paradox mindsets (having the cognitive ability to engage in paradoxes) and that employees should receive support in developing these paradox mindsets. To succeed with the management of the dual missions in SBHs, Costanzo et al. (2014) further recommend hiring a “diverse team characterized by complementary backgrounds and working experience, yet committed to building learning and an open-minded culture” (p. 668).

As other authors are continuously referring to them (e.g., Doherty et al., 2014; Ebrahim et al., 2014; Pache & Santos, 2013; Saebi et al., 2019; Smith et al., 2013; Spicer & Lee-Chuvala, 2021), we take a closer look at the findings of Battilana and Dorado (2010), who suggest that hybrid organizations can “adopt two different hiring approaches” (p. 1432).

The ‘mix-and-match’ approach

This hiring practice prioritizes individuals’ capabilities. It focuses on individuals with the right qualifications, regardless of whether they follow one or the other of the logic that the organization is attempting to combine (Battilana & Dorado, 2010). The ‘mix-and-match’ approach can enable an organization to grow faster. Nevertheless it holds the risk of generating paralyzing tensions between the different logics in the organization, as carriers of the two logics can start to polarize around what sets them apart instead of what they share (Dukerich et al., 1998; Elsbach, 1999).

The ‘tabula rasa’ or ‘blank slates’ approach

This hiring approach, suggested by Battilana and Dorado (2010), prioritizes individuals’ socializability and is thus focused on ‘blank slate’ individuals that are not steeped in either of the logics being combined. This way, individuals can be socialized into an organizational identity that balances the two logics with less difficulty. The study mentions that “hiring recent university graduates” (p. 1428) with the basic needed background or “individuals without working experience” (p. 1428) can make sense in this context. The ‘tabula rasa’ approach can help employees build a shared identity by

allowing them to achieve a balance between the two competing missions, but it may demand growth control.

Besharov (2014) partly agrees with this as she recommends hiring rather junior employees that can be shaped according to the organization's identity. Nevertheless, she regards this practice as not “feasible for many organizations” (p. 1508). She, therefore, suggests SBHs recruit people who follow only one type of logic, as long as they also develop managers who support both types of values. The existence of these so-called “pluralist managers” (p. 1508) and their actions allow firms to develop employee identification. The pluralist-manager approach can assist members who might otherwise succumb to dis-identification to establish organizational identification by combining conflicting ideals while keeping their distinctions (Besharov, 2014). Overall, research has found that newly hired employees in SBHs are in particular need of shaping (Besharov, 2014).

When it comes to *socialization*, it is generally challenging for SBHs to shape individuals into a particular set of behaviors and beliefs (Battilana & Dorado, 2010). Nevertheless, SE literature mentions that organizations can start by “devoting substantial resources and attention to communication as well as training, promotion, and incentive systems” (Battilana & Dorado, 2010, p. 1433), as these are the major design elements that teach and reinforce desired behaviors and values in employees. (Feldman, 1976; Gomez, 2009). Connected to their two different hiring approaches, Battilana and Dorado (2010) also introduce two diverging socialization approaches:

The end-focused approach: This strategy is based on socialization procedures and mechanisms intended to foster dedication to the organization's end mission. It includes initial training before the hiring decision and gap-based continuous training programs that are different for the two logics. It further uses interpersonal promotion procedures and performance-based incentive systems (Battilana & Dorado, 2010).

The means-focused approach: Followers of this approach believe that only a long-term perspective can enable the organization to balance its social goals with its economic

yield. With the mission as an end goal that can only be achieved over time, a focus lies on building commitment to the means used to achieve this end goal. As a result, this approach includes training programs to complement the knowledge hires have already acquired at their universities. In addition, it involves transparent exam-based promotion practices and individual performance-based incentive systems that foster individual merit and commitment to operational excellence (Battilana & Dorado, 2010).

The above-mentioned hiring and socialization practices, recommended by the SE literature, demonstrate that employees and their behavior can be shaped (Battilana & Dorado, 2010; Besharov, 2014; Six & Sorge, 2008). It further shows that these practices play a critical role when it comes to developing an organizational identity that the employees can identify with (Tripsas & Anthony, 2016) so that their sense of identification is strong enough to help prevent mission drift (Ometto et al., 2019; Spicer & Lee-Chuvala, 2021).

2.5.6 The ‘four mechanisms’ approach

Finally, the relatively new approach by Eiselein and Dentchev (2020) argues that the four mechanisms -fit of values, agile structures, partnerships, and communications - provide an essential interplay in the individual and team level of analysis for managing conflicting social and commercial objectives. They state that these mechanisms are the building blocks for two iterative processes (Eiselein & Dentchev, 2020). They are inextricably linked in terms of processes (Wolf & Mair, 2019) of alignment and reflection for opposing goals. While values alignment (on an individual level) and agile structures (on a team level) are potentially important mechanisms for handling conflicting aims, communication (on an individual level) and partnerships (on a team level) are supportive mechanisms. According to Eiselein and Dentchev (2020), combining both procedures helps the social company reorganize over time to maintain a good balance between conflicting objectives. Furthermore, they argue that internal and external stakeholders are essential members of the overall social enterprise team.

2.6 Summary and Outlook

To summarize, the SE literature shows that many SBHs face the risk of mission drift due to their goal of following both a social and a commercial mission. Existing scholarship has analyzed causes and solutions to manage mission drift from several structural perspectives (Chapters 2.4 and 2.5). As employees can simultaneously be the reason for mission drift, and drive activities and decisions that can impact the mission balance, past and current research emphasizes the importance of employees for mission drift management (Battilana & Dorado, 2010; Besharov & Smith, 2014; Cornelissen et al., 2021; Daniel, 2021; Delery & Roumpi, 2017; Easa & Bazzi, 2020; Elearn, 2009; Muñoz & Kimmitt, 2019; Ometto et al., 2019; Spicer & Lee-Chuvala, 2021). Therefore, we were surprised by the limited insights into how employees of SBHs manage the risk of mission drift.

Reviewing the existing literature about the connection between employees and mission drift management shows that Julie Battilana has played a fundamental role in building this research area. Nevertheless, Battilana and Dorado (2010) call for further research in hiring and socialization practices that help mitigate mission drift. Even though they introduce different general approaches, they do not detail actual practices and aims and therefore leave room for further research.

While Battilana and Dorado's (2010) research focuses on the role of employees in the context of hiring and socializing practices, other scholars propose that it is also vital to be aware of "how key actors within a social enterprise can act to manage tensions and reduce the chances of mission drift" (Cornforth's, 2014, p. 12). In alignment, Ebrahim et al. (2014) share that it is critical to enable employees to think and act to manage mission drift. However, when considering employees as key actors, we found that the current literature does not yet provide sufficient insights about the kind of actions employees drive to manage mission drift. This is in line with Ramus & Vaccaro (2017), who call for further research on how internal resources can effectively manage the balance of two competing logics. Further, Hlady-Rispal and Servantie (2018) stress that,

in the context of mission drift, only “few studies consider types of social entrepreneurial teams, their members’ complementary management skills, their potentially conflicting values and their distinctive relationships with the value network” (p. 67). In addition, Muñoz and Kimmitt (2019) found indicators that employees can support the complex coexistence of two missions. However, they call for filling the gaps around how employees enable and manage this coexistence. Finally, recent research by Eiselein & Dentchev (2020) emphasizes the lack of insights on the role of employees in the context of managing mission drift.

To follow the call of these researchers to provide insights into how employees in SBHs support the management of mission drift, we defined the following research question:

What practices and strategies do employees of SBHs apply to mitigate the risk of mission drift?

3. Research Method

The purpose of this chapter is to understand the research process behind this study. First, we will present which ontology and epistemology we chose for our research philosophy. Built on that, we clarify our Research Design, Purpose, and Approach. Further, we describe the data collection and analysis process. Finally, we explain present information about data quality and ethical considerations.

As presented in Figure 1, this chapter will provide an overview of ontology, epistemology, methodology, and the methods and techniques that we applied to find answers to our research question: *What practices and strategies do employees of SBHs apply to mitigate the risk of mission drift?*

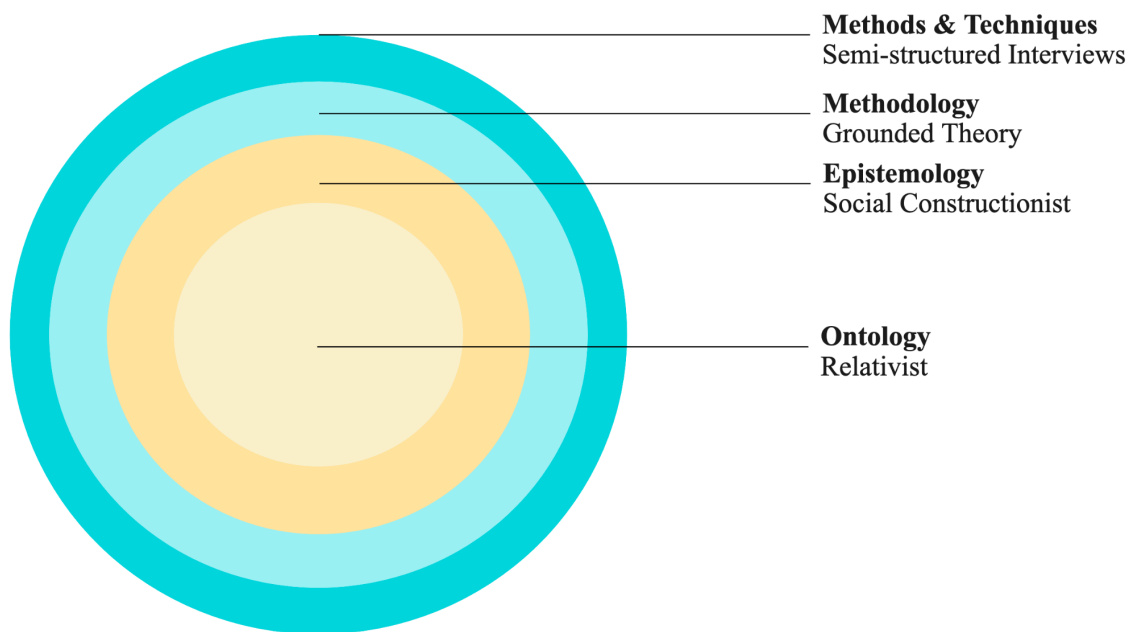


Figure 1: Elements of the Research Process

3.1 Research Philosophy

First, we want to present the research philosophy we chose for our study. The research philosophy, consisting of ontology and epistemology, lays the ground for how we approach our research design. Ontology describes how we, as the authors perceive

reality and answers the question of how “we think the world is” (Easterby-Smith et al., 2018, p. 148). Scholars have defined a spectrum on which the different reality definitions are placed. On the one hand, we find the realist position, which sees reality as something fixed, and independent from interpretation, which is based on facts and numbers (Collis & Hussey, 2021; Easterby-Smith et al., 2018; Saunders et al., 2019). On the other side, we find the relativistic position, which says that different perspectives shape our reality. This means that several perspectives can lead to many realities and that there can never be one truth (Collis & Hussey, 2021; Easterby-Smith et al., 2018; Saunders et al., 2019).

For our research, we take a relativist ontology as our research question asks for the individual experiences and opinions regarding how employees best manage the risk of mission drift. Because the research question already includes the philosophical idea that different perspectives will provide different viewpoints and thus create different and new insights about the world, we have to gather information from different employees with different backgrounds. As different people have different experiences and thus different realities, a relativist ontology is a suitable philosophy for our research. This choice implies that we do not expect employees of SBHs to identify the same mitigating strategies to manage mission drift. In contrast, we aim to gather several insights, opinions, and experiences that will help us to answer the research questions from several viewpoints. Therefore, we regard all collected data as equally valid and valuable.

The choice of this ontological approach directly affects the epistemological approach. Epistemology aims to answer the questions of “what we think can be known about” the topic at hand (Easterby-Smith et al., 2018, p. 148). The literature distinguishes between positivist, constructionist, social constructionist, and hybrid epistemology. A positivist epistemology considers data as facts that apply to other contexts (Easterby-Smith et al., 2018; Saunders et al., 2019). As we aim to learn about (1) different strategies to mitigate mission drift, and (2) individual experiences of employees with mission drift management, we do not believe we can break down these learnings into one

unchangeable truth. Therefore a positivist epistemology will not be suitable for achieving our research purpose. (Easterby-Smith et al., 2018). Compared to that, a social constructionist epistemology acknowledges that people have different assumptions about the world. Social constructionism asks, “what do people assume is real?” (Charmaz, 2006, p. 127). Further, it allows the researchers to impact the collected data by interpreting it and making sense of it (Easterby-Smith et al., 2018; Saunders et al., 2019). This is crucial for us as we need to be able to interpret the data because opinions can not be treated as facts (Easterby-Smith et al., 2018). Because of these reasons, we follow a social constructionist epistemology.

3.2 Research Design

For our research, we run an exploratory study to gain insights into the phenomenon of mission drift management (Saunders et al., 2019). Further, we apply a cross-sectional study design, as the timeframe of this study does not allow for a longitudinal study (Easterby-Smith et al., 2018). Nevertheless, reflecting on how the process of mission drift evolves, the choice of the research design is crucial. When selecting the research design for our thesis, we had the opportunity of choosing between a quantitative, a qualitative, or a mixed strategy. While quantitative approaches usually revolve around statistical methods, qualitative approaches revolve around social interactions (Easterby-Smith et al., 2018). Researchers typically use qualitative methods for social constructionist studies, as they enable researchers to understand processes and how people perceive them (Easterby-Smith et al., 2018).

Our literature review taught us that mission drift does not happen from one day to the other but is a fluid process that can move in different directions over time (Battilana & Dorado, 2010). Hence, to achieve our research purpose and to answer which strategies employees perceive as mitigating the risk of mission drift, we have to understand the entire process of how mission drift evolves. And because we want to leverage the perception of employees in SBHs, a qualitative study was the logical choice for our thesis to understand this process.

3.2.1 Research Approach

When it comes to deciding on a research approach, we had the opportunity to select either a deductive or an inductive logic (Collis & Hussey, 2021; Easterby-Smith et al., 2018). A deductive approach is used when researchers want to test predefined concepts and aim to quantify their results (Easterby-Smith et al., 2018). We selected a qualitative research design to close the research gap around the questions of what practices and strategies employees in SBHs identify to mitigate the risk of mission drift. Because we are unaware of how employees manage strategies to mitigate mission drift, we consider a deductive approach that aims to test existing knowledge as unsuitable for achieving our study purpose. Therefore, we will apply an inductive research approach, as it allows us to derive new findings from the collected data (Easterby-Smith et al., 2018).

An inductive approach that builds theory from data leads us to follow a grounded theory methodology. The grounded theory approach was developed by Glaser and Strauss (1967) and is defined by a comparative process that aims to collect several viewpoints on the same question or problem at hand. While Glaser suggested that researchers conduct research without presuppositions, Strauss recommended that researchers familiarize themselves with existing research before conducting the study and analyzing the data in a structured manner. These positions were enriched by Charmaz (2000), as she emphasized that the data is created through the researcher. Charmaz (2006) presents a social constructionist perspective on grounded theory with her stance. As our literature review provided us with an extensive overview of the phenomenon of mission drift, it is unrealistic for us to follow Glaser's approach and not have presuppositions. Furthermore, we believe that we will impact the results by analyzing the data. Therefore, our thesis will follow the grounded theory version Charmaz (2000) presented.

3.2.2 Research Purpose

According to Collis and Hussey (2021), the purpose of the research refers to “the reason why it was conducted” (p. 4), meaning that the researchers must identify and comprehend what they seek to achieve with their research. Depending on this aim, the

nature of the research design can then be classified as either exploratory, descriptive, explanatory, or predictive (Collis & Hussey, 2021; Saunders et al., 2019).

An exploratory study creates new insights or provides a remodification or reinterpretation of an existing and given phenomenon. In contrast, a descriptive study provides an accurate picture of a situation, an organization, a group, or an event of people. An explanatory study aims to make predictions based on hypothesized general relationships from a study of phenomena, which is usually accomplished through quantitative research. Finally, predictive research goes beyond explanatory research. It produces a legitimate, robust solution based on a comprehensive understanding of the key causes, whereas the answer to a problem in one study will apply to similar situations elsewhere (Collis & Hussey, 2021).

As stated previously, our overall aim is to give new insights into perspectives that employees of SBHs have towards tactics and strategies that support successful management of mission drift. Hence, we chose to run an exploratory study. The reasons are the scarcity of literature in that respective field (Eiselein & Dentchev, 2020; Grimes et al., 2019; Hlady-Rispal & Servantie, 2018; Muñoz & Kimmitt, 2019; Ramus & Vaccaro, 2017), and the fact that we place mission drift in the pre-paradigmatic field of SE research (Lehner & Kansikas, 2013; Nicholls, 2010). This choice is aligned with our “what”-stated research question, our extensive literature review, and our approach to collecting data through semi-structured interviews presented in the next chapter (Collis & Hussey, 2021; Saunders et al., 2019).

3.3 Data Collection

In this section, we will present what method for data collection was chosen. When it comes to qualitative data collection, there are different methods to collect primary data and secondary data. While both aim to collect data in the form of words instead of numbers, secondary data refers to existing data that can be withdrawn from websites or reports. In comparison, the researchers themselves collect primary data. Especially

conducting interviews is a common method for collecting primary qualitative data. Another method is to conduct observations (Easterby-Smith et al., 2018).

We decided to collect primary qualitative data by conducting semi-structured interviews for our research. Semi-structured interviews are interviews that follow a list of relatively open questions that can be asked more flexibly (Collis & Hussey, 2021). It allows for spontaneous questions while still providing a certain structure. Open questions often result in more personal and developed answers and allow the researcher to find out more about the personal experiences and perceptions of the interviewee (Collis & Hussey, 2021; Easterby-Smith et al., 2018). Therefore, semi-structured and open interview questions help align with the social constructionist approach of allowing different viewpoints. Hence, this method is well suited to get in-depth information about how employees perceive and manage the risk of mission drift in SBHs.

To ask guided but open questions and ensure a certain level of comparability between the interviews, we developed a topic guide (Appendix 1). The topic guide is a “list of areas (rather than specific questions) that need to be covered during the course of an interview” (Easterby-Smith et al., 2018, p. 288). We created this list based on areas that impact mission drift management that we found in the literature. Examples are Hiring, Socialization, and Stakeholder Management.

3.3.1 Sampling Strategy

After defining how to collect data, we had to ensure that we collected data from the right research source, the unit of analysis (Collis & Hussey, 2021). For our research, the unit of analysis is the employees working in SBHs who have experience with mission drift management. To find employees that matched this definition, we employed a sampling strategy that combined purposive sampling with snowball sampling (Easterby-Smith et al., 2018; Saunders et al., 2019). Snowball sampling is especially suited for finding people with experiences with the same phenomenon (Collis & Hussey, 2021). Within our sampling strategy, we defined the criteria that the research

unit must meet to qualify for answering the research question (Easterby-Smith et al., 2018).

To find employees working for suitable SBHs, we first had to identify SBHs with a clear social and commercial mission. As we conducted our research on entrepreneurship, we only included startup companies. As the term startup is not clearly defined, we used the age of the SBH (younger than ten years) or the existence of external investors as a proxy. We chose the second proxy because Bugg-Levine et al. (2012) stated that raising external funding is essential for social entrepreneurship. At the beginning of the identification process, we searched on the internet with search terms like sustainable startups, or social startups, because social business hybrid is a term that seems to be rather found in academia. We realized that SBHs are often called social impact startups in the startup ecosystem. Furthermore, as we learned from our literature review, b-corporations are SBHs certified for having both a social and a commercial mission. We defined several selection criteria to ensure that the selected companies qualify for the research (Table 2). With a three-step selection process, we then created a list of potential SBHs that met all our selection criteria (Appendix 2). In the following, we will explain the steps in detail.

1. In the first step, we searched for businesses with a hybrid mission to ensure the relevance of our RQ. To ensure that the SBHs have a commercial mission, we checked the legal forms of the businesses. Employees working for companies with nonprofit legal structures like registered associations or foundations did not qualify as units of analysis. To ensure the SBHs also had a social mission, we analyzed the mission statements of all SBHs. Further, SBHs with b-corp certification automatically qualified for having a dual mission (Daniel, 2021). SBHs that did not indicate their social impact on their website were not further qualified.

2. In the second step, based on the literature review, we focused on selecting only coupling hybrids, as they have the highest risk of mission drift (Sergi et al., 2021). This step was essential to ensure the quality of our research.

3. As a third step, we further qualified the SBHs according to their maturity and size. We aimed at SBHs that have established themselves on the market. By selecting SBHs that were in the market for longer than one year, we assumed a certain level of growth. This was important as our literature review suggested that growth is a driver for mission drift (Ometto et al., 2019). We chose this criterion also because we aimed at SBHs that employed employees, and we assumed growing businesses to employ larger teams. Thus, SBHs that were only run by the founders did not meet the selection criteria for this research.

Criteria	Qualified	Unqualified
Legal Form	<ul style="list-style-type: none"> • limited liability company • limited liability entrepreneurial company • public limited company 	<ul style="list-style-type: none"> • registered association • foundation
B-Corp Certificate	Yes	n/a
Number of Employees	> 1 employee	0
In Market	> 1 year	< 1 year
Age of SBH	< 10 years	> 10 years
Social Mission	Yes	No
External Funding	Yes	No
SBH type	Coupling Hybrid	Other

Table 2: Selection Criteria Sampling Strategy

After identifying the SBHs, we started contacting employees working at such. As we were interested in the employee's experience on how to manage mission drift, we excluded founders from the sampling pool. To ensure qualified insights about the

process of mission drift management, we aimed at selecting employees that worked or had worked in the SBH for longer than half a year (Table 3). This was important as mission drift results from the actions and decisions made in the company (Daniel, 2021). To evaluate the decisions and actions inside the SBH, we assumed that employees need a certain amount of experience within the business. Furthermore, we ensured that the interviewee's roles were diverse to avoid a department bias (Table 3).

The outreach happened through LinkedIn and personal introductions. As we have pre-defined the pool of suitable SBHs, it was relatively easy to find people or business contacts who knew people that worked in one of these businesses. Getting introduced to employees by business contacts proved to be the approach with the highest success rate. We further applied a snowball sampling tactic, where we asked interviewees to introduce us to their existing contacts in SBHs (Collis & Hussey, 2021; Easterby-Smith et al., 2018). Here we ensured not to interview several people from the same SBH. In line with the comparative grounded theory approach, our data reflects 12 different perspectives and backgrounds. Table 3 shows an overview of the SBHs from which we interviewed employees.

The before-mentioned topic guide also helped us prepare a short briefing (Appendix 3). We used this briefing to explain important terms for our research, like Social Business Hybrids and Mission Drift. This approach helped potential interviewees decide if their experiences were sufficient and thus enabled us to select only interviewees who had insights into our research question. After ensuring that all our interviewees had relevant insights into our topic, we provided them with a consent form (Appendix 4). With this form, we asked the interviewees for their consent to be recorded and to allow us to use their interview content for our data analysis. Two of the interviewees asked not to disclose the name of the SBH they were working for and will therefore be named Company A and Company B.

Nr.	Company	Legal Entity	Founded	Industry	Number of Employees	Job Title	Time in Company	Interview Duration
1	entire stories	GmbH (LLC)	2020	Marketplace	7	B2B Operations	8 months	61 min
2	everwave	GmbH (LLC)	2016	Plastic Credits	24	Marketing Manager	2 years	40 min
3	betterbyless	GmbH (LLC)	2019	E-Commerce	10	Product Manager	1 year	55 min
4	Hautfarben	UG (entrepre. company with limited liability)	2021	E-Commerce	7	Head of Sales & Operations	1 year 2 months	50 min
5	Company A	GmbH (LLC)	2011	E-Commerce & Retail	22	Head of Communication	6 years 3 months	41 min
6	Tomorrow	GmbH (LLC)	2018	FinTech	114	OKR Headcoach	2 years 7 months	49 mins
7	Company B	AG	2006	Consultancy	814	Managing Consultant	5 months	45 min
8	Share	GmbH (LLC)	2017	E-Commerce & Retail	137	Sustainability Manager	4 years 1 month	50 min
9	Wildplastic	GmbH (LLC)	2019	E-Commerce	17	Operations Manager	1 year 8 months	57 min
10	Remagine	GmbH (LLC)	2019	FinTech	13	Lead Brand and Product Design	1 year 3 months	66 min
11	JUNGLÜCK	GmbH (LLC)	2018	E-Commerce	50	Senior Performance Marketing Manager	1 year 5 months	49 min
12	Capacura	GmbH (LLC)	2018	FinTech	13	Head of Investment	7 months	46 min
Average Duration of Interviews								51 min

Table 3: Overview SBHs of Interviewees

3.3.2 Interview Design

All of the interviews were conducted through video calls using the Google Meets software. Unfortunately, we could not interview the employees in person, as the corona pandemic was at a peak during the research, which prohibited face-to-face interviews. By using video calls instead of phone calls, we noticed non-verbal expressions like body language and facial expressions. Nevertheless, we acknowledge that conducting interviews remotely might affect the ability to build trust with the interviewee (Easterby-Smith et al., 2018). However, we experienced the interviewees being open and trusting, as all of them were used to working remotely due to the pandemic. Furthermore, we found that all interviewees showed a strong interest in the research topic, making it even easier to start the conversation in the interviews. In addition, conducting interviews remotely enabled us to portray a diverse set of startups from different regional ecosystems.

First, we started with more easy questions about the different missions of the company the employee was working at. Afterward, we asked about the employee's role in the SBH and how they are involved in decision-making. After that, we asked more specific questions about the interviewee's experiences with mission conflict and their insights on how to prevent it. Here, we applied the Critical Incident Technique (CIT) “which is often used to identify behaviors that contribute to the success or failure of an individual or organization in a particular situation, based on the analysis of retrospective data on events or ‘past incidents’ ” (Easterby-Smith et al., 2018, p. 238). CIT helped us to identify situations where the risk of mission drift was increased and how it was managed. After these broad questions, we leveraged our topic guide to determine if the interviewees had observed a connection between mission balance and mitigating factors found in the literature, such as Hiring and Socialization.

During all of the interviews, both authors were present. This was important because one asked the questions while the other took notes (Appendix 5). As the data was created through video calls, the interviews were recorded with a recording app. The recording files were then uploaded to the otter.ai software, which helped transform the audio

recordings into text. The authors went through each file and ensured that the software correctly transcribed the recordings to ensure the correctness of the data. After, all 12 interviews were transcribed into text and saved into Google Docs files on a Google Drive folder. The two authors are the only people who can access this cloud-based folder, as it is password protected. After saving the 12 files to the cloud folder, the authors separated the files evenly and started revisiting the interviews. The otter.ai software allowed us to listen to the interviews again, and the transcripts enabled us to work with the text. This builds the base to start with the analysis of the data.

3.4 Data Analysis

To answer our research question, we had to make sense of over 10 hours of data. The goal of this sense-making was to derive findings that we can further analyze, synthesize with literature, and then use to develop a theoretical framework that answers our research question. As the analysis emerges from the data we gathered through interviews with employees of SBHs, our theory is grounded in the experiences of the employees we interviewed. This goes in line with the grounded analysis approach and has the aim to “derive structure (i.e. theory) from data in a process of comparing different data fragments with one another, rather than framing data according to a pre-existing structure“ (Easterby-Smith et al., 2018; p. 365).

The analysis of the data started already during the data collection process. By paying close attention during the interviews, we withdrew patterns and themes (f.e. Customer Education) and specifically asked for them in the following interviews. Through this circular process, we ensured that several interviewees' findings were either shared or not included in the further analysis of the data.

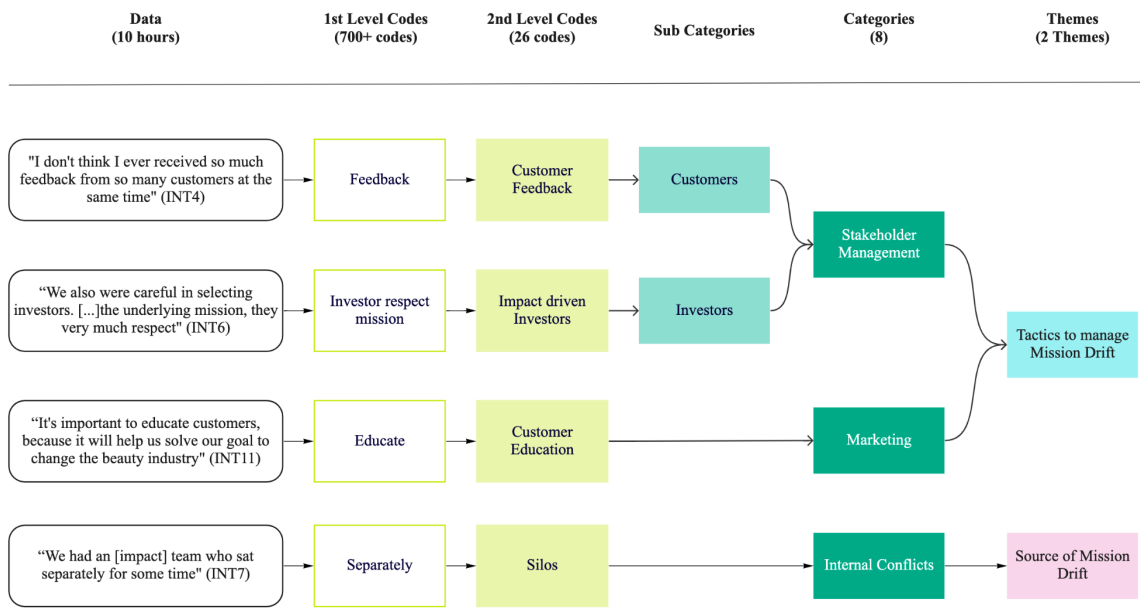


Figure 2: Example of Coding Process of Grounded Analysis

1. After the 12th interview, we felt that no new insights were gathered, so we started by familiarizing ourselves with all the collected data and the interview notes we collected (Easterby-Smith et al., 2018).
2. After familiarizing ourselves with the data, we started with the coding process (Figure 2). We started with the first round of open coding, which is a crucial step of grounded theory (Collis & Hussey, 2021). Therefore, we split the 12 interviews evenly among the two of us. In that step, we summarized all data fragments that seemed value-adding, with either a keyword from the data sample, like “educate”, or a quick summary of the data set, like “Investor respects mission”. The coding was conducted in an excel file and resulted in 708 first-order codes.
3. To decrease the volume and increase the relevance of the data, we made sure that only the viewpoints and experiences of the interviewees were reflected in the analyzed data and not the experiences from 3rd parties that the interviewees also shared with us. This led us to 409 codes.

4. After adding codes to each data set, we compared the codes and searched for patterns among them. We identified 26 second-order codes like “Customer Education” or “Impact driven Investors” from this process.
5. After this process, we started an iterative process of re-coding, which is called axial coding (Collis & Hussey, 2021). In that step, we went through all the second-order codes. We summarized them into eight categories: Hiring & Socialization, Internal Communication, Organizational Structures, Leadership, Stakeholder Management, Marketing, Internal Conflicts, and External Conflicts. When necessary, we created subcategories like in the case of Stakeholder Management. We have used the three sub-categories Customers, Investors, and Business Partners.
6. Finally, these categories were divided into two overarching themes: *Source of Mission Drift* and *Tactics to manage Mission Drift*. Internal Conflicts and External Conflicts relate to Sources of Mission Drift, while the remaining six categories build the base for the Tactics to manage Mission Drift.

3.5 Quality Assurance

In this section, we want to acknowledge in what ways the quality of our study might be compromised. The quality of a qualitative study can be evaluated by factors like credibility, transferability, reflexivity, dependability, and confirmability (Guba, 1981; Korstjens & Moser, 2018).

3.5.1 Credibility

Some argue that qualitative studies lack credibility because their findings are based on subjective opinions (Easterby-Smith et al., 2018). Social constructionist studies are often time-intensive and harder to control because they include different subjective viewpoints that can not be broken down into numbers. This might affect the credibility

of the research (Easterby-Smith et al., 2018). To avoid subjectiveness from negatively impacting the findings of this research, we aimed to diversify the data collection as much as possible. We selected 12 interviewees from diverse industries and professional backgrounds. By interviewing employees from several departments, we ensured to reflect a holistic view on the topic of mission drift management. Unfortunately, after the first round of outreach, we realized that only female persons were interested in participating in our interviews. Therefore, we specifically reached out to male employees to decrease the threat of having a gender bias in our data—still, only two of the interviewees identified as male. Furthermore, we applied the prolonged engagement strategy, where we asked our interviewees to support all their experiences with examples, so we could ask follow-up questions and make sure the data was credible (Korstjens & Moser, 2018). Another approach to increasing grounded theory studies' trustworthiness is the coding process, as the constant comparison leads to insights grounded in the data (Korstjens & Moser, 2018). In addition, including feedback from experts is considered to increase trustworthiness (Guba, 1981). This study was regularly reviewed by seminar members, employees from SBHs, and other academics.

3.5.2 Transferability

As experiences with mission drift are not only connected to working at a SBH (Grimes et al., 2019), one might assume that the generalizability of this research is universal (Easterby-Smith et al., 2018). However, as the data underlying this research is tied to experiences in SBHs, we can not assume this to be accurate and therefore consider the generalizability as local. Although qualitative studies might not be as transferable as quantitative studies, we aimed to reflect on as many different business scenarios as possible. As we collected our data from employees working in different departments, industries, regions, and growth stages, we are confident that our findings are at least transferable to other SBHs. However, we acknowledge that the results only reflect a German perspective, which leaves room for proving that the results apply to different national contexts. By describing how our study was designed and conducted, we provide future researchers with all the information they need to repeat the study in

different national contexts. Therefore, we argue that the design of our research is transferable.

3.5.3 Reflexivity

Another quality indicator is how well we reflect on our impact on the study (Korstjens & Moser, 2018). During the interviews, we engaged very openly with the interviewees. This allowed us to build a trusting environment for the interviewees to share their experiences. This was crucial for the study's success, as mission drift often comes with tensions or conflicts (Austin et al., 2006; Smith et al., 2013). As we assumed that these are areas some employees might not feel confident talking about, a trusting environment was important to find value-adding insights. However, a close relationship with the interviewees potentially opens room for biases. We acknowledge that it was not always possible to avoid leading questions or hide our personal beliefs during the interview. Furthermore, sometimes we shared with interviewees what other interviewees had shared before to signal that other people shared their viewpoints. This might have resulted in a confirmation bias. Nevertheless, we followed our topic guide for most of the interviews, which ensured that we asked our questions more or less the same way. Also, we tried to keep personal opinions or insights from the interviewees until the end of the interview to avoid a bias from the beginning. Furthermore, we regularly summarized what interviewees said in our own words and asked them if we had understood them correctly. With this approach, we wanted to ensure that we reflected their reality and not let our understanding of what was said create our own reality of their insights.

3.5.4 Dependability

To ensure the dependability and stability of the data, we used a stepwise replication approach (Guba, 1981). This means that we divided the data during the analysis and analyzed it individually. We used this approach during the 1st coding round and later when we defined categories and subcategories. After this approach, the parallels we saw helped us define our final categories and ensured that we had identified them separately but aligned on the structure.

3.5.5 Confirmability

To ensure neutrality, we also practiced reflexivity during our interviews (Guba, 1981). As stated before, we had open and trusting conversations with the interviewees. This allowed us to share our motives and ideas with the participants upfront. We identified when we were too biased in some of our questions with this approach. When we realized one of us had asked a question that sounded too biased, we gave immediate feedback and asked the question more openly and neutrally. In addition, regular feedback from peers ensured that our research was not biased but focused on the insights shared with us.

3.6 Ethical Considerations

Another core indicator of a high-quality study is that it adheres to the highest ethical standards and does not harm the participants or anyone else involved (Collis & Hussey, 2021; Easterby-Smith et al., 2018). To ensure our study complies with these ethical standards, we ensured that all interviewees had all relevant information about the research process and how their data would be treated. Before we asked potential interviewees to agree to participate in the research, we provided them with the before-mentioned briefing (Appendix 3). The brief included the definitions of important concepts and sample questions. This way, we ensured that all participants knew what they could expect from the interview. It also allowed them to evaluate if they would be comfortable with the questions and if they could contribute with knowledge. After the participants agreed to participate in our study, we asked them to sign our consent form, which is crucial to ensuring ethics (Easterby-Smith et al., 2018; Saunders et al., 2019). In this form, we informed the interviewees that we would record the interview and how long we would store their data. It was important to us that every participant received both the briefing and the consent form a few days before the interview date to avoid unnecessary pressure.

4. Empirical Findings

The following chapter presents the empirical findings of our study, which serve as the foundation for the subsequent analysis. We generated these findings inductively from the conducted interviews. The categories and themes that emerged from the codes form the basis for an emerging theory answering our RQs.

Based on the two identified themes derived from our data analysis, we build the structure of this chapter. We matched the different internal and external conflicts that can be a source of mission drift with the six categories that include tactics to manage these conflicts. Therefore, we ended up with six overarching themes, nine sources of mission drift, and 17 corresponding tactics to manage mission drift (Figure 3). Following this structure, this chapter has six sub-sections, and each starts with examples of sources that drive the risk of mission drift. Second, we will explain the complementary strategies and practices that employees of SBHs apply to mitigate these risks.

4.1 Hiring and Socialization

In line with previous research (Aiken, 2006; Battilana & Dorado, 2010; Battilana et al., 2015; Besharov, 2014; Daniel, 2021; Ometto et al., 2019; Puchalska-Kamińska et al., 2021; Spicer & Lee-Chuvala, 2021) we found that one of the mentioned areas that can be a source of mission drift is hiring and socialization (INT1,2,4,5,6,7,8,10,11). It is of high importance that these practices aim at aligning employees with the SBHs dual mission, as this plays a crucial role in increasing their identification with the business and thus can decrease the risk of mission drift. If a SBH fails to implement hiring and socialization practices that increase employees' identification with the company, drift can be the result.

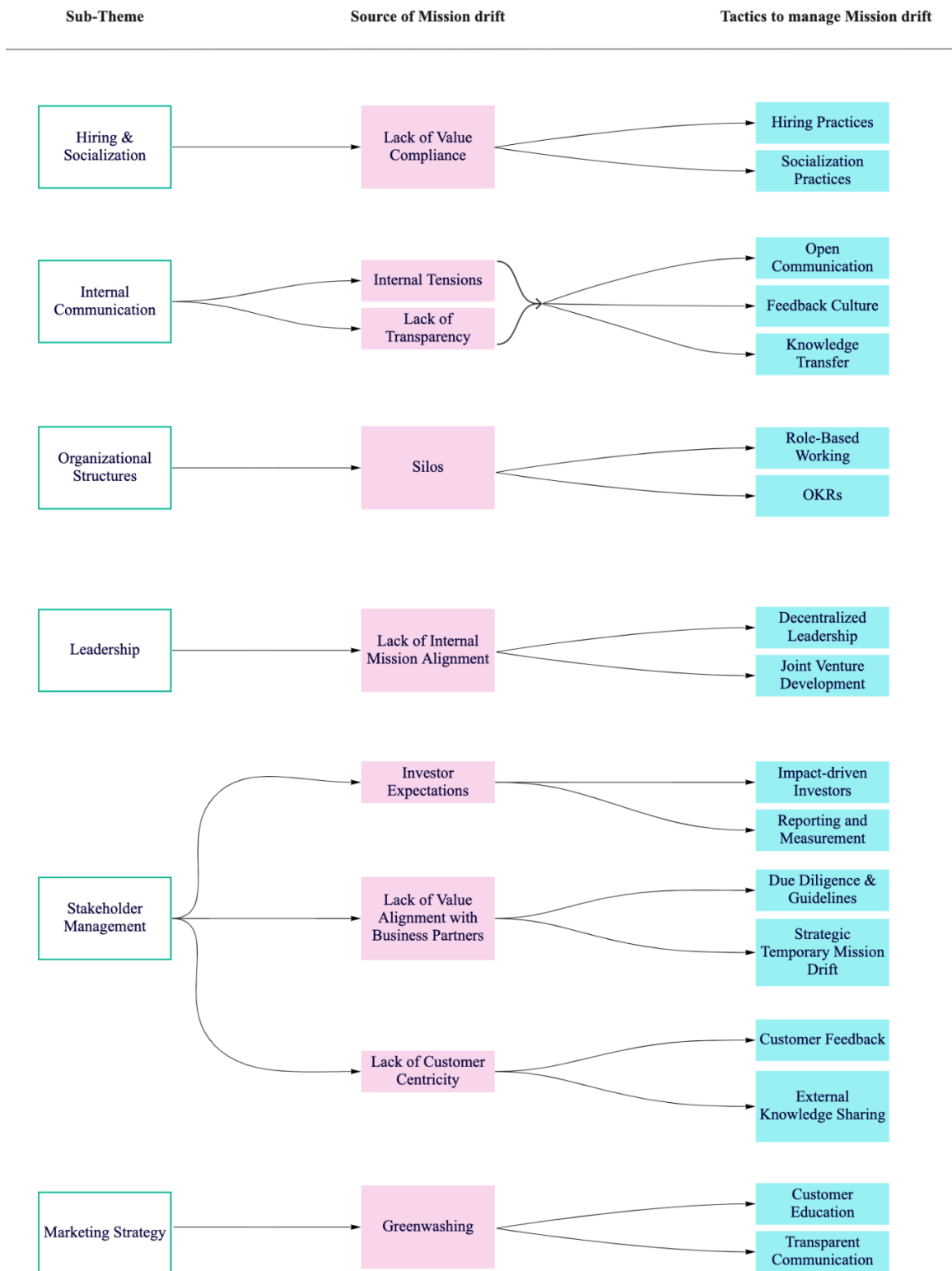


Figure 3: Structure of Findings

4.1.1 Lack of Value Compliance

When trying to decrease the risk of mission drift, the respondents mentioned that it is necessary to make sure that newly hired employees, as well as those who are already in the company, “*share the same values*” (INT6) and that the “*company values, [...] fit with the applicant*” (INT11) so that a lack of value compliance does not lead to mission conflicts (INT6,8,11) (Appendix 6).

Nevertheless, it can be hard to verify if new employees are a true cultural fit for the SBH (INT1,6). Sometimes, not everyone shares the same values (INT10), or employees “*feel like [they] don't really make sure that everyone who works [with them] is also that reflecting on the [values]*” (INT1). One respondent explained that they had a situation in the company “*where someone joined the team [...] and this person was really more focused on growth, and on developing the business, and was ready to push for compromising impact or reducing impact until we have a certain size and then growing it again, and that didn't go so well. So there was a lot of resistance*” (INT6). The employees showed resistance towards this employee, who did only align with one of their values and, in the end, had to leave the company. Thus, it is essential to not compromise the values of the whole team for someone who only focuses on one side of the mission.

The risk of hiring people that do not comply with the values can be further increased by the need to grow the teams fast. Most SBHs have the goal to grow in the upcoming years (INT 1,2,4,5,6,8), and “*you can only make this growth happen if you bring your employees along*” (INT7) (Appendix 7).

4.1.2 Hiring Practices

To mitigate the risk of hiring the wrong people due to time pressure, the employees see value compliance as an “*important part of the hiring routine*” (INT6). In general, many SBHs hire people who are “*relatively fresh from university*” (INT5), as they are open to learning new skills and gaining experience in different areas (INT4,5,12). As most graduates are digital natives, the SBHs can benefit from their knowledge, supporting the

management of mission drift. Moreover, most SBHs start to know potential employees by offering them working student positions (INT4,12). This gives them the advantage of getting to know the person before committing to them full-time. Offering someone who the company already knows a full-time contract further leads to a faster hiring process overall (INT4). Another approach could be to hire in the organizations' networks to assure a value fit (INT12). Besides this, it is recommended to be open and honest with your values (INT3) while at the same time considering if you can create space within the SBH for applicants that have a great value fit (INT2).

Furthermore, SBHs are recommended to have transparent contracts, no gender pay gaps (INT7), pay fair wages, and offer compensation measures like virtual employee shares (INT2,4,12). This does not only make *"getting the right people on board in times of tense job markets"* (INT8) more manageable, but it also motivates new employees to form an organizational identity, which then can help to balance the commercial and the social mission internally (INT4).

Our findings further show that value fit interviews can make it easier to determine if an applicant is compliant with the company values (INT6,8). While one respondent highlighted that these questions could be very personal and recruiters *"cannot force someone to be this passionate about this topic"* as they are (INT1), another stated that if you are not *"a fit in your passion for social change"* after answering the questions, then it doesn't *"matter how good your resume is, it's not a match"* (INT6).

Furthermore, it is recommended to communicate to potential new employees that they will first be on a *"probation period [...] [in which] one of [...] [their] targets is to understand the mission"* (INT9). During the first three to six months that a new employee is on this probation time, it can be beneficial to *"observe if people fit into the culture"* (INT11). If it doesn't work out, it is necessary to *"also let people go [...], as it doesn't make anyone happy in the long run"* (INT11).

The hiring process, in particular, plays an integral part in mitigating the risk of mission drift, as establishing suitable structures helps analyze applicants' value compliance with

the company. Generally, the hiring process in some SBHs seems to be quite long (INT6,11), and some follow along with their *“hiring checklist”* (INT10). One respondent even said that they *“have a four-step process”* that includes people and culture teams that are *“trained to look for the fit”* (INT6). One respondent pointed out that they successfully integrated skill management in their hiring practices, as the recruitment team came up with a questionnaire that analyzes the employees’ *“Personal indicator [...] to really find out what, in which context, the individuals work better and feel better”* (INT8). This allows them to estimate the applicant's company fit during the hiring process. Strategically analyzing the available skills can make a difference as new employees who are allowed to work according to their needs and feel more effective will lead to higher productivity and organizational identification. Besides this, most SBHs emphasize team fit because some respondents told us that the applicant always meets the whole team (INT5,6,11). This can be a *“less formal meeting”* (INT6), as *“applicants might behave differently in front of people, who are on eye-level”* (INT11). In some cases, the team fit even overrules an applicant's technical skills (INT11).

Another aspect that was mentioned by the majority of respondents is that they put a focus on diversity while hiring (INT1,2,4,5,9,11). For them, *“it's important to have people with different backgrounds and experience levels”*(INT11), as a diverse workforce is seen as a competitive advantage that decreases risks for tensions and allows the organization to perceive things from different perspectives (INT2,11). One respondent stated that her organization has a diversity policy to not discriminate against applicants based on their gender, age, or race (INT7) (Appendix 8).

Furthermore, the risk of value compliance is partly mitigated by the external factor that a lot of applicants apply with intrinsic motivation: *“I don't think I received any applications from anyone who doesn't have at least [...]our core values”* (INT4). The fact that many people proactively seek a purpose and *“want to do good”* (INT10) in their jobs helps SBHs to access a pool of fitting applicants without the need to do a lot of head-hunting (Appendix 9).

4.1.3 Socialization Practices

Our findings reveal that the value compliance risk can be further mitigated through “socialization” practices. These play a huge role in training and educating employees to align them with the SBHs dual mission (INT2,6,8,10,11). The processes help the employees to learn everything necessary to work efficiently and effectively in the SBH so that they “*understand what is happening and why that's happening so that [...]they're not so shocked or surprised by decisions*” (INT6). This assures that people align with the missions and do not leave the company, which is vital as most SBHs “*don't have the money to always replace people*” (INT8).

Many of the respondents argued that when it comes to socializing, there is a need for education on different topics so that the team members can better understand those areas (INT2,6,10,11). Some argued that their team needs to align better with the economic mission (INT2,6), while others stated that new employees must learn what impact means and how it is part of the strategy (INT10,11). Further, it was mentioned that new employees could feel overwhelmed and confused (INT10). One respondent emphasized that she recommends to “*balance people who have very strong feelings and form ideologies*” (INT6) to decrease the risk of mission drift. Another respondent told us that there will always be employees who are either more committed to the social or the commercial side and that SBHs “*always need people on both sides pushing for it, and then finding a good balance*” (INT9). This respondent also pointed out that there might even be employees who play a passive role in “*stopping or pushing for the topic to have a good balance*” (INT9).

How exactly socialization is being done in the different SBHs varies from company to company. Nevertheless, except for one (INT2), all respondents stated that they had a vision or mission workshop at some point during their time in the SBH. Most commonly, this kind of workshop happened in the beginning when they joined the company (INT3). Besides this, the respondents pointed out that there are already some workshop and training formats in place that aim at assuring the employees' mission alignment, while at the same time, there is also the need for other kinds of workshops.

One format applied in different SBHs is to have workshops regarding topics that address either one or both logics (INT7,8,11). One respondent mentioned that they do “*blind reviews*” (INT7), in which the focus lies on anonymously creating ideas and discussing them without knowing from whom they came. This way, interns' ideas are regarded as important as the founders'. Two other respondents (INT8,11) stated that they have anonymous question-sessions, in which “*you can hand in anonymous questions and the founders are there live answering these questions*” (INT8).

While some SBHs try to have mission workshops regularly (INT7), the commercial side is sometimes neglected in those meetings. Here it is crucial for SBHs to not only focus on one side of the logic. In this context, one of the respondents pointed out that the focus switched too much to the social direction in her organization, which required “*workshops on why it's important to be profitable*” (INT2), as they can only reach their social goals through being profitable. One company even tried to combine the social and the commercial in one meeting by explaining their Life Cycle Analysis numbers during an impact training (INT10). The same company also has one employee responsible for impact and who is organizing these workshops. To assure that values are being lived, some SBHs also have “*value ambassadors [...] from all the teams [...] that especially watch [the] values, and [...] get in touch whenever something might feel off*” (INT8) (Appendix 10).

4.2 Internal Communication

The second area that can be a source of mission drift is Internal Communication. We find that the level of communication can considerably influence increasing or decreasing the risk of mission drift, and SBHs should “*always find this balance to invest in communication*” (INT6). We distinguished two primary sources for an increased risk of mission drift: Internal Tensions and Lack of Transparency.

4.2.1 Internal Tensions

The majority of respondents mentioned that they have internal tensions of different kinds (INT1,2,6,8,9,10,11), which is “*one big challenge*” for them (INT2). Employees noticed that during their daily work: There is no “*clear line, when there's a trade off, we don't know what is the most important and [...] we have to agree on what comes first, because otherwise, we will have this discussion every time we have a decision to make*” (INT3). Confusions during decision-making processes slow down projects, create tensions between employees, and thus increases the overall risk of mission drift. How this can feel like was described by one respondent as “*you're always somehow torn, and you need to be able to see [the mission drift risk] and know this and also be able to live through this*” (INT10). Moreover, the risk of mission drift can become an even bigger problem if the “*mission balance is handled differently in the specific teams*” (INT6) and if some have more pressure than others (INT7,8).

Our research also shows that most internal tensions seem to be connected to one of the missions. One of the respondents pointed out that in his company, “*social topics are not seen as important for all people. For some people it is more important and they are pushing it*” (INT9), which results in discussions about internal goals, as the employees internally are not equally aligned regarding the focus that they should put in their work. But there are not only people trying to push their social agenda internally. There are also “*more commercially driven*” (INT11) employees that increase internal conflicts. Our findings show that especially “*the growth aspect*” (INT8) makes it more difficult to keep the internal mission alignment because “*setting up communication processes is a challenge during growth*” (INT11). One respondent emphasized that it gets tough to “*still be on your social mission*” (INT1) during company growth simply because the focus can easily switch to generating more sales and gaining more profits. Internal conflicts can be even more increased through remote working settings (INT1,2,11), as “*you don't see how the other person is feeling*” (INT2) and “*you don't get the underlying vibes*” (INT11). Not having an office space makes it harder to talk privately (INT1), and online meetings make personal interaction generally tough (INT2) (Appendix 11).

4.2.2 Lack of Transparency

The other risk that was mentioned by our respondents several times is not having sufficient internal transparency, especially when it comes to decision-making. One respondent highlighted that they *“see resistance from the team because of a lack of understanding or motivation behind certain decisions. And I think this is something more dangerous”* (INT6). Again, remote working settings aggravate internal transparency because employees *“don’t know what other teams are working on, and why topics don’t work”* (INT11). It becomes obvious that internal transparency *“has to be clear”* (INT10) because otherwise, it can jeopardize the day-to-day work towards the SBHs dual mission.

During our interviews, some respondents stated that they have hidden or unwritten rules in their company (INT1,6,10) that affect internal transparency. One respondent mentioned that instead of decision guidelines, they have unwritten rules and laws in place when deciding what to do when the social and commercial missions conflict (INT6). Even though some hidden rules can lead to a positive outcome, like the *“unwritten rule that whenever we get a message from each other, and we do have the time we try to answer it right away”* (INT1), a majority of unwritten rules can lead to a decreased internal transparency and should therefore be avoided (INT10) (Appendix 12). *“Transparency is key”* (INT11) because only when employees feel that there is transparency in the company can they find meaning in their work (INT8). The difference that transparency makes is that it helps align the employees on the dual mission. When they see what they are working for, they build *“good structures [...] [and] a better product. And with a better product, we get more people on the side of sustainable banking. And this is better for everyone and for the environment for the people”* (INT8).

4.2.3 Open Communication

Having discovered the two significant risks regarding internal communication, our respondents pointed out different approaches that aim to decrease internal tensions and increase internal transparency. Our findings show that open communication is a vital

principle for all SBHs. It helps maintain a culture of trust and confidence, leading to higher productivity (INT1,3,6,7,8).

More engaged and trusting employees result from open communication in the company. Communication tools like Slack can help to simplify the overall communication within the SBH (INT1,8) and support with expressing “*appreciation for your coworkers*” (INT8). Employees can bounce ideas off each other more freely and in a team atmosphere with fewer restrictions and more spontaneous discussions. Here it is not only necessary that there is “*space to talk about opinions*” (INT1) and that “*every intern, every person gets heard and can contribute*” (INT7) but also that the opinions and ideas of employees are “*not just heard, but also addressed*” (INT6). One respondent told us that her company has the policy to say, “*we hired you for a reason, and we want your voice, nobody knows it all*” (INT6) to show their employees that their voices matter.

Further, employees who are in continuous contact with their coworkers are more likely to share their opinions and ideas and to strive to contribute more effectively to initiatives (INT3,6). One respondent said, “*I would definitely always come and talk to the others, tell them about my problem and discuss it with each other*” (INT1).

Our findings show that due to open communication, employees begin to feel more valuable and invested in their tasks and start to identify more with the SBH (INT8). Moreover, they begin to take responsibility for specific tasks and get enthusiastic about the company's success. And even if “*people feel pressure here as well, because of a deadline or something, it's still a really supportive environment*” (INT8). Employees that truly believe they are “*seen and appreciated*” (INT8) in their work take ownership of their projects and work to ensure success which decreases the risk of mission drift (Appendix 13).

4.2.4 Feedback Culture

Another approach that was mentioned several times by our respondents is building a healthy feedback culture (INT1,3,7,8,10,11). Building a feedback-rich culture is based on trust, open communication, and a sense of security. Within a SBH, everyone is responsible for establishing healthy communication practices and eliminating toxic ones. If SBHs would not *“focus on the culture [...], people would look for other jobs”* (INT8) or would simply *“not get along”* (INT7).

Good and honest feedback between employees at all levels of the SBH is the foundation of a healthy culture. This starts already with having regular check-ins, *“where we just briefly tell each other what we will be working on today, making sure that in case someone needs feedback from another or someone will be working together on a project, we all know about it”* (INT1). These check-ins not only provide transparency on what everyone is working on, they also allow sharing *“how we are feeling”* (INT8). Here it is important that team leads learn to listen to the *“incredible amount of good feedback”* (INT3) from their team.

Constructive feedback and communication is important, as the SBH could stagnate and hold itself behind without it (INT7). As some SBHs do not have the money to pay *“for really expensive training [...] [they] need to find another approach to develop [...] [their] employees. [...] [which is] regular feedback”* (INT8). This way, the employees can be shaped through the feedback, which corrects mistakes, recognizes strengths, and sets goals to help them progress. One respondent highlighted that she *“implemented feedback processes, so that we can develop ourselves and give appreciative feedback to one another”* (INT8).

Employees will only feel comfortable providing feedback, especially to their superiors, if they feel safe and confident that they will not be punished. It is crucial that *“there will never be anyone who will be harsh or criticize your opinion. But there will always be this oh, great. Thank you for your feedback”* (INT1). Therefore, managers and HR must foster relationships in which employees feel safe sharing unfavorable comments without

fear of losing their jobs or retaliation. One respondent recommends “*specific feedback sessions after 90 days* (INT11). This respondent further recommended having surveys sent out every two weeks “*where people can share how they feel*” (INT11). Another respondent emphasized that it makes sense to send out a form every quarter called “*Quick happiness check-in*” that includes questions to find out “*how happy the teams are*” (INT8).

Sometimes it makes sense to collect feedback anonymously (INT11). Sometimes it makes sense to have peoples’ names under it (INT3). Overall it is important that feedback and communication within the SBH “*always goes both ways*” (INT10), meaning that everyone on every level can give feedback to everyone on every level. Another approach could be that employees do not get feedback from their direct team lead, but they get to “*pick [...] [their] own mentor [...] [who] gives [...] feedback.*” (INT8). Moreover, even if different teams have a different feedback focus, talking about company values should be included (INT11). The goal is to “*feel in the teams that they support each other [...] [because] that feels so nice*” (INT8) (Appendix 14).

4.2.5 Knowledge Transfer

Knowledge transfer is one of the key topics when it comes to aligning employees on the dual mission (INT7,8,10). At the same time, dealing with knowledge internally and externally can also be challenging, as flexibility increases, fluctuation gets higher and complexity greater. Thus, SBHs have to make sure to gain and not lose knowledge (INT8,9,10,11).

SBHs are recommended to implement knowledge sharing that systematically assists in the optimization of work and business processes, as this way “you find the flaws in your company” (INT7). This makes it possible to avoid mistakes and job duplication. Through different views, problems can be discovered more readily and new solutions can be applied. Some organizations have knowledge sharing meetings every week (INT10,11), others do it less often.

Another advantage of knowledge sharing is that experts are more accessible to share expertise (INT9). Overall, knowledge sharing and networking ensure a stronger bond and identification with the organization, which reduces the risk of mission drift (Appendix 15).

4.3 Organizational Structures

Our findings further reveal that SBH are in particular need of organizational structures due to their overall growth aim and the mission drift risks this can entail. Moreover, our findings show that *“impact and organizational development need to go hand in hand”* (INT10). We, therefore, regard the creation of dynamic and well-working organizational structures as highly important when it comes to the management of mission drift, as most SBHs *“implement the impact in all [their] structures”* (INT10).

4.3.1 Silos

If the impact is not integrated into all structures in the business, *“conflicts do exist”* (INT11) because some employees have *“to fight for it and negotiate [for the social mission]”* (INT6) while others are *“way more looking at the numbers”* (INT3). When impact teams work separately from commercially driven teams like marketing, SBHs might work in silos. These silos can lead to mission drift, as teams are internally not aligned on the dual goals (INT3,6,7,11) (Appendix 16).

4.3.2 Role-Based Working

To mitigate the risk of silos, the interviewees emphasized that flat hierarchies and flexible structures are fundamental to following a dual mission approach. SBHs need structures that allow creativity and innovation and actively promote it (INT1,7,8). Next to these requirements, structures should keep *“the team at heart”* (INT6) and therefore need to put a focus on employee empowerment (INT6), meaning that the employees mostly lead themselves.

Our data shows that structures that focus on “*role-based working*” (INT8) can support managing mission drift, as it simplifies decision making and makes “everyone [...] responsible for impact” (INT10). In a role-based organization, every employee is defined by the portfolio of roles they hold rather than by a single job title. Within the SBH, roles can also be held by multiple people (INT8,10). Managing mission drift can consequently be made easier through organizational structures that focus on aligning the work environment with the employees' tasks to create an environment of individuality, flexibility, creativity, communication, and collaboration. This can be supported through a smart “*meeting culture, training programs, a feedback counsel, and communication with each other*” (INT10). Another enabler for these kinds of structures can be a general company counsel that “*monitor[s] really closely what [people] are working on and where [they] are drifting*” (INT8).

One approach for establishing organizational structures that support managing the risk of mission drift is moving the SBH towards a “*holacratic structure*” (INT10). This is a novel way of organizing and managing the organization that replaces traditional linear management. Power is being divided across a defined organizational structure, allowing individuals and teams to exercise autonomy while remaining committed to the organization's mission (INT10) (Appendix 17). Holacracy is an organizational structure that gives everyone within the corporation more power, freedom, and opportunity. In the traditional sense, it is not a location or a division. Overall, holacracy is purpose-driven rather than human-centered. It can be seen as a formalized set of structures, guidelines, and balances that allow all employees, not just managers, to spread out their influence. Holacracy is defined by the absence of managerial functions and human hierarchies. Instead, it is a flat, purpose-driven structure where everyone is equally available to fulfill the organization's purpose (HolacracyOne, n.d.).

4.3.3 OKRs

The Objectives and Key Results (OKR) framework is another approach to breaking up silos (INT8,9,10). This management approach allows for both bottom-up and top-down goal setting. It is an approach of joint goal-setting that allows for identification with the

goals while also creating intrinsic motivation (INT9). The SBHs set both commercial and impact OKRs. This approach is ideal for “*empowering the teams*” (INT8). Every quarter the organization comes together and “*set[s] the focus for the next three months or for the half of the year*” (INT8). This supports the mission drift management and increases transparency for the employees (INT8). Some even set their goals for each month (INT1). Moreover, some SBHs make it a part of their OKRs for the individual employees to “*understand what the company stands for*” (INT9), which means that it becomes their target “*to understand the mission*” (INT9). Others do not establish “*standard OKRs*” (INT10) but introduce “*two company goals, which are annual company goals for the whole team*” (INT10). One focuses on impact and the other on financial topics. Consequently, it is recommended that SBHs establish commercial and social goal measurement (INT8) (Appendix 18).

4.4 Leadership

One factor that is crucial to building suitable organizational structures is “*great leaders*” (INT8) that are “*breaking the [old] structures*” (INT9). But leadership is not only needed for building the structures. Leadership can also directly impact the risk of mission drift.

4.4.1 Lack of Internal Mission Alignment

One situation where leadership can be the source of mission drift is when founders do not align on the missions. These tensions on the founder level “*created some divides in the company and between people and [resulted in] some unnecessary pressure on all people*” (INT7). Beyond a lack of alignment on the founders' level, a lack of mission alignment between founders and employees can be even worse. Our findings show that in the reality of day-to-day business, it is hard always to follow the dual mission approach (INT1,3,4). From an employee's perspective, challenges can arise when their perception of the SBHs mission clashes with the founders (INT4). Thus, keeping alignment here is necessary. SBH leaders have to make sure that not only they are still following the mission, “*but [...] that everyone that is working in the company is also*

still on their mission” (INT1). As they inspire other employees (INT5), leaders in SBHs are supposed to stabilize the company (INT5). Furthermore, it is their task to regularly revise the mission (INT4) and live up to it. Otherwise, it can lead to employees quitting and leaving (INT3) (Appendix 19).

4.4.2 Decentralized Leadership

An aspect that was mentioned several times is the employees' involvement in the power structures: *“Especially when it comes to vision and mission and to both social and profitable mission, it's so important to sit together, to give everyone the space to share their opinion”* (INT2). That the involvement can get very high shows the statement of one respondent who told us that they *“even chose basically the new CEO”* (INT3). Overall, employees in SBH support having lower hierarchies in their organization (INT8,9). In correspondence to the previously introduced approach of role-based-working in chapter 4.3.2, our findings show that SBHs can lower their hierarchies through *“spread[ing] leadership and put[ting] it more into roles”* (INT8). This distributes decision-making power to the employees, which increases the responsiveness of the SBH as a whole and supports managing the risk of mission drift (Appendix 20).

4.4.3 Joint Value Development

In general, many SBHs choose to involve the employees in creating the company values. While some choose to include everyone in these processes, others choose only to involve the team leads (INT2,6,11). However, it was mentioned that it is also essential to include the employees in reshaping the company values (INT6). Overall the *“values should be reflected by the current workforce not dictated by a company and their vision”* (INT6). Furthermore, one respondent emphasized the necessity of including everyone and not just a few employees *“because the worst thing you can do as a company is [...] making people feel like they don't belong* (INT7). Besides this, being reassured of the company's strategy by the leadership is generally important to make the employees feel confident working alongside this strategy (INT11). This can be

achieved by introducing “3-year and 10-year plan[s]” (INT11) to the employees (Appendix 21).

4.5 Stakeholder Management

Furthermore, in the interviews, the employees shared many situations in which stakeholders increased or decreased the risk for mission drift. To provide an easy-to-follow structure, we will focus on the stakeholder groups of Investors, Business Partners, and Customers separately.

4.5.1 Investors Expectations

The stakeholder group discussed most often in the interviews was investors. To facilitate the growth of the SBHs, investors and their financial support are seen as crucial factors for a successful commercial mission (INT1). At the same time, a challenging situation can occur when investors want to see “*growth or monetization*” because then it becomes a “*balancing act*” for the SBH to get “*the money and still not sell [...] oneself*” (INT8). In this case, investors seem to increase time pressure, growth pressure, the need for new initiatives, and a lack of transparent decision making and value alignment (INT7). All these factors are considered threatening to the success of the social mission and thus increase the need to mitigate the threat of mission drift in investor relations (Appendix 22).

4.5.2 Selecting Impact-driven Investors

Not all employees shared the position that investors negatively influence the mission balance. Some employees described that since the investors invested in the SBHs, the SBH became more structured, and transparency over financial and impact numbers increased (INT2,10). These factors can help SBHs to balance their missions while growing. Thus investors can be seen as a chance to manage mission drift (Appendix 23). These employees have in common that the SBHs they work for are funded not by any investor but by impact Venture Capital firms (VCs). The selection of these VCs as investors were purposefully driven by the SBHs and took longer than compared to

fundraising with unspecialized VCs. Despite this additional effort, the employees evaluated the purposeful selection of investors as a crucial action one should take to manage the mission drift risk investors might inflict on the SBH (INT6,8). In the selection phase, it is recommended to evaluate the value compliance of the investors with the SBH, which can be done by implementing a “ [...] *[self] developed ethics clause*” (INT12). The main reason underlying this finding is that Impact VCs respect and support the social mission of the companies they invest in. Another insight was that SBHs do not only consider Venture Capital firms for investments. They further consider family offices, smaller investors, and even their customers (crowd-investing) as investors (INT6,8) (Appendix 24).

4.5.3 Reporting & Measurement

When selecting investors who support both the commercial and the social mission, SBHs ensure that the investors can support the SBHs with essential resources to grow the business along with a balanced mission. Especially measurement and reporting seem to be functions that investors integrate into SBHs. This is possible because impact investors seem to invest in several SBHs and can leverage their insights. Enabling SBHs with reporting can increase trustworthiness, especially with other investors. However, investors can only provide the framework. Doing the reporting must be proactively driven by the SBHs to ensure that the reported numbers are, in fact trustworthy (Appendix 25).

4.5.4 Lack of Value Alignment with Business Partners

Another stakeholder group that can impact mission drift risk potential consists of business partners. Under business partners, we summarize business to business (B2B) customers, partners, and suppliers. We define B2B customers as companies that buy products from the SBH to market them to the end customers, for example, retailers. Partners are other companies that collaborate with the SBH, for example, in strategic marketing corporations. Finally, suppliers provide the SBH with the needed resources to build their products.

In the daily collaboration with external partners, employees shared that a lack of value alignment and low bargaining power can lead to decisions that favor a mission drift to the commercial site. Because of market competition, especially suppliers seem not to depend on SBHs as buyers. Thus they don't get incentivized to be transparent about their production standards (INT3). Furthermore, there might not be enough 'good' alternatives for suppliers, so the employees sometimes seem forced to work with partners even though their value set might not align with the SBHs.

During the interviews, the employees also shared that selecting strategic partners might sometimes be necessary to help the commercial mission, even though it compromises the social mission (INT1). One interviewee shared that they collaborated with Mastercard in a sponsored partnership. Mastercard paid the SBH money to use the SBHs brand for promoting Mastercards' actions toward sustainability. By that, they *"allow companies to do greenwashing"* (INT2). Misalignment of mission and actions can result in negative backlash from other customers and a shitstorm on social media (INT2,3). At the same time, partnerships with companies like Mastercard provide the SBH with additional financial resources that help them grow their business, which can then benefit the social mission (INT2) (Appendix 26).

4.5.5 Due Diligence & Guidelines

Finding ways to manage these situations with partners and suppliers is considered crucial for employees in SBHs to manage mission drift effectively. An approach shared with us was to invest time and resources in researching potential partners and suppliers before working together (INT6,10). This due diligence process can further serve as the base for standards or guidelines and a code of conduct at a later stage (INT1,2,10). Furthermore, the employees shared that guidelines help with decision-making but that frequent internal discussions within the team are crucial to deciding whom to work with. Every decision is agreed upon on a case-by-case basis (INT2,9,12). Beyond that, to ensure that employees stay motivated in their jobs, we learned that employees want to get the opportunity and decision-making power to refrain from working with business partners that do not align with the requirements they deem important (INT2,9). Trusting

employees with this responsibility would require openness from the SBHs leadership to reject paying customers (INT2). To mitigate this risk coming from retailers that are interested in lower-margin products, smart product bundling might be an effective way to cope with that risk (INT6) (Appendix 27).

4.5.6 Strategic Temporary Mission Drift

In addition, when it comes to business partners, employees shared that a temporary mission drift towards the commercial mission might even be beneficial to the long-term success of the SBH. *“And we really need to build a sustainable business, if we want to keep doing this for a long time. So then we switched the focus a little bit. And then we had more focus on the commercial side, and on our financials, etc. And now, I feel like we’re on our way to a good balance”* (INT10). Another respondent stated that focusing on the commercial mission does not always mean that the SBH is *“going away from social topics, they can go hand in hand”* (INT9). One example that was shared was that when working with a supplier that does not yet comply with all the values the SBH has, it might still make sense to work together when the deal itself seems good. Because when production volumes increase, the supplier will benefit, and the SBHs have a *“better influence on the suppliers because they produce so much”* (INT3). This increases the bargaining power for re-negotiating, f.e. production standards: *“I can also go and talk to them and say ‘Look, can you use renewable energy in your production side’ ”* (INT3). This same belief was shared concerning strategic partnerships and B2B customers. The money and reach that can be accessed through partnerships and B2B customers might temporarily reflect negatively on the social mission but can help the SBH leverage growth opportunities that help bring the SBH as a whole further (INT2). Our research further shows that mission balance does not always mean that SBHs must put equal efforts into the commercial and social direction. Most interviewees emphasized that the commercial side of the business can also directly contribute to the social side (INT1, 4,6,7,8,9,10,11). For some SBHs, it can make sense to choose a business approach to become a sustainable organization (INT10), and some believe that *“you need the mindset that revenue is important to achieve the impact targets”* (INT11).

4.5.7 Lack of Customer Centricity

When it comes to business models that sell directly to end customers, the interviewees shared that a “*big problem [was that they] could never really say [who their] customers were*” (INT5). However, customer insights are considered a crucial factor that can increase or decrease mission risk potential (INT3,4,5). In case of a lack of customer insights, employees feel it is difficult finding the right strategies to promote their products, mainly because customers of SBH tend to have a “*super high level of demands when it comes to social or sustainable missions*” (INT4). To balance out this lack of insights, SBHs tend to use sales and promotions to drive the commercial mission forward (INT3,5). Although this is an issue that is not unique to SBHs, we learned that lower margins due to promotions could directly impact product quality. One example was that a product of a SBH had a higher price than a competitor product without a social mission because the ingredients and packaging were sourced from suppliers with sustainable production standards, which cost more. However, when margins decrease due to promotions, it becomes even harder to compete with the mass market and to argue for a higher price point in the future (INT3). This challenge might lead to a mission drift away from the social mission.

4.5.8 Customer Feedback

Although some of the employees shared this challenge, most of the interviewees seemed to have found an approach to mitigate the risk of a lack of customer insights. As many customers feel passionate about the products from SBHs, they are eager to provide proactive feedback (INT4). SBHs can get a better insight into their customer needs by leveraging this open communication. When SBHs use tools and processes to gather, analyze, and learn from customer feedback, the risk of mission drift in this area can be mitigated (INT6,8). Channels like social media, email, forums, tools for reviews, and agile working (INT4,8) were suggested to process the feedback. In addition, hiring employees who dedicate time to quality management and managing the process of communicating the feedback to the teams, iteration, and product development are recommended (INT6,8) (Appendix 28).

4.5.9 External Knowledge Sharing

The interviewees shared that learning from customers can make the product better and help increase profitability, so they advise monitoring and processing feedback and actively asking for input. They can do this by using focus groups or conducting market research and customer interviews (INT1,6,7). On the note of learning from external knowledge, the interviewees further shared that they do not only include customer knowledge to improve their product but also exchange knowledge with competitors (INT 6,7). In general, SBHs see competitors with the same social mission more as friends than rivals and have a lot of exchange within the impact startup scene. These connections are considered important to anticipate risk for mission drifts better upfront. Furthermore, everyone in the company benefits from a constant flow of information between employees and external actors. Different competencies can be linked to making the team more efficient (INT9), and it *“helps for transparency and idea creation [and] [...]to integrate new ideas”* (INT11). Especially the act of including external actors, like other companies, agencies, or even friends, helps to get *“out of the bubble”* (INT10). Further, it offers new ways to see *“different mindsets”* and *“how other companies are doing it”* (INT10) because, often, they do it *“different than us”* (INT10) (Appendix 29).

4.6 Marketing

Another area that bears ground for mission drift risk potential is competitors' marketing communication outside the social impact scene (INT2,3,4,7,8,11,12).

4.6.1 Greenwashing

Using greenwashing practices in the marketing strategy was mentioned as a big problem in most interviews. It makes it difficult for end customers to differentiate between a product with a real social impact and a product just marketed as one (INT2,3,4,7,8,11,12). This increases the pressure on SBHs to deliver a product with the same price and quality as competitors, although their production costs might be higher. Also, because of misinformation, customers are often not aware of what is a more sustainable solution (INT3). This can increase mission drift potential, for example, by

using promotions, which lowers margin and might threaten the commercial mission or impact product quality standards and thus threaten the social mission (Appendix 30).

4.6.2 Customer Education

To ensure customers can see the differences and for SBHs to cut through, employees of SBHs suggest a marketing approach with a focus on customer education and learning (INT11,3,6). *“We need an education platform you can use and leverage and really not just sell but also communicate on and educate”* (INT6). The interviewees recommended focusing on *“content-focused ads compared to sales promotions”* (INT11) to achieve this goal. The interviewees further suggested that an education-focused marketing approach should focus on the product and its benefits and make it look fun and cool to be desired beyond the social mission (INT10,11) (Appendix 31).

4.6.3 Transparent Communication

To educate the customers authentically, the interviewees shared that *“communication towards clients is very important”* (INT11). They recommend a communication style based on values like transparency and honesty to show their customers that they are taken seriously (INT1,3,7,11). Especially when SBHs support social organizations with their profits, they want to ensure that customers *“actually (know) where the money was going”* (INT7). Furthermore, the employees shared that they *“want to be more transparent with [the] community [about] why we decide on different topics”* (INT1). This transparency can be provided by sharing information about what *“standards”* (INT1) are used or about *“decision making for ingredients”* (INT11). A transparent and honest communication style also includes communicating *“if some things are not perfect yet”* (INT3) (Appendix 32).

5. Analysis

The purpose of this chapter is to analyze the implications of our empirical findings in reference to academic research. We will synthesize our findings with previously discussed literature, focusing on novel findings and discrepancies to demonstrate how our research advances or challenges the findings of previous scholarship. As a result, this section also provides current notions not included in the initial theoretical framework but emerged during the data collection and analysis process. Finally, the resulting theory will be illustrated in a holistic framework that presents mitigating strategies for managing the risk of mission drift in SBHs.

This analysis will present the insights derived from our grounded analysis and establishes the foundation to answer the research question: What practices and strategies do employees of SBHs apply to mitigate the risk of mission drift?

Before providing a detailed overview of which strategies employees apply to manage mission drift, we provide an overarching result of our analysis concerning the employees themselves. We found that most employees in SBH are already pluralists, meaning that they fully support both types of values, the commercial one and the social one, which has a positive effect on the mission balance. While Battilana (2010) argued that SBHs have to focus on training employees and especially managers to be pluralists and Besharov (2014) stated that it is fine to recruit people, who only follow one of each mission as long as they have pluralist managers, we reveal that today especially younger employees already bring the capability to combine social and commercial missions with them. We see the reason for this in several market trends. Firstly, the employees grew up and participated in movements like Fridays for Future and are personally interested in topics like sustainability (INT1,2,3). Simultaneously, employees with activist interests still study programs in Business Administration, and they do not consider this a conflict (INT1). Some even study Sustainability Management (INT3), where concepts like green capitalism are part of the curriculum. Therefore, we do not align with Besharov's (2014) argument that newly hired employees in SBHs are in particular need of shaping when it comes to supporting a dual mission approach.

Nevertheless, we still agree with Battilana and Dorado (2010) that it makes sense for SBHs to devote substantial resources and attention to communication, training, cultural initiatives, and incentive systems to socialize employees. However, we see the goal of these practices rather in enabling pluralists to work efficiently within the ambidextrous environment of a SBH and not in them to adapt the dual mission approach. This contributes to the findings of Feldman (1976) and Gomez (2009), who state that socialization practices can be used to reinforce desired behaviors and values in employees.

Therefore, the following strategies were derived from the insights that employees with a pluralist mindset shared with us. To answer the research question in a structured manner, we present five distinctive overarching strategies employees in SBHs recommend and apply to manage mission drift. Each of the five strategies includes concrete tactics to execute these strategies.

1. Dual Mission focused HR Strategy
2. Ensuring Value Conformity
3. Knowledge Sharing
4. Decentralized Organization
5. Impact Measurement

5.1 Dual Mission focused HR Strategy

The first strategy we analyzed employees apply to manage mission drift is a dual mission focused HR strategy. This HR strategy simultaneously focuses on the organization's social and commercial side, as one-sided HR strategies can increase the risk of mission drift.

- Therefore, our first tactic, opposing the ‘mix-and-match’ approach suggested by Battilana and Dorado (2010), suggests focusing on hiring pluralist people that bring the needed team fit and technical skills to the team. As a bigger pool of

applicants seems to have pluralist skills, compared to when Battilana and Dorado (2010) conducted their research, we consider focusing more on team fit and selected competencies as more effective and logical. While team fit must be evaluated on individual bases, we advise hiring new employees that have most of the following competencies, as they seem to help in decreasing the risk of mission drift (Table 4):

Hard competencies	Soft competencies
<ul style="list-style-type: none"> • Communication Skills • Project Management Skills • Computer literacy • Lean Management • Languages • Digital Native • Data Analysis 	<ul style="list-style-type: none"> • Emotional Intelligence • Team Working • Intercultural Awareness • Adaptability and Agility • Conflict Resolution • Solution-oriented Mindset • Negotiation skills • Critical Thinking and Observation • Leadership • Networking

Table 4: Needed hard and soft competencies for employees in SBHs

- Moreover, as a second tactic we recommend SBHs to aim at hiring a diverse workforce, as diversity and inclusion are considered important values by the pluralist employees. In line with Bridgstock et al. (2010), we believe that a diverse workforce increases knowledge sharing and idea generation, which can help find creative solutions to challenges caused by the two constitutional logics. Implementing a diversity policy can support the hiring of diverse teams, as no one gets discriminated against for their gender, age, or race. Implementing policies like transparent contracts to avoid gender pay gaps fosters diversity. This recommendation contributes to the findings of Besharov (2014), who recommends focusing on hiring people with a paradoxical mindset, and of Costanzo et al. (2014), who advise SBHs to hire very diverse teams.

- As a third tactic, we recommend HR teams focus on running workshops that support transparent communication. This is in line with Lee and Raschke (2020), who found that socialization practices should give employees transparency over what is happening in the company. If employees perceive a gap between the SBH's missions and its actions, it can lead to dis-identification, decreased job satisfaction, and in the worst case, resignation.
 - One suitable new format is a strategic workshop on "*why it's important to be profitable*" (INT2) or mission workshops, as they can help provide an overview in times of changes in one or both of the missions.
 - Further, we recommend having live question sessions with the whole SBH, in which everyone can hand in questions, and then the leadership team answers these questions.
 - Lastly, anonymous workshop formats like 'blind reviews' are popular. As everyone can hand in ideas, but no one knows who created the idea, the threat of biases around seniority levels decreases. This can be supported by recent literature that found anonymous workshop formats to increase effectiveness and inclusivity (Caldes, 2020).

- We further suggest appointing value ambassadors in all teams, as they have an eye on the values and communicate if they perceive that there is a risk for mission drift. This approach shows similarities with having a board of directors to observe if everything works according to plan (Battilana & Lee, 2014). Value ambassadors can be considered operational guardians of the dual mission within the teams.

- As the last tactic of a dual mission focused HR strategy, we recommend that SBHs implement and leverage a probation period into their contracts. With that, we support previous literature that suggests monitoring the actions of employees in SBHs to manage the risk of mission drift (Ebrahim et al., 2014). We consider it relevant to observe if new employees fit into the culture, especially during the first three to six months. This implies that SBHs should let employees go that

don't fit into the company, as keeping them could make other employees unhappy and thus would increase the risk of mission drift.

5.2 Value Compliance

The second strategy that answers how mission drift can be mitigated is to ensure value compliance. Our analysis strongly supports the research that emphasizes that shared goals and values enhance the overall culture in SBHs and, at the same time, reduce ground for conflicts, which can decrease the risk of mission drift (Besharov, 2014; Eiselein & Dentchev, 2020; Puchalska-Kamińska et al., 2021). However, our findings show that it can be hard to verify if new employees are a cultural fit for the SBH.

- The first tactic is to implement a value-focused hiring process. Thus, SBHs should enrich their hiring processes by implementing value-fit interviews, hiring checklists, and non-formal team-fit meetings that happen on eye level and assessing the applicants' personal indicators. In line with Thompson and Eijkemans (2018), to smooth the success of such approaches, HR managers in SBHs are advised to hire in their existing personal network to increase the value compliance of the applicants.
- As a second tactic, in line with Battilana and Dorado (2010), we recommend "hiring recent university graduates" (p. 1428), as it is likely they already possess a pluralist mindset. Our findings reveal that a practical approach is offering working student positions, which gives the company the advantage of introducing its values to the people and getting to know them before fully employing them. Beneficial is also that this approach drastically fastens the hiring process if the SBH decides to keep the working student in the future. However, our analysis does not fully support previous literature that argues for using the 'blank slate' hiring approach, which is focused on hiring individuals that are not steeped in either of the logics (Battilana & Dorado, 2010). Our

analysis stresses the crucial importance of value compliance fit that already has to be assured and tested in the hiring process.

- The fourth tactic we recommend to ensure value conformity within the team is to involve the employees in the value development process. As employees often have a strong intrinsic motivation, leaders should prioritize providing their employees with formats like workshops to develop values, a vision, and a mission that aligns with the employee's needs.

Further, we found that value alignment with the SBHs values does not only play a role when it comes to employees as stakeholders. A lack of shared values can also lead to conflicts between employees and external stakeholders like investors, business partners, and customers. Thus, our research supports the findings of Eiselein and Dentchev (2020) that “the fit of values is not only crucial for personnel, but also for its board members and external stakeholders (such as volunteers or partners)” (p.439). We found that the underlying reason for these tensions is that employees are often passionate about the social mission and feel strongly intrinsically motivated. This can make it difficult for them to work with stakeholders that do not have the same ethical standards. At the same time, customers of SBHs often have high demands when it comes to the authenticity of the SBH, so the SBHs must live up to these expectations and align with their self-proclaimed values. Although Minkoff and Powell (2006) describe this risk of lack of value alignment with stakeholders, they did not provide concrete solutions on how to ensure value conformity. As employees have to face decisions regarding stakeholders that bear mission drift potential daily, we share Santos's (2012) stance that managing the risk of mission drift triggered by several stakeholders must be covered by every SBH.

- To ensure value conformity with external stakeholders, it is important to help employees to improve their decision-making capabilities. Here we recommend allowing employees the time to collect as much information about investors and business partners as possible to make informed decisions that align with the

employees' and the SBHs' values. This information can then help prepare guidelines and a code of conduct that can serve as supporting tools in the decision-making process.

- When searching for investors that align with the SBHs value, we recommend considering Impact VCs or crowd investing campaigns as concrete tactics. Impact Investing is an increasing movement in Germany, allowing more SBHs to find investors aligned with their dual mission (Bundesinitiative Impact Investing, n.d.).
 - Also, one has to consider that employees might not always be able to make a decision that balances both missions. This can lead to identity tensions (Costanzo et al., 2014). Here, we recommend allowing employees to delegate the decision-making or get support with it to prevent this identity tension from overwhelming the employee.
- Further, another way to ensure value conformity is to use value-driven communication with customers, partners, and potential candidates. These findings go in line with previous research by Eiselein and Dentchev (2020), who state that communication is of “importance towards the external partners of social enterprises, as they may all hold different expectations and demands from the social enterprise” (p. 440). We suggest this approach to communicating openly and honestly because it will help manage expectations. This will help prevent shit storms and strengthen the authenticity of the SBH, which we consider important to remain competitive, especially with competitors using greenwashing practices.

5.3 Knowledge Sharing

The third strategy to mitigate the risk of mission drift is called knowledge sharing. We consider knowledge sharing beneficial at all levels, internally and externally. Relevant knowledge remains in the organization, allowing employees to collaborate more effectively and complement one another to maximize their ability to innovate. New

colleagues are more easily trained, and all staff receives access to information more rapidly. All of these factors contribute to the company's ability to save time and money. And when everyone knows *“what others are doing and if you have an understanding about what the company is doing”* (INT8), managing the risk of mission drift gets easier.

- The first tactic to facilitate knowledge sharing within the SBH that we recommend is to build formats that enhance open communication. Like the workshops for value alignments, we consider other formats like weekly ‘sharing meetings’ a great approach to sharing knowledge within the SBH. We believe an open communication culture does not only help with improving decision-making capabilities but also communication skills in general. These are needed to keep tensions between employees with different values low and create something of value out of these conflicts.
- The second tactic we suggest to leverage knowledge sharing is building a feedback culture. This feedback culture includes both internal and external feedback. We advise SBHs to provide employees and customers with the tools to provide their feedback and learn what can be improved from the other parties.
- Beyond leveraging stakeholder feedback, our third tactic suggests building a community around the SBH from which additional knowledge can be gathered. This community can include stakeholders, competitors, and other entities like corporates and other SBHs. By exchanging knowledge outside the SBH, we believe that the SBH can learn from others how to mitigate mission drift and find innovative approaches and partnerships to increase the competitiveness of the SBH.
- Lastly, with the fourth tactic, we recommend that SBHs proactively share knowledge and use it to better educate the customers about the product and the industry in which the SBH operates. Our findings show that customer education

is an effective way to work against competitors that use green-washing practices. This insight is new in the context of mission drift prevention and connects to the importance of customer-centricity.

Our analysis shows that using knowledge sharing with customers, business partners, and even competitors is a smart way to mitigate the risk of mission drift. The insight that knowledge sharing is important to manage dual missions opens up space for further exploration. The innovation literature provides rich data on how important knowledge sharing and community building are for enhancing innovation capabilities and might serve as an excellent start to explore further the topic in mission drift management (Calantone et al., 2002; Lin, 2007; Scarbrough, 2003).

5.4 Decentralized Organization

The fourth strategy to mitigate mission drift is establishing a decentralized organization. Decentralization plays a vital role in building a dynamic culture that fosters an organization of thinkers and creators rather than obedient followers. Our analysis shows that members in a decentralized culture are given the primary objectives and instructions but are mostly free to make their own decisions. This results in cultures that can tackle more complicated problems that are easier to scale and have a lower likelihood of experiencing mission drift.

- One approach that we recommend implementing refers to role-based working, in which every employee is defined by the portfolio of roles they hold and not by a single job title. This approach decreases internal tensions, as previously already found by Battilana et al. (2015), and simplifies decision-making. It also makes everyone in the company responsible for impact and thus increases the likelihood of mission balance. In this context, we further advise that SBHs begin the process of transforming their organization into a holacratic structure, which allows individuals and teams to exercise autonomy while remaining dedicated to the organization's mission. This opposes the recommendation by Battilana and

Lee (2014) and Santos et al. (2015), who stated that differentiated operations could be used for countering mission drift.

- The second approach that we want to highlight to decrease the risk of mission drift is decentralized leadership structures. This approach has the aim that SBHs lower their hierarchies through distributing leadership across the organization and “*put[ting] it more into roles*” (INT8). Giving employees decision-making authority improves the SBH's overall responsiveness and aids in the prevention of mission drift. With this finding, we add to the research of Eiselein and Dentchev (2020), who discovered that flat hierarchies make open discussion concepts easier.

5.5 Impact Measurement

The fifth and final strategy to mitigate the risk of mission drift is implementing impact measurement.

- We propose that SBHs establish an OKR management approach to allow both bottom-up and top-down goal setting. By reflecting both social and commercial objectives in the OKRs, SBHs are better equipped to measure the success of their dual missions. This approach empowers the team, but it also supports mitigating the risk of mission drift, as it ensures overall transparency.
- Another tactic to mitigate the risk of mission drift is to focus time and energy on setting up reporting and measurement structures that clarify the impact of the dual missions. Showing accountability for the dual performance was also emphasized by Ebrahim et al. (2014). However, our analysis shows that it is easier to report financial numbers than impact numbers. The measurement of impact numbers does not yet have industry standards. Consequently, SBHs have to, together with their investors, find ways to measure their social success. Therefore the SBH must drive the process intrinsically to guarantee reliable data. Beyond that, initiatives around impact investing can help to develop impact

measurement frameworks that allow SBH to measure its social mission more easily (Bundesinitiative Impact Investing, n.d.).

5.6 Conclusion of Analysis

As our analysis shows, employees apply five main strategies to mitigate the risk of mission drift. Before concluding the analysis with a theoretical framework, we want to point toward three insights that enrich the quality of the answer to our research question. We found that two enablers make the mitigation of mission drift easier: Automation and Innovation Capabilities. In addition, our analysis opened up room for questioning if mission drift always needs to be mitigated.

5.6.1 Enabler: Automation

The first enabler we identified to support the five strategies to manage mission drift is automation. Automation is driven by *“quite young people who grew up with technology”* (INT1), who are working in the SBHs, and who are *“not afraid to use modern and new tools”* (INT1). Furthermore, the overall focus on growth requires SBHs to leverage automation: *“The more [...] we grow, the more [...] we automatize, to kind of make sure that [...] our growth is actually sustainable”* (INT4). Thus, employees seem to have the mindset to *“love any process that can be automated”* (INT1). Examples of how employees continually integrate new technologies to facilitate the strategies mentioned above are:

- Finance automation technology like liquidity tools help increase transparency about the financials, thus helping in measuring the commercial mission with OKRs.
- Product Information Management (PIM) tools help provide customers with relevant information about the products, which supports customer education and value-based communication.
- Supply Chain Mapping tools are new technologies being used to increase transparency about value chains, which can help in the decision-making process to find suitable suppliers (INT1,6,10).

- Non-Fungible Token (NFT) programs are used to facilitate decision-making regarding partner selection based on predefined guidelines and requirements (INT1).

However, automaton processes should be implemented with care. One respondent pointed out that *“when we are talking about strategic partnerships, this is not something that should be decided automatically simply because it has a major impact on the business model”* (INT12). Therefore, automation tools are recommended to assist *“individual decisions”* (INT12) and not replace them (Appendix 35).

Automation consequently supports the employees in managing the underlying tactics to manage mission drift more efficiently. Not only can it create transparency (INT6,10), it also gives them *“more professionalism and make[s] [their] life easier, and [...] [it can] prevent a lot of hiccups that take time and energy to correct”* (INT6). In line with recent literature on ‘new work’ that states that *“satisfying the needs of mankind will be supported by high tech self-providing [organizations] using the newest technology”* (Helmold, 2021), we conclude that SBHs should consider automation to support both their social and their commercial mission.

5.6.2 Enabler: Innovation Capabilities

Moreover, we identified that employees in SBHs apply innovation capabilities, which seem to support the mitigation of mission drift. When looking at the literature, it has already been found that findings from SE literature regarding the management of mission drift overlap with results from the innovation literature regarding innovation capabilities (Besharov, 2014; Tripsas & Gavetti, 2000). We build on these findings, especially in the area of communication and the employee's role.

- Our analysis shows many overlaps with previous scholars from the innovation literature, who have demonstrated that open communication with internal and external stakeholders is essential (Leavy, 2005; Martins & Terblanche, 2003). While knowledge sharing helps mitigate mission drift, the innovation literature

shows that knowledge sharing enables organizations to enhance performance and reduce redundant learning efforts (Calantone et al., 2002; Helmold, 2021; Leavy, 2005; Lin, 2007; Scarbrough, 2003). Not only do we recommend SBHs to share their knowledge internally but also with external partners. Thereby, we found similarities with the research of Coffman (2017) and Lin (2007), who identified that a two-dimensional knowledge-sharing process that includes external stakeholders increases innovativeness. Further, we consider learning from customers' feedback and using it for product development as a crucial tactic to manage mission drift. This is in line with findings of the innovation literature that say that customers can help with idea generation (Lakhani et al., 2012) and that co-creation between business and customers is recommended (Ind et al., 2013).

- We further identified that our findings overlap with insights from the innovation literature when it comes to the employee. Intrinsic motivation and the individual consideration of employees strongly overlap between the two research fields. While we found that value alignment is essential for employees to manage mission drift, the innovation literature emphasizes that leaders should inspire the intrinsic motivation of their employees for them to be innovative (Bass, 1990). In addition, distributed ownership is one of the tactics we recommend for managing mission drift. In the innovation literature, leaders are encouraged to empower employees to take on responsibilities and be self-reliant to increase their innovative capabilities (Coffman, 2017; Martins & Terblanche, 2003). However, what is different is that in the context of mission drift, the employees already possess or demand these skills, while in the innovation literature, leaders are asked to empower their employees. In addition, diversity and having different backgrounds are considered beneficial both for the management of mission drift and for enhancing innovation capabilities (Leavy, 2005).

Concludingly, strategies to manage mission drift seem to overlap with approaches for increasing innovativeness. We consider this insight especially helpful because some of the SBHs products lack a certain level of innovation. This is due to the fact that some products are sustainable versions of already existing products. The employees reflect on this challenge with *“we are not the first to have this idea”* (INT6) or with *“we're not offering something that is groundbreaking”* (INT4). This approach might work for now, as the market is relatively new, but employees anticipate that *“at some point, there's going to be a competitor and then things are definitely going to be changing for us”* (INT4). We consider the employees' ability to anticipate these challenges and their enhanced innovation capabilities as helpful prerequisites to ensure a simultaneous mission balance and firm competitiveness in the long run.

5.6.3 Mission Drift as an Opportunity

On a final note, we want to share another insight we derived from our analysis. Although employees apply the presented mitigating strategies to manage mission drift, our analysis also shows that mission balance does not always mean putting equal efforts into the commercial and social direction. In line with Muñoz et al. (2018), we found that a temporary mission drift can happen in SBHs. However, what is somewhat new is that many respondents do not necessarily view a temporary mission drift as something that must be mitigated under all circumstances but as something that can be an opportunity (INT6,8,9,11,12). One respondent brought it to the point: *“I think mission drift can be a potential. Of course, if you sacrifice your social impact for profits, that's maybe not the way to go. But if you see that the vision you have placed in the beginning is not viable, or it's not achievable at a certain stage, then you need to adjust or you will not make it”* (INT6). Especially in business partner management, we consider a temporary drift to the commercial site as an impactful tactic to increase brand awareness and bargaining power. This way, a drift can benefit the SBH in the long run, both commercially and socially. Therefore, we consider a temporary mission drift as positive as long as SBHs drive it intentionally and *“as long as [they] can control it”* (INT11) (Appendix 34).

5.6.4 Theoretical Framework

Finally, the resulting theory will be illustrated in a holistic framework that summarizes the answer to our RQ on how employees in SBHs mitigate the risk of mission drift (Figure 4).

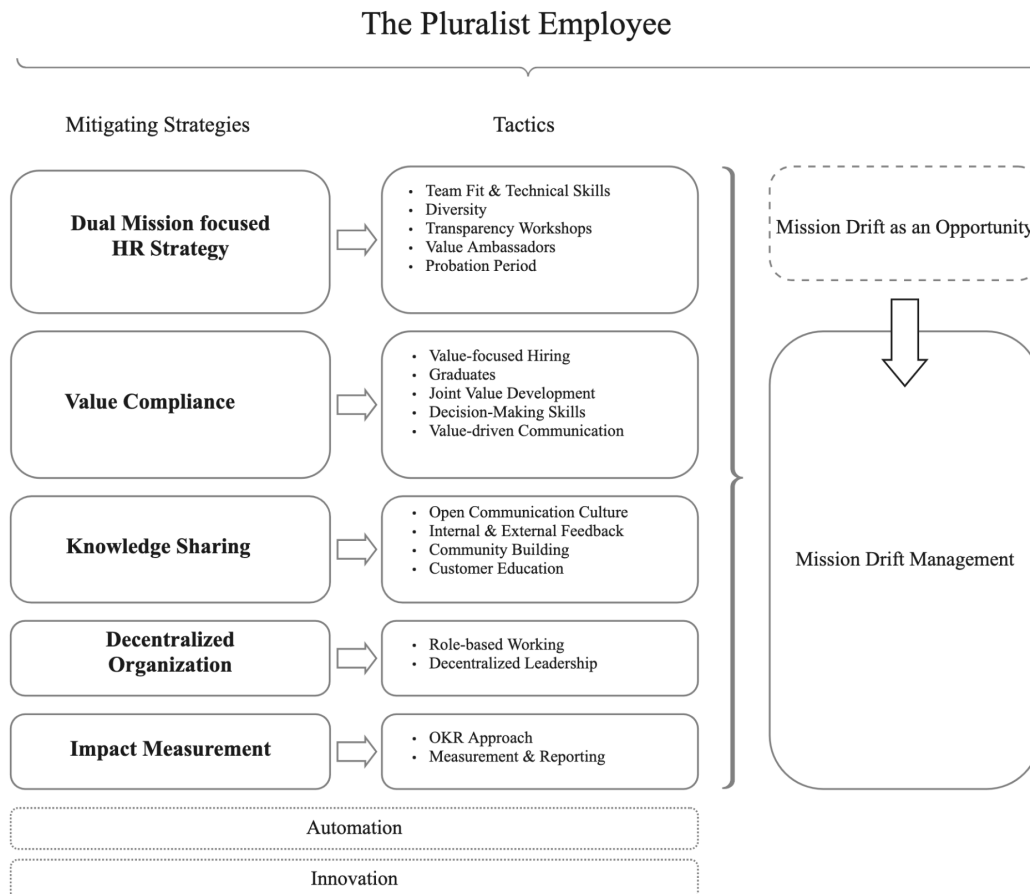


Figure 4: Theoretical Framework

First of all, we want to enrich the definition of employees in SBHs. In our framework, the pluralistic characteristic defines the employees' capability to manage mission drift. Therefore the pluralist employee is the overarching entity that drives the execution of the mitigating strategies to manage mission drift. The framework visualizes the five overarching mitigating strategies that pluralist employees apply to manage mission drift: Dual Mission focused HR Strategy, Value Compliance, Knowledge Sharing, Decentralized Organization, and Impact Measurement. To deepen the framework's content and increase its relevance, the underlying tactics of each of the five strategies

are reflected in the framework. Through vertical arrows, the connection of strategy and tactics is visualized. As automation and innovation enable the strategies and their corresponding tactics, they are represented as underlying blocks in the framework. All strategies and tactics enable the management of mission drift, which is visualized by the summarizing bracket. Finally, to reflect that pluralist employees consider mission drift also as an opportunity, we added an additional area that is separated from mission drift management yet connected through an arrow. This represents that another way to manage mission drift can be temporary mission drift.

6. Conclusion and Discussion

The purpose of this chapter is to summarize the main learnings of this study and reflect overarching ideas that we derived from the analysis in the chapter before. Further, this final chapter discusses the theoretical and practical implications. Finally, we present the study's limitations and suggest possible directions for future research around the topic of mission drift management.

6.1 Conclusion

Our research was motivated by the question “*What practices and strategies do employees of SBHs apply to mitigate the risk of mission drift?*”. To answer this question, we interviewed twelve employees who work in SBHs and gave us insights into their personal experiences regarding the management of mission drift. From these interviews, we concluded that there are five distinctive overarching strategies that employees in SBHs apply to manage the risk of mission drift (Table 5).

Strategy	Description
Dual Mission focused HR Strategy	This strategy simultaneously focuses on the social and the commercial side of the organization. Its aim is to hire a diverse workforce, while a special focus lies on pluralists that bring the needed team fit and technical skills to the organization. Important practices of this strategy are workshops that support transparent communication, implementing value ambassadors, and observing new employees during a probation period.
Value Compliance	This strategy touches all areas of the SBH and has the aim to ensure value conformity of different stakeholders. Besides ensuring the value compliance of new employees, this strategy further focuses on making sure that investors, business partners as well as customers are aligned with the value expectations of the organization.
Knowledge Sharing	The ‘Knowledge Sharing’ strategy has the goal to foster knowledge transfer internally as well as externally. Internally, this strategy facilitates collaboration between employees and increases their ability to innovate. On an external level, this strategy calls for knowledge sharing with customers, business partners, and competitors.

Decentralized Organization	This strategy aims at establishing a decentralized organization and culture within the SBH, which gives members the primary objectives and instructions while at the same time giving them the free choice to make their own decisions. Next to the focus on lowering hierarchies, role-based working and holacratic work structures play an important role.
Impact Measurement	This strategy has the focus to implement impact measurement within the SBH. On the one hand, it includes establishing an OKR management approach that increases the transparency about how the employees' commercial and social impact is measured. On the other hand, it highlights the importance of setting up reporting and measurement structures that provide overall transparency about the impact of the dual missions.

Table 5: Description of final overarching strategies

Additionally, the analysis results revealed that “The Pluralist Employee” holds the role of an overarching entity that drives the execution of these strategies to manage the risk of mission drift. Furthermore, it became clear that automation and innovation enable the mitigating strategies and corresponding tactics. Finally, we proposed that mission drift can also be perceived as an opportunity and thus gives SBHs the possibility to temporarily drift towards one logic, as long as employees and leaders are aware of the risks and ways to mitigate them.

Despite our research revealing that SBHs require time to develop dual-functional organizations, we believe they lay the foundation for a new business world: One that is built around sustainable value chains, smart workflows, knowledge sharing within the community, and decentralized and value-based collaboration. Consequently, we hope our findings inspire practitioners to believe in this world and motivate employees as well as leaders to create and form organizations that generate both financial and social value and that are prepared to drift!

6.2 Theoretical Contributions

In recent years, scholars have researched sources and strategies to manage mission drift, mainly from the perspective of social entrepreneurs and organizational leaders (Battilana & Dorado, 2010; Muñoz & Kimmitt, 2019). They applied comparative (Battilana & Dorado, 2010) or case-study approaches (Eiselein and Dentchev 2020; Klein et al., 2021). However, prior literature largely disregarded the perspective of employees on the topic, even though they are considered a primary driver of competitive advantage in regard to managing mission drift (Battilana & Dorado, 2010; Besharov & Smith, 2014; Conforth, 2014; Delery & Roumpi, 2017; Easa & Bazzi, 2020; Elearn, 2009). Consequently, it has remained unclear what strategies employees of SBHs suggest to manage and mitigate the risk of mission drift.

Hence, by conducting this research, we aimed to answer scholars' calls to provide deeper and new insights into the phenomenon of mission drift from the viewpoint of employees (Battilana & Dorado, 2010; Besharov & Smith, 2014; Conforth, 2014; Crossan & Apaydin, 2010; Delery & Roumpi, 2017; Muñoz & Kimmitt, 2019). Our research further adds to the overall social enterprise literature by contributing to the research of Eiselein and Dentchev (2020), who requested deeper insights into the kind of conflicts that can emerge at both individual and team levels in SBHs. Through the framework that we introduced in chapter 5.6.4, we created an understanding of what strategies employees recommend SBHs apply to manage and mitigate the conflicts that arise from the risk of mission drift. In the following, the theoretical contributions of this research are further accentuated.

First, mission drift has been studied, focusing on 'preventing' mission drift. Most past research has regarded mission drift as a mainly negative perceived topic, resulting in two competing logics (Ebrahim et al., 2014; Grimes et al., 2019). Even though Muñoz & Kimmitt (2019) argue that a complex coexistence can be possible, a lack of understanding remained on the phenomenon of managing conflicting social and commercial objectives (Eiselein & Dentchev, 2020). In this context, our findings

substantiate with Muñoz and Kimmitt (2019) that financial value is necessary to create non-financial value. Moreover, we built upon the recent findings of Eiselein and Dentchev (2020), who introduced four bridging mechanisms (i.e. fit of values, agile structure, partnerships, and communications) that facilitate the mitigation of conflict between social and commercial goals. On the individual level, we especially contribute by emphasizing the importance of a dual mission-focused HR strategy, knowledge sharing, a decentralized culture, and impact measurement.

Secondly, in today's rapidly changing world, some findings on the subject from Battilana & Dorado (2010) or Besharov (2014) can be evaluated as outdated. Movements like Fridays for Future and events like the COVID 19 pandemic or the current war in Ukraine change the economic environment and how people work and want to work drastically. Thus, research that reflects strategies to manage the risk of mission drift suitable to the current world remained scarce. Therefore, the academic relevance of this research also derives from the fact that it consolidated previous studies on mission drift mitigation and management to achieve a better understanding of the phenomenon. In line with Fiol (2002), Glynn (2000), and Pratt (2000), we found that employees indeed act as one of the most critical stakeholder groups regarding the management of mission drift. Additionally, we reached the same conclusions as Delery and Roumpi (2017), Easa and Bazzi (2020), and Elearn (2009) that attracting and keeping employees to the organization can be regarded as a primary driver of competitive advantage. Previous research also found that employees' behavior can be the reason for mission drift (Battilana & Dorado, 2010; Besharov, 2014; Daniel, 2021). According to our findings, this is true. Especially in the context of strong social values, the impact of employees can become very high — up to the point that they influence the decision of who will be the new CEO of the SBH. Nevertheless, our study puts a stronger emphasis on the positive outcomes of this employee-influenced mission drift management.

Furthermore, our study also reaches conclusions, not in line with current literature. Studies by Battilana (2010) and Besharov (2014) suggest that SBHs should focus on

training employees and managers to be pluralists. Our analysis is inconsistent with these studies. We found that nowadays, especially younger employees can be considered born pluralists, who already inherit the capability to combine social and commercial missions. Furthermore, our research challenges the findings of Stevens et al. (2015). They argue that the social mission is largely taken for granted, and the commercial mission is considered a crucial framework condition. We found that it can also be the other way around. Our findings showed that sometimes a slight drift towards the commercial side is necessary to keep up the social activities. We further cannot support the conclusions by Ometto et al. (2019), who stated that a drift towards the social side likely leaves investors unsatisfied. Our research showed that impact-focused investors help the organization become more structured and transparent on the commercial side so that that impact can increase on the social side.

Beyond the comparison with existing studies, we also discovered potential new research contexts for the phenomenon of mission drift. Born pluralist employees and automation and innovation as enabling factors for the mitigating strategies are components this research discovered that extant theories have not discussed. Finally, we argue that in the future it will be not only the profile of the social entrepreneur (Gidron & Hasenfeld, 2012) that scholars emphasize but also the profile of the social employee that will emerge as an essential actor in the field of SE.

6.3 Practical Implications

For SBHs, it is notoriously difficult to manage their two separate-but-equal goals — making money and creating social value simultaneously. Hence, the key challenge for SBHs and other dual-purpose companies is to understand the conditions that shape the intensity of financial/social tensions and how to mitigate them. In this context, research has shown that employees play a crucial role. It is them who manage the daily business, it is them who are in contact with business partners, it is they who hire new talent, and it is them to shape the culture and structure of the SBH with their values and passions. Today, it is no longer about finding pluralists. The new generation consists of born

pluralists who demand purpose in their work. SBHs can use this shift to their advantage in managing mission drift. Accordingly, our thesis provides practitioners with a framework, developed upon the experiences and opinions of employees, that proposes distinctive strategies to mitigate the risk of mission drift. It is important to note that not all companies will face the same level of mission drift risk, and thus there is always the need to evaluate and test the proposed strategies, as there is no one-fits-all approach. In this respect, caution is suggested when temporarily applying the mitigation strategies or deciding to drift towards one mission temporarily. Minimizing negative outcomes and achieving competitive advantage will ultimately depend on the organization's ability to manage the mission drift successfully. Therefore, leaders must provide employees with an environment (e.g., decentralized organization, knowledge sharing) and tools (e.g., OKRs, value ambassadors) that help them manage potential tensions between their values and what the business demands. Furthermore, when it comes to mission drift, the focus should no longer be on preventing mission drift but on learning how to manage it. In this sense, our study does not only provide strategic recommendations for the management of mission drift. It further calls for leaders and employees to be willing to drift intentionally.

6.4 Limitations

Certain limitations emerged during our research process that should be considered when reflecting on our findings and considering putting them into practice or in other research settings.

Above all, it is essential to note that meeting external reliability requirements is a challenge in qualitative research. The fundamental concepts of social entrepreneurship and social enterprise are still debated in academic literature (Lehner & Kansikas, 2013; Nicholls, 2010), making our study challenging to replicate. Any replication of this study would have to follow the assumptions when developing the methodology. This can lead to a limited view of SE and Social enterprises like SBHs, as it could potentially be

interpreted differently. However, we decided to follow the definitions we chose in chapter two due to practicability.

Second, because of the ongoing COVID-19 pandemic, the primary data was collected online using the Google Meets platform. As a result, the online format restricted our capacity to study body language and gestures during the interviews. This may make it difficult for us to comprehensively interpret all of the intricacies of shared data. We did, however, record the conversations to ensure that we did not miss any crucial information from the participants.

Besides this, it has to be acknowledged that this master thesis was written in a limited time to meet the university's requirements. Due to the time constraints, we had to neglect some procedures. First of all, we believe that the small sample size impacts the overall validity of our research. Studies with sample sizes larger than 12 will likely result in more detailed aspects of our overarching themes. Thus our study should not be considered complete. Moreover, due to the limited timeline for this study, we had to base our findings on experiences and situations that people shared out of memory. This did not allow us to observe the situations ourselves. A longitudinal study could be an approach to find insights closer to the reality that are not biased as some memories of employees might be.

Further, open semi-structured interviews for primary data are limited because interviewees' insights are typically shaped subjectively by their personal experiences, individual opinions, and beliefs. Furthermore, interpretations are generally constrained, implying that our perceptions as researchers may influence the findings and conclusions. Although the respondents provided us with valuable information, it is unrealistic to classify the data as objective.

Furthermore, the transferability of our study to different national contexts must yet be proven. This is because the findings of this study only reflect insights from employees working in German SBHs. We acknowledge that different cultural contexts can impact findings, and thus the generalizability of this study is limited.

6.5 Future Research

As stated above, our research opens the doors for exciting future research opportunities. We consider the changing role of the pluralist employee, who is driven by purpose and intrinsic motivation, as an exciting factor worth studying in mission drift management and social entrepreneurship. Therefore, the overarching topic of new work might be interesting to explore in the context of social business hybrids. Furthermore, as we identified innovation capabilities and automation as enabling factors of employee-driven strategies to mitigate mission drift, we consider these two areas interesting for further research. Especially because our research overlaps at many points with findings from the innovation literature, we believe it will be worth researching this connection further to provide transparency about the relationship between mission drift management and innovation capabilities. A potential research question might concern how a SBHs' ability to innovate their products and services can affect the risk of mission drift. We hope that our research inspires future researchers to explore the phenomenon of mission drift from new angles, as this will provide practitioners with the insights to build a business world that is financially viable and also creates a social impact on societies.

7. Reference List

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8. Appendices

Appendix 1: Topic Guide

Icebreaker Questions about Person and Company

- What are you doing in your current role at [Name of Company]?
- What motivated you to join [Name of Company]?
- Tell us about how [Name of Company] is structured? (# of employees, teams)?

Dual Mission

- Can you please describe the commercial and social mission of your business?
- Who are the beneficiaries of the value your organization creates?
- In what daily tasks do you work along the social and the commercial mission?

Managing Mission Drift

- Have you experienced situations where the social mission and the commercial mission were in conflict? Would you tell us about it?
 - What did it feel like? What were the consequences?
 - How did you manage the conflict? Would you have wished other decisions were taken? If so, which?

Questions inspired by Literature Review

- What tools/training/formats does your business offer you to manage both missions? What would you wish your organization was doing?
- Have you experienced specific practices for bringing employees closer to the organization's missions?
- Is it important to you that everyone you work with shares the same values? Why/not?
- Have you experienced tensions between colleagues/stakeholders regarding values? Why did they occur? How were they managed?

Appendix 2: List of SBHs (Excerpt)

Nr.	Company	Website	Legal Form	Founded	B-Corp	Nr. of Employees	External Funding	Coupling Hybrid	Social Mission
1	Plan A (Berlin)	https://plana.earth/about	GmbH	2017	No	98	Yes (15 Million \$)	Yes	This is why we built Plan A, the first software carbon accounting, while mitigating their negative impact on the planet.
2	Tomorrow Bank	https://www.tomorrow.one/de-DE/	GmbH	2018	Yes	114	Yes (29.3 Million \$)	Yes	If you want to save the world, you need to this.
3	ESTRID	https://estrid.com/en-se/	AB	2019	No	103	Yes (150 Million SEK)	Yes	We choose to do things differently, like making discriminatory pricing, because you should not be discriminated against.
4	entire stories	https://entire-stories.com/	GmbH	2020	No	7	Yes (no public information)	Yes	Mit entire stories möchten wir besonderen, w auch nach euren Werten zu shoppen. Wir mö einzelnen Teil den Wert zurechnen, den es ve
5	better by less	https://shop.better-by-less.com/	GmbH	2019	No	10	Yes (pre-seed)	Yes	Wir bei Better by Less glauben daran, dass w dazu, unsere Körperpflege auf das Wesentlic ausgewählt und 100 % natur- und pflanzenb
6	nushu	https://www.teamnushu.de/	GmbH	2018	No	14	No	No	Bei nushu vernetzen wir unterschiedliche Per
7	Bridge & Tunnel	https://bridgeandtunnel.de/	GmbH	2016	No	3	No	No	So verhelfen wir wertvollen Materialresourc
8	Salzwasser	https://salzwasser.eu/	GmbH	2014	No	6	No	Yes	Mit hochqualitativen und langlebigen Produk permanenten Bezug zur Natur und zu Sehnus Einnahmen zum Schutz mariner Ökosysteme
9	MYLILY	https://mylily.eu/	GmbH	2018	No	12	Yes (Seed)	Yes	MYLILY Organic Fencecare steht für nachhalt
10	Hautfarben	https://www.hautfarben-buntstifte.de/	GmbH	2021	No	7	Yes (no public information)	Yes	Mit Deinem Kauf hilfst Du Menschen in Deu das Projekt "Engagierte Newcomer:innen", n
11	tanso	https://tanso.io/de/about	GmbH	2021	No	7	Yes (1.9 Million EUR)	Yes	Bei Tanso nutzen wir Datenanalyse und masc
12	Share	https://share.eu/	GmbH	2017	Yes	137	Yes (no public information)	Yes	Unsere Lösung ermöglicht es Unternehmen,) The everyday objects we make offer a positiv donation. This way you can share the things)
13	ecosia	https://info.ecosia.org/	GmbH	2009	Yes	121	Yes (21.4 Thousand \$)	Yes	ir verwenden die Einnahmen aus deinen Such
14	evergreen	https://www.evergreen.de/	GmbH	2018	Yes	18	No	Yes	Anpflanzung bei. Unsere eigenen Fonds geben uns die Freiheit, dass wir einen positiven Einfluss auf Wirtsch
15	Soulbottles	https://www.soulbottles.de/	GmbH	2012	Yes	44	No	Yes	We make sure that our world stays clean. our soulbottles are fair, carbon neutral. toxin-
16	Coffee Circle	https://www.coffeecircle.com/	GmbH	2010	No	69	Yes (6.9 Million \$)	Yes	In short: really clean bottles. With a soulbottl
17	nu company	https://www.the-nu-company.com/	GmbH	2016	No	102	Yes (16.6 Million \$)	Yes	It's actually quite simple: we'll make sure yo coffee and back to the source. Here's how we Wir glaube dass positiver Konsum möglich is

Appendix 3: Master Thesis Briefing

Managing Mission Drift in Social Business Hybrids

Important concepts:

Social Business Hybrids (SBH): Businesses that have both a social* and commercial mission

*Social missions include all missions that tackle one or more of the Social Development Goals

Mission Drift: Mission drift can be defined as “the real or perceived disconnect between organizational identity and actions” (Daniel, 2021, p.16). It describes the process where a SBH drifts away from either its social or its commercial mission. In most cases, a SBHs mission is likely to drift toward a commercial mission (Cornforth, 2014).

The goal of the Thesis: Gathering insights into how SBHs can manage mission drift

The focus of the Thesis: Experiences and viewpoints of employees

Research Question: What practices and strategies do employees of SBHs apply to mitigate the risk of mission drift?

Interview Questions will be around:

- sharing your understanding of the different missions of your business
- reflecting on situations where you have faced/faces tensions between the commercial and the social mission
- sharing insights on how your business has/plans to overcome these tensions (and how especially employees are included in these plans)
- sharing your view on what causes mission drift/how it could be prevented (f.e. hiring, communication approaches, etc.)

Appendix 4: Interview Consent Form (Template)

Master Thesis: Managing Mission Drift in Social Business Hybrids

Consent to take part in research

- I (**NAME**) voluntarily agree to participate in this research
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves answering interview questions about my work experiences in social business hybrids and my perspective on mission drift.
- I understand that I will not benefit directly from participating in this research.
- I agree with my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of the people I speak about.
- I understand that disguised extracts from my interview may be quoted in the master thesis, for which this research is conducted
- I understand that if I inform the researcher that I or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.
- I understand that signed consent forms and original audio recordings will be retained on the personal, password-protected, laptops of the researchers in Berlin and Jönköping until the exam board confirms the results of the dissertation.

- I understand that a transcript of my interview in which all identifying information has been removed will be retained for two years from the date of graduation.
- I understand that under freedom of information legalization I am entitled to access the information I have provided at any time while it is in storage as specified above.
- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Contact Details:

Janina Goettert
goja20td@student.ju.se

Kim Naike Bussian
k.bussian@outlook.de

Signature of Research Participant

.....
 Signature of Research Participant

.....
 Date

Signature of Researcher

I believe the participant is giving informed consent to participate in this study

.....
 Signature of Researcher (Janina Goettert)

.....
 Date

.....
 Signature of Researcher (Kim Bussian)

.....
 Date

Appendix 5: Interview Notes (Example)

XXXXXXXXXX (entire stories)

Employee Type: Pluralist (Idealist Values, Business Admin Education)

Business Model: Earn a percentage of every sale the brands make on the marketplace

Commercial Mission: Provide Brands access to a bigger audience of buyers, and increase sales for brands. Provide Consumers with a transparent overview of brands, reduce search activities, and make consumers shop for more sustainable fashion

Social Mission: Provide consumers access to sustainable fashion. Promote slow fashion (less waste, less pollution)

Conflict: Slow Fashion vs. Selling More

- Do you ensure that people buy less instead of good stuff additionally?
- Do you see tensions around this “conflict”?
- If so, where do they manifest?

Why entire stories: Personal decision, she is not only making money but has an impact

- creating a save space for everyone's opinion
- great communication
- she wanted to work with a company that sees her skills and her creativity

Improvement:

- sometimes it is a bit difficult when your task is depending on someone else's task because you might not get done because you get stuck waiting for feedback

Communication:

- was getting clear to her when she started working at Entire Stories
- when she stated she didn't know about the great communication

She realized she got into a jewel:

- we work with slack
- we have the “unwritten rule” that we always try to answer someone's message
- daily: 15 minutes a day: seeing who needs feedback, she knows every day what everyone is working on
- the culture: is open to working with each other, to help each other

Missions:

- Social Mission: make sustainable fashion a standard, while the materials are being sourced sustainably
- Commercial Mission: be the most successful online place for sustainable fashion
- every sale is combined with our mission
- we manage our KPIs with our conversion rate (returns on our ads)
- Social Success: feedback from customers, managing it through the success of their brand (are they acquiring new brands on their platform), we get more successful when fast fashion gets weaker

Daily work & missions:

- they have to report to investors
- in order to get to our overall social mission, we have to make sure that our financial mission is working out
- we do have a lot of problems when coming to our financial goals
- In video call with a brand: we have to ask: is that brand “really” sustainable
- do we want to get a cool brand or a cool influencer that could bring us to reach, but is not that sustainable OR do we work with someone maybe not that known but who is 100% sustainable?

→ dilemma: we have minimum standards that every brand has to reach

→ more external communication: so that brands and influencers know what to have when they want to be on entire stories = makes it easier for her work, as she might not have to get into the dilemma (social/commercial)

→ automated processes that can make their internal work easier

→ automated onboarding process: Automation in order to have fewer “mission drift decisions”

→ A feedback culture is really well established

Mission drift:

- when you are growing as a company and gaining more money, it gets hard to still focus on your social mission
- important to always focus on the mission
- not just the founders should check if they are still on their mission
- she and the founders are in a bubble in which they know almost everything
- new people are being recruited however they are (they do not care about their background)
- the mixture of experience & knowledge and they focus on their performance (they send out an exercise or task for that person)
- they analyze people in the interview by talking with them
- having their own office can help with aligning to the mission more
- important to not only talk about the mission of “sustainable living” all the time, but there also has to be space for everyone's opinions

Internally:

- find out each other's “best toxic traits” that could be turned into something positive

Appendix 6: Need for Value Compliance

Participant	Quote
INT6	<i>"I think it is important that everyone in the company shares the same values. We have a good set of values that should be shared by everyone and respected by everyone doesn't mean everyone has to have the same passion."</i>
INT11	<i>"Our core value is to be one big team, and if one person has a problem it's our value to help each other out and not work in silos." "But we check company values, if it fits with the applicant"</i>

Appendix 7: Growth accelerates Need for Hiring

Participant	Quote
INT2	<i>"We grow to more people. We will be 18 people. But seeing this right now, we will grow a lot more this year." "And so the biggest important part was to grow, and to get more people, more employees."</i>
INT4	<i>"I think, the more we're going to grow, the more it's going to be a growing issue."</i>
INT5	<i>"Or when I started, first of all the team was very small back then and then we started to grow."</i>
INT6	<i>"I think we're also growing very quickly. So like half of the workforce has been with us less than a year. So that's a big, big change."</i>
INT8	<i>"Within that we can grow as a company, because we are growing from 25 people -when I started at tomorrow - and two and a half years later, we are at over 120 employees."</i>

Appendix 8: Mitigating the Value Compliance Risk (Hiring Practices)

Participant	Quote
INT1	<i>"What is important is that we do not care about the background regarding the person, [...] but just for us, it's the people themselves that are important"</i>

INT2	<p><i>"But we take a look that all the wages are equal and social. So it's not unfair."</i></p> <p><i>"if the values fit, always look if [...] [they] maybe have a place for this person because maybe she or he can bring in some new things"</i></p> <p><i>"we look for any person from any background"</i></p> <p><i>"I really like that we are very different, because that allows us to think very differently in all the things."</i></p>
INT3	<p><i>"for recruiting, I think, super crucial that you are then honest with your values"</i></p>
INT4	<p><i>"But I think we are also really trying to make sure that our employees actually are paid fairly. So I think that's what we're doing internally to balance out both missions."</i></p> <p><i>"And yeah, to make sure that we can also offer positions to the working students if they're willing to stay with us."</i></p>
INT5	<p><i>"he was relatively fresh from university"</i></p> <p><i>"But I think the main chord always remains to have personalities to have a good team. And I think this was always more important or is equally as important as the expertise and background"</i></p>
INT6	<p><i>"Are you a cultural fit? Are you a fit in your passion for social change? If not, then no matter how good your resume is, it's not a match."</i></p> <p><i>"for now we have a four step process to make sure so we first have the communication or the meeting with one of our people and culture teams that are educated in this or trained to look for the fit, then you have the meeting with the hiring manager, [...] And then the final step, you also have a less formal meeting with the whole team or sub team of the team"</i></p>
INT7	<p><i>"In most contracts, it says that you probably can't discuss your contract with other people. We've removed that because it creates a gender pay gap"</i></p>
INT8	<p><i>"But my colleagues, they have a couple of questions around how a person fits into our values. [...] But yes, we choose wisely, I would say and we feel it here that the people share the same understanding for our mission and for the values we stand for."</i></p> <p><i>"We have one part of the recruiting process, which is a value fit interview."</i></p> <p><i>"We have something that is called PI that our recruiting team does when hiring new people. And stands for Personal indicator [...] to really find out what, in which context, the individuals work better and feel better."</i></p>
INT9	<p><i>"Just looking at my colleagues right now shows that we're super diverse"</i></p>
INT10	<p><i>"We do have a hiring checklist. And the social entrepreneurship mindset is definitely one part, we need to start with the hiring obviously. But then we also have training afterwards."</i></p>

INT11	<p><i>“Especially in the first 3-6 months we observe if people fit into the culture. and we also let people go when it doesn't work, as it doesn't make anyone happy in the long run.”</i></p> <p><i>“Our application process is relatively long. [...] But we check company values, if it fits with the applicant. Last step is meeting the team, the team has the last call. [...] Team fit overrules technical skills. Team is involved in the hiring process. Applicants might behave differently in front of people, who are on eye level.”</i></p> <p><i>“Diversity is really important to us [...] I think it's important to have people with different backgrounds and experience levels. Most important is the team fit, as we are open people, that is especially important because we work 100% remotely.”</i></p>
INT12	<p><i>“The human factor is subjective, you have to see if it fits together. We all have a large network together, and then we'll see if that fits.”</i></p> <p><i>“That's the way it is with startups, they [the employees] are dropouts, they've just come out of university”</i></p> <p><i>“There are great programs such as virtual employee participation programs that you can use to motivate people from the industry with more experience with virtual company shares to join the company with a lower salary.”</i></p>

Appendix 9: Mitigating the Value Compliance Risk (Intrinsic Motivation)

Participant	Quote
INT6	<i>“But still, I think we're very careful in the way we structure teams, and we hire people so that there's not a real conflict when it comes to mission and vision.”</i>
INT8	<i>“So I think this [the values] is a really big argument for everyone working here, because this is really a topic of the heart for all of us.”</i>
INT10	<i>“I mean ‘I want to do good, I want to work for a purpose’, I think this is easier here. Because not everybody wants it that way. Not everybody, but like, a lot of people want that, especially those who apply for us.”</i>
INT4	<i>“I don't think I received any applications from anyone who doesn't have at least [...] our core values. But yeah, the profiles are pretty, pretty broad, actually also doing a lot of different things.”</i>
INT1	<p><i>“It was very important to make sure that I had a job where I felt like I could make an impact not only for myself, but for the whole society”</i></p> <p><i>“And commercially I've always been interested in growing something”</i></p>
INT4	<p><i>“I need to make sure that we're profitable.”</i></p> <p><i>“I do feel engaged in the meaning of my job [...] and our social mission”</i></p>

INT5	<i>"I like doing a good mixture of doing good, but also looking good and selling both good and better."</i>
INT6	<i>"When I finished my degree in sustainability management, I knew, of course, that I wanted to work for a company with purpose." "And because I was very interested in the economic side"</i>
INT10	<i>"And I really had this inner inner need that it has to be possible to have a business and to work in economics, and make it sustainable"</i>
INT11	<i>I wanted to sell products that I stand behind. I know when i market this product I do good while doing so"</i>

Appendix 10: Mitigating the Value Compliance Risk (Socialization Practices)

Participant	Quote
INT2	<i>"We never actually had workshops. We should do a vision workshop. We should talk more efficiently." "We need workshops on why it's important to be profitable. We don't need extra workshops on why it's important to be social. [...]But to reach our goal, we need to be profitable. And I think, like there are some people in our team who realize that, the ones who maybe have a Business Administration background or something like that. But some other team members, it is not clear to them actually. [...], so yeah, we actually need workshops on why is it important to have customers"</i>
INT3	<i>"We had a workshop on vision, mission and so on. Because obviously, there was one in the beginning"</i>
INT7	<i>"We had an open mission workshop format, that was every quarter and you knew what was coming [...] and you had the opportunity to sit in a room with all the important people and [...] there was a very open platform there." "We would also do blind reviews, we would do what's called workshops where you would have your ideas thrown in without knowing who actually wrote the ideas, things like that."</i>
INT8	<i>"And this is a format of an all hands meeting where you can hand in anonymous questions and the founders are there live answering these questions."</i>
INT10	<i>"So we have impact training to understand the Life Cycle Analysis, to understand all these numbers." "We do have someone taking care of impact. But, but it's more like, he organized these workshops with the teams"</i>
INT11	<i>"We have an Ask [...] [the company] session, where people can ask whatever they are interested in and the leads and the CEO answer all questions. Many people ask questions, so it's quite popular."</i>

Appendix 11: Internal Tensions as a Source of Mission Drift

Participant	Quote
INT1	<p><i>"So I feel like when we do have more personal context through and own office space each day or each week, that could definitely be something where we can definitely also talk privately a lot more about sustainable living"</i></p> <p><i>"I feel like when, especially when you're growing as a company, when you're generating more sales, when you gain more money, it's actually also quite hard to still be on your social mission."</i></p>
INT2	<p><i>"Having internal tensions between people is one big challenge of ours right now."</i></p> <p><i>"So we realized, especially when you're in an online meeting, it's sometimes tough, because you don't have this interaction. You don't see how the other person is feeling and things like that"</i></p>
INT6	<i>"But it's, it's really something. Yeah, to always find this balance to invest in communication."</i>
INT8	<i>"And I would say because of the growth aspect it is harder to keep that alignment."</i>
INT9	<i>"Social topics are not seen as important for all people. For some people it is more important and they are pushing it."</i>
INT10	<i>"There have been tensions. Yeah. And we have had a lot of discussions about this."</i>
INT11	<p><i>"Conflicts do exist, because some are more commercially driven"</i></p> <p><i>"feedback is especially important during remote work, because you don't get the underlying vibes."</i></p> <p><i>"communication could always be better. setting up communication processes is a challenge during growth"</i></p>

Appendix 12: Lack of Internal Transparency as a Source of Mission Drift

Participant	Quote
INT1	<i>"we kind of have like this, let's say unwritten rule that whenever we get a message from each other, and we do have the time we try to answer it right away"</i>
INT3	<i>"At some point, we probably need to formalize it and make it actually like a clear guideline, okay, these are the people we want to work with."</i>
INT6	<i>"We don't see a mission drift, but we sometimes see resistance from the team because of a lack of understanding or motivation behind certain decisions. And I think this is something more dangerous."</i>

	<p><i>“And some motivation came from the fact that in my previous job, I was often confused and didn't know why certain decisions were made that were obviously not in the interest of employees”</i></p> <p><i>“Actually, we're not that big on guidelines yet we have some unwritten rules and laws that are in place.”</i></p>
INT8	<p><i>“I think the big difference is knowing what I'm doing it for, because at the end, when I'm building good structures here, when people can work, we build a better product. And with a better product, we get more people on the side of sustainable banking. And this is better for everyone and for the environment for the people”</i></p>
INT10	<p><i>“What we want to do, [...] like transparency, this has to be clear.”</i></p> <p><i>“We try to not make it just like a hidden rule because that never really works.”</i></p> <p><i>“But the plan is to have guidelines for every team that we do together, not have an impact person come and say “Hey, this is your guideline”, but that the whole team develops it together.”</i></p> <p><i>“And it took a lot of hours, just discussions without tension. So that was definitely a problem. But now we have clear guidelines.”</i></p>
INT11	<p><i>“There is no transparency especially in the home office, when you don't know what other teams are working on, and why topics don't work.”</i></p> <p><i>“transparency is key and communication”</i></p> <p><i>“All insights were collected in slides, to develop a brand book, to share as PDF with all employees. But it's not enough to only present it, and employees were able to challenge the content, in order to iterate and develop values further. We received good feedback and solved conflicts we had before.”</i></p>

Appendix 13: Mitigating Internal Tensions and Lack of Transparency with Open Communication

Participant	Quote
INT1	<p><i>“They really care about communication and creating a safe space where everyone has their opinion and their idea that they can share”</i></p> <p><i>“when you are very open to help each other”</i></p> <p><i>“I would definitely always come and talk to the others, tell them about my problem and discuss it with each other”</i></p> <p><i>“Usually, we do have a lot of space to talk about opinions”</i></p> <p><i>“we actually do have a very easy communication since we work with a lot of good communication tools”</i></p>
INT3	<p><i>“I think everybody has good ideas to work on communication. So we just share ideas.”</i></p>

INT6	<p><i>“but then it needs to be discussed. But usually, yes, it's heard. It's addressed, which is also important, not just heard, but also addressed. And it's really not just encouraged, but sometimes it's even demanded to say, we hired you for a reason, and we want your voice, nobody knows it all. “</i></p> <p><i>“I think intrinsically when it comes to the employees, there's the highest level of alignment.”</i></p>
INT7	<p><i>“And everyone was heard, it wasn't just someone presenting a new idea as a head, every intern, every person gets heard and can contribute.”</i></p>
INT8	<p><i>“And even though people feel pressure here as well, because of a deadline or something, it's still a really supportive environment. “</i></p> <p><i>“And so this is really important for us to make a culture where everybody feels seen and appreciated”</i></p> <p><i>“Yeah. I totally identify with tomorrow. And it was my work here, because I can do the stuff that I really like and have a team that is awesome. And that supports me. So I feel like this is part of me.”</i></p> <p><i>“We use Slack for communication, leaving appreciation for your coworkers.”</i></p>

Appendix 14: Mitigating Internal Tensions and Lack of Transparency Risk by Building a Feedback Culture

Participant	Quote
INT1	<p><i>“And we have this daily, it's 15 minutes a day where we just briefly tell each other what we will be working on today, making sure that in case someone needs feedback from another or someone will be working together on a project, we all know about it”</i></p> <p><i>“But you will learn it because you will know that when you say your opinion, there will never be anyone who will be harsh or criticize your opinion. But there will always be this Oh, great. Thank you for your feedback.”</i></p>
INT3	<p><i>“We all sent some feedback to her. So she kind of collected and it wasn't anonymously, but so that she could present it”</i></p> <p><i>“And I think you need to really listen, like, my team has an incredible amount of good feedback all the time.”</i></p>
INT7	<p><i>“it would be nice for people to learn this more constructive feedback or constructors communication styles”</i></p> <p><i>“If culture isn't in your budget, or your business plan. If culture isn't part of it, communication culture, like interpersonal relationships aren't part of your plan. How do you expect people to get along?”</i></p>
INT8	<p><i>“If we wouldn't have so much focus on the culture here, people would look for other jobs.”</i></p> <p><i>“We are having regular check-ins. So for example, my team is checking in every morning, really sharing how we are feeling.”</i></p>

	<p><i>"So for example, within some teams we already have no lead that is giving the annual feedback, but you pick your own mentor, and this person gives you feedback."</i></p> <p><i>"I also implemented feedback processes, so that we can develop ourselves and give appreciative feedback to one another."</i></p> <p><i>"So I think there's really more to do here, especially because we cannot pay for really expensive training and all that stuff. So we need to find another approach to develop our employees. And I think it's via feedback and regular feedback. So there's still a lot of stuff to do here. But I feel like we are on a good path."</i></p> <p><i>"But really deep feedback and appreciation has so much power that all the company can read that stuff, because we really feel in the teams that they support each other. And that feels so nice."</i></p> <p><i>"We also have a form, which is called "Quick happiness check in" with a bunch of questions, and we send it out every quarter to see how happy the teams are."</i></p>
INT10	<p><i>"Basically the most important thing about that, and also feedback and communication always goes both ways. So even with everybody, if we have feedback, it goes both ways. And not only one way."</i></p>
INT11	<p><i>"In feedback we should also talk about values. Every team has a different focus"</i></p> <p><i>"Every two weeks we send out surveys where people can share how they feel"</i></p> <p><i>"Specific feedback sessions after 90 days. The whole feedback process is owned by HR. they keep the balance to not overboard the team with feedback. results from surveys are anonymous and the head of Hr presents to leads and aims on finding solutions."</i></p>

Appendix 15: Mitigating Internal Tensions and Lack of Transparency Risk through Knowledge Sharing

Participant	Quote
INT7	<p><i>"As soon as my teams could, we did interviews, and it was amazing. And we did as many as we could, internally and externally. With friends, with other agencies as much as we could."</i></p> <p><i>"We do those interviews internally and externally. And it kind of helps with innovation. But it also helps with internal processes and innovation, you find the flaws in your company"</i></p>
INT8	<p><i>"But I think it's really, really important to share knowledge. We also have a knowledge sharing meeting that I host, because I think when we share our knowledge, then we collaborate better. And then innovation is better when it's possible. And so I think, yeah, it's an important thing for us to share our knowledge. And it's more fun if you know what others are doing and if you have an understanding about what the company is doing"</i></p>
INT9	<p><i>"So we need to go in and use my sustainability knowledge, my knowledge from IT consulting and my knowledge from engineering, to use it in a role, which I then can benefit from all the knowledge here. And actually also looking at I want to be</i></p>

	<i>challenged, as well, like [others] have good knowledge already in this topic. And so I can learn a lot as well. It's not that I'm just like giving something and getting a lot out. So learning was also a motivation"</i>
<i>INT10</i>	<i>"We do, we call it 'wide sharing'. Every wednesday we do knowledge sharing, rather internally, but also invite external guests. And we had different companies there. I really see the urgent, huge need to get out of the bubble. Like really urgently. We do have a few projects [that include other companies], obviously, which we can talk about in more detail. [...] Which was super, super interesting, because they're really trying to build a sustainable company. And how they do it different than us. Because it's just different mindsets there as well. But it was so interesting as well, for me to see how other companies are doing it"</i>
<i>INT11</i>	<i>"However we have a weekly meeting, where marketing and CSR can share updates. This helps for transparency and idea creation. It helps to integrate new ideas." (INT11)</i>

Appendix 16: Silos as a Source of Mission Drift

Participant	Quote
<i>INT 3</i>	<i>"But then other people are more looking also in the commercial sense than on the really broad scale because of course also when you reach more people you have a bigger impact because they are not buying the conventional product. So that's then more the mission focus that I would say the marketing team has Yeah. And then also, they are also people within the team. Most of them are really driven for the sustainability mission. But of course, some of them are also way more looking at the numbers and are like, not that concerned if something is more like more greenwashing."</i>
<i>INT 6</i>	<i>"The impact team are the people who have to implement the impact, or get to implement the impact that they're ready to, to fight for it and negotiate because those discussions happen."</i> <i>"But of course, mission balance is handled differently in the specific teams."</i>
<i>INT11</i>	<i>"conflicts do exist, because some are more commercially driven and there is no transparency especially in the home office about what other teams are working on, and why topics don't work. The team works rather separately."</i> <i>"There needs to be more exchange between marketing and CSR. What works well is our content team, who care about organic marketing, they are strongly aligned with CSR.(...). When we grow further, CSR should grow as well, so marketing and CSR are balanced out."</i>
<i>INT7</i>	<i>"We had a team who sat separately for some time and then we put them into marketing. It just validated the workflow a lot more and their time and energy became a lot more valuable"</i> <i>"There's a lot of pressure on the sustainability part of marketing, within marketing. And also just, I just was I found it really interesting that there was just somehow this massive amount of pressure"</i>

Appendix 17: Mitigating the Silo Risk with Role Based Working & Holacratic Structures

Participant	Quote
INT1	<i>"And it's all very freely and creatively"</i>
INT6	<i>"So the mission and vision hasn't changed. So this, this will also not be changed by employees and their preferences or their passions. But, I think we opened it up a little bit [with our work]."</i> <i>"And I think keeping the team at heart is very important. So this is not something I would [...] keep and make sure not to lose."</i>
INT7	<i>"And even when they weren't working, it was a very open, dynamic [culture], which is again, I think, part of this living, not just saying 'we are an impactful company', but also living it. So having equal genders, equal ages, equal race, everything in the table, and even just within three, three people that were running these teams, cool. It was represented, and I think that made things feel open."</i>
INT8	<i>"Even during Corona she tried to find out what we needed here in order to feel safe"</i> <i>"And we also have the company counsel, I don't know what this is called. And they are. I think they monitor really closely what we are working on and where we are drifting, are we drifting"</i> <i>"And then we have a group of value ambassadors, as we call them. So from all the teams here, we have some people that especially watch our values, and we get in touch whenever something might feel off"</i> <i>"We just implemented a format or framework, which is called role based working. And I was responsible for rolling this framework out in all the teams."</i> <i>"Maybe in the future, it's not so much about which team you are in, but which roles you have in your role card set. And so I think it becomes easier to do the things you want to do."</i>
INT10	<i>"We work very closely together when it comes to this because we believe that impact and organizational development need to go hand in hand."</i> <i>"So we try to implement the impact in all our structures, it touches everything. So this is one thing"</i> <i>"And in the organizational development part, it's more about teamwork on a personal level, so meeting culture, training programs, a feedback counsel, and communication with each other."</i> <i>"There is not one 'impact person', but everyone is responsible for impact"</i> <i>"And basically what we have in the holacratic structure, we work on a role basis. So everybody has their role. It can be in different teams, even you can be in different teams, the most important thing is that you have your role, and in your role you make the decision, no matter what you make the decision"</i> <i>"The biggest change of moving to a holacratic structure is that we do not have classical hierarchies, where decision making takes place in a linear way."</i>
INT12	<i>"As part of governance, we have our own developed ethics clause in participation agreements, where we pay attention to these values."</i>

Appendix 18: Mitigating the Silo Risk with the OKR Approach

Participant	Quote
INT1	<i>"So we actually make sure that we have our goals set for each month"</i>
INT8	<i>"And I'm organizing the whole OKR process and trying to empower the teams to formulate good objectives and key results for the teams."</i> <i>"And then every quarter with the OKRs, we really set the focus for the next three months or for the half of the year. And we can see here, what are the company</i>

	goals, and the main goals that we are working on? And I think this makes it really transparent. What's the focus of the company right now?" "Within the KPIs, we have for example the employee Net Promoter Score to see how we are feeling here, would we recommend our company to other possible employees, we also have OKRs around impact. So how much impact do we really generate? And we also have KPIs around I think, burn rate and all that classical stuff. So it's a mixture of, of the commercial and social"
INT9	"We also have it as part of our OKRs that people understand what the company stands for. I'm on probation period. So in this period, also, one of my targets is to understand the mission and so on. So that's actually a target, which is setting goals for people."
INT10	"So, for example, what we did is we established no standard OKRs" "So we basically have two company goals, which are annual company goals for the whole team, which we look at all the time [...] one is focused on impact, and one on financial goals. So this is basically what we look at in all our team meetings, we look at both. So this is where I currently see that we're at a good balance of looking at both."

Appendix 19: Leadership Mission Alignment as Source of Mission Drift

Participant	Quote
INT4	"And I think the mission needs to be super clearly defined. And I think that everyone needs to be on board. Of course, we do have a bit of a conflict. It's not a conflict. But you know, my founders have a vision or a mission, there is maybe no overall joint impact, [...] So I think we definitely need to keep aligning these two things. And yeah, I think that's going to be the challenge."
INT3	"I quit because of this, mainly, because in the beginning I thought I would work way more on this. And then I realized he really doesn't care"
INT6	"And the values should be reflected by the current workforce not dictated by a company and their vision."
INT1	"But so I feel like it's not only important for the founders to still be on their mission, but to make sure that everyone that is working in the company is also still on their mission."
INT12	"If you look at who is founding a company today, then they are all more opportunity founders and no business founders. That has just totally shifted, that's just over 80% now. Over 80% are academics"

Appendix 20: Mitigating Leadership Alignment Risk with Decentralized Leadership

Participant	Quote
INT9	"The question also is, if there should always be hierarchy or if it could be a board, which does not have a distinct manager, we're saying, some people are pushing in this direction, some people are pushing in the other direction more. And then there's a balance within routine. [...] I also want to manage less within hierarchies and more on the same level as kind of breaking the [old] structures, trying new approaches and so on."

INT8	<i>"We try to lower the hierarchies and to spread leadership and put it more into roles"</i>
INT3	<i>"I think we even chose basically the new CEO"</i>

Appendix 21: Mitigating Leadership Alignment Risk with Joint Value Development

Participant	Quote
INT2	<i>"Especially when it comes to vision and mission and to both social and profitable mission, it's so important to sit together, to give everyone the space to share their opinion."</i>
INT4	<i>I do think this mission needs to be revised by them [leaders] on maybe a yearly basis or something"</i>
INT5	<i>"So then she took over as the new CEO.[...] So what she did and I think this was quite good to stabilize us, was 'you need to do the core work again'. What is our purpose? Why are we here? What are we doing? So I would say afterwards, it was different, because we all knew more while we were working there. And we could own our own position more. And feel more free in our positions."</i>
INT6	<i>"We do have values that we created together, but that was like three years ago, and now, not many people are left to have been there for years ago. So we need to reshape this and find new values together as a team and really aim for doing this together"</i>
INT7	<i>"because the worst thing you can do as a company is actually make people feel like they don't belong, whilst trying to access some people and maybe make a minority feel like they do belong"</i>
INT11	<i>"All leads of all departments came together to define the company values."</i>

Appendix 22: Investor Expectations as a Source of Mission Drift

Participant	Quote
INT10	<i>"Yeah, so since we are a purpose company, it is not so easy to just invest in the company."</i>
INT1	<i>"Do we now want to work in favor of some investors that tell us, okay, I don't care what you have to do, but you have to reach some numbers for me. So you have to do the dirty work there. And then we always have to ask ourselves, Is it sustainable? Is it fine.? So this is usually where we drift, because in the end, we want to create a new system for fashion, where it doesn't matter the sales, but it's the idea of taking care of your clothes."</i>
INT3	<i>"He needed to grow, he needed to show the investors, the money that he's making,"</i>
INT6	<i>"Yeah, we need to manage them (the investors). Because we're looking into different directions from, you know, from internationalization to more retail partners in Germany to online to new product portfolios to services to everything, and we can't do everything at once. But sometimes we try to. And this is more a bit conflicting sometimes."</i>

INT7	<p><i>“So if you have an investor, you really want to make big promises, and then you have to live up to those big promises. And I think, I don't know what, yeah, I'm not an expert in how to have a conversation with an investor. But I would be interested if one was to say, I want to work for six months on just the internal processes and product and I will give you literally nothing publicly before that time. And I wonder what the investor would say to that?”</i></p> <p><i>“I think the investor pressure was probably more the like timeline based around the product so that we could actually start making money”</i></p>
INT11	<i>“We don't have investors at the moment. We finance ourselves, and it's really motivating, because we don't have high external pressure.”</i>
INT8	<p><i>“And it's really, I think it is really tough to get the investors in that don't only want to see growth or monetization, but those that are willing to focus on the impact topics of the company.”</i></p> <p><i>“So this is always like a balancing act, getting the money and still not selling oneself.”</i></p>

Appendix 23: Investors as a Opportunity to manage Mission Drift Risk

Participant	Quote
INT2	<p><i>“But yeah, since December, since we got investments, we finally have the possibility to grow and to develop and to take on more countries with technologies. Yeah, we definitely changed through getting investors on board, we're getting more structured, which I personally love. I love structures. So I'm very happy about that.”</i></p> <p><i>“And so the most important part is to grow, and to get more people as employees. And now for their investors. That's possible. And now we start to structure better”</i></p>
INT10	<p><i>“So it's all like, a very network based thing. So PlanetA has really focused on exactly these companies, right. And so we get a lot of support from them when it comes to the community and also the impact measurement, like the LCA because this is the big metric that is the different metric that we need to think about</i></p> <p><i>“I would be on the side that the investors give us support because it gives a network and for us, they really help with it. And also the pushyness on numbers. And they're not pushy, only on profit, but also on the impact numbers. And I think it's really good for us to somehow make this very transparent.”</i></p>

Appendix 24: Mitigating the Investor Expectations Risk with Impact driven Investors

Participant	Quote
INT6	<i>“We also were careful in selecting investors. Which meant that it took longer and that there was a bit of a dry spell that, (...) And yet they also push for fast growth.</i>

INT8	<p>“But I think they have like a catalog and which investors we wouldn't work with, because they stand for something like this, that. And also, if they want to really get more, say in the things we do here, we wouldn't have them as our investors.”</p> <p><i>“But we want to include our clients as well, and everyone could participate there. I think 100 euros was the lowest amount you could invest.”</i></p>
INT7	<p><i>“I don't think that investors, for example, came in and said, like, you know, we need to cut sustainability so that we get a product better; I think it was more that we realized, how do we make money from this whilst also honoring the process that differentiates us and actually gives back to the world and to do that, truthfully.”</i></p> <p><i>It's strange for the team, which just calls for a lot of hiring, and then changes management and everything that comes with it. But the underlying mission, they very much respect. And they even push for us to do better in other dimensions of sustainability.”</i></p> <p><i>“And I think the way we went about it, as we just talked to a lot of people or rather our CEO did and we have a couple of smaller investors, minority shares, but help like maybe glitch 5000 and say Okay, with this we can be afloat for a year. And that gives us time to find a good investor that can help us really grow and not just survive. And investors we have now we have for like a family business that has the means to support startups or social enterprises.”</i></p>

Appendix 25: Mitigating the Investor Expectations Risk through Reporting and Measurement

Participant	Quote
INT2	“Because of course, we need to report how much we are collecting. And we have reported before, but nothing that was structured. And now we get a better overview, like, how many people do we reach per month? How many keynotes do we have?”
INT6	“Also they are quite experienced with the struggles that come with this type of business model. And yet still pressure, pressure to grow and it's, as I said, it's also a matching tool to create more impact, but also really, to professionalize.”
INT10	“So but to get there, and to really make it measurable. That's crucial, because nobody, no investor will say, hey, great, you have a nice social company and say, Okay, well, it's Thank you. It doesn't work like that to be honest to ourselves. Yeah. We somehow have to make it measurable and truthful, and also scalable, to be honest. It's always important to make it somehow scalable and measurable.”
INT12	“So it's super important, if you want to implement standards, then it has to be handled in such a way that the input comes more from the startup and you somehow process it together.”

Appendix 26: Lack of Value Alignment with Business Partners as a Source of Mission Drift

Participant	Quote
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INT1	<i>"If it's a, it's a very popular brand, that is where we have to ask ourselves is it more important to have this very popular brand, listen, to get more reads? Or is it more important for us to make sure that they have our standards? When we talk about a cooperation with an influencer, we always have to ask ourselves: Is it important that this influencer reflects on our idea and our mission? Or can we also work together with a fast fashion influencer that has a wide range of reach?"</i>
INT3	<i>"You know, work was a code of conduct. So there are things that I can do. But then on the other hand, what if they don't sign it? Or what if they sign it? And it's so true? I mean, I will never know."</i>
INT10	<i>I mean, the biggest challenge with the sales partners is (...) that they have a different mission than us, (...) it gets sometimes difficult to go into negotiations. And the setting, obviously, sometimes has to step out a bit of the social bother, in order to make deals, you know, so this is definitely a challenge to like, step out of the social sustainability bubble when making deals."</i>
INT4	<i>"And I do think that maybe at some points, with the growth that we're doing currently, we might have kind of like judgment calls to make in terms of okay, which companies do we actually want to work with?"</i>
INT6	<i>"And we then need to find the sweet spot, which makes the product still interesting also for retailers, and not a negative calculation for us, but also allow for a sensible impact."</i>
INT2	<i>"We allow companies to do greenwashing."</i>

Appendix 27: Mitigating the Lack of Value Alignment Risk with Due Diligence & Guidelines

Participant	Quote
INT1	<i>"We kind of made some minimum standards that each brand has to reach. So regarding the materials, the production, the waste, everything like that. So if it's quite easy to answer the question whether to do this or to do that"</i>
INT7	<i>"You had to be a company that was already looking to be sustainable in some way or impactful in some way. And if you weren't, you actually weren't accepted into the product."</i>
INT10	<i>"And we need to check the impact requirements in a very, very detailed way. So yeah, it actually just takes a lot more time also, when thinking like it takes around six months, from the first touch to when material might come."</i> <i>"On the impact side, we also have guidance, like we have cooperation requirements written down and impact questionnaires"</i>
INT2	<i>"Actually, we make the decision of possible partnerships very democratic. Mostly, it's a team decision. And we do it very intuitively."</i> <i>"Like this is the thing we discussed a lot and a lot a lot and we also had some times with some customers where we said we would not work together."</i>
INT6	<i>"Sometimes we have products we know that have a very low margin. And they are not very financially healthy, but are super high in demand and can, you know, support brand awareness and we'll make retailers quite happy because they're popular."</i>

Appendix 28: Mitigating the Customer Centricity Risk with Customer Feedback

Participant	Quote
INT4	<i>"Our customers are also super engaged. I don't think I ever received so much feedback from so many customers at the same time. But it's also really important to see what's important to them actually, are the things they pay attention to. And we do have, like a review system for all level orders. So basically, people saying how happy they are, we do give a lot of feedback on that as well."</i>
INT11	<i>Customer care is the second biggest team, we are super motivational to see customer feedback."</i> <i>"We ask for customer feedback, and then we see that external perception is not the same as internal perception."</i>
INT8	<i>"So for example, a couple of days ago, we just launched a new feature of bad sign, so that maybe your grandma has gifted you 500 euros, and you have it in your pocket, and you don't know what to do with it. So now you can go to read or something like that, and put the money into your bank account. So this was a feature that was really highly requested. I don't really need it, but it was really highly requested."</i> <i>"We also have a forum (...) where people ask questions or share maybe frustrations as well. And then we get in touch with them and try to answer all that stuff. And so there's a really cool and productive community there."</i>

Appendix 29: Mitigating the Customer Centricity Risk with External Knowledge

Participant	Quote
INT7	<i>"We used to actually call ourself an impact driven company that when you want impact was when we asked in our interviews, how does your company seem impactful for potential clients?"</i> <i>"We would often use other companies as examples of what not to do, what's not well, and we would have debates, even mid meeting and things like that."</i> <i>"As soon as my teams could, we did interviews, and it was amazing. And we did as many as we could, internally and externally. With friends, with other agencies as much as we could."</i> <i>"We do those interviews internally and externally. And it kind of helps with innovation. But it also helps with internal processes and innovation, you find the flaws in your company"</i>
INT6	<i>"And what we see, of course, there are new brands, new startups. And that is very good. That's good for competition, that's good for learning. And I think that's also still enough shelf space for everyone."</i>

Appendix 30: Greenwashing as a Source of Mission Drift

Participant	Quote
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INT3	<p><i>"It was more important to not get a shitstorm, then to really do what would be best, because then you need to educate the consumer"</i></p> <p><i>"We don't just want to do some things that look good on paper, but it's more like they are already doing a lot and almost not through promoting it so you can feel they're not doing it for the sake of communicating something but because they really feel it's important."</i></p> <p><i>"Some of them are also way more looking at the numbers and are like, not that concerned if something is more like more greenwashing. And then that's also the discussions that we have."</i></p>
INT7	<i>"Greenwashing was a term that was discussed really often, and it was often discussed the definition of it so that we wouldn't ever do it"</i>
INT11	<i>"Greenwashing is a big issue, but you can see it quite fast at packaging or missing certificates."</i>
INT2	<i>"it's a typical communication problem that we have because the system is called plastic credits"</i>
INT8	<i>"We have what is called "impact counsel" that makes sure that our projects are not sounding like making an impact, but basically just greenwashing. So there are people who are really looking at what we're doing there."</i>
INT12	<i>"Then you have the same problem as with ESG, the greenwashing."</i>

Appendix 31: Mitigating the Greenwashing Risk through Customer Education

Participant	Quote
INT11	<p><i>"It's important to educate customers, because it will help us solve our goal to change the beauty industry. We also want to challenge the bigger players to change their strategies."</i></p> <p><i>"Therefore, we focus on information rather than direct sales, leverage external expertise for our communication, to have differentiating factors, easy access to knowledge, without pressure to buy product, focus on content focused ads compared to sales promotions"</i></p>
INT3	<i>"We switched to a completely plastic version, which is way better than what we had before. But customers, I mean, they don't know. (...) I think it's now our job just to communicate it better because then people learn that it's actually better to have something that's recyclable than something that's not recyclable."</i>
INT6	<i>"We need an education platform you can use and leverage and really not just sell but also communicate on and educate."</i>
INT10	<i>"The ultimate goal is, you know, that it is not like that you don't have to take yourself back if you want to live sustainably, you know, and this is why it's also super important that it looks good. Yes, that looks cool. It looks funny."</i>

Appendix 32: Mitigating the Greenwashing Risk through Value Based Communication

Participant	Quote
INT1	<i>"We want to be more transparent. And we want to provide a big article on our marketplace where we talk about what our standards are for our brands. Why do we decide on working with influencers so we want to be more transparent with our community as well as why we decide on different topics."</i>
INT11	<i>"Transparency about decision making for ingredients. Communication towards clients is very important. And we have to provide transparency about what we do."</i>
INT7	<i>"We invest a certain amount of money into charities (...) a portion of those would go to buy refugee children, laptops, things like that. And we would market that back to the user in the product. So they would know actually where the money was going."</i>
INT3	<i>"Things like ethical marketing so that we look more into this if we are more transparent and we also say that if some things are not perfect yet."</i>

Appendix 33: Mission Drift as an Opportunity

Participant	Quote
INT6	<i>"I think mission drift can be a potential. Of course, if you sacrifice your social impact for profits, that's maybe not the way to go. But if you see that the vision you have placed in the beginning is not viable, or it's not achievable at a certain stage, then you need to adjust or you will not make it."</i> <i>"Hopefully, companies that are very focused on economic performance drift towards impact. Yeah, that would be good."</i>
INT8	<i>"And that doesn't mean that you're totally preventing, just drifting into commercial topics more, but it gets transparent if we do so. And I think this is a really exciting time, right now for us."</i>
INT11	<i>"I believe you have to stay dynamic, so it can be positive if you are able to drift as long as you can control it. But you have to monitor and reflect on it. you have to be able to proactively drive decisions to prevent drift. probably this will not end, and there will be phases where the commercial side is more important."</i>
INT12	<i>"I do believe that there is potential for conflict, but I also believe that this conflict is really good because you can learn from it or pivot from it."</i> <i>"I don't think (mission drift) has to be necessarily bad. We humans often have a mission drift. You have interests in that direction and say I think that's cool too and then leave the other thing behind."</i>

Appendix 34: Enabler: Automation

Participant	Quote
INT1	<i>"we actually also are quite young people who grew up with technology, and are not afraid to use modern and new tools"</i> <i>"What we also focus on is that we actually love any process that can be automated"</i>

	<i>“The whole concept of their company, they will receive the information from the brand, and they check it on their minimum standards, and then they will put it on their NFT program. So we make sure that each certificate that each brand will get based on this NFT program will be valued and will be one of a kind. So at the end this will also be one process that will be taken out of my everyday process and put into this automated program because it's all digital.”</i>
<i>INT4</i>	<i>“One of my focuses is also to make sure that, you know, the more we grow, the more we automatize to kind of make sure that our growth is actually sustainable. And I think I think it's working pretty well“</i>
<i>INT6</i>	<i>“And now we have an integrated ERP system that allows us to integrate everything. We're also, of course, automating a lot in finance, which is super helpful, and very necessary. And what we are now implementing at the moment is this Product Information Management tool, that's also quite elaborate, that helps us to manage this [...] And so this is an investment and you need several people full time to implement, but then it will give us a lot more professionalism and make life easier, and I think prevent a lot of hiccups that take time and energy to correct.”</i> <i>“I forgot to mention, actually, we had the supply chain mapping tool in place where we try them to really create transparency on the value chain. Which is also helpful.”</i>
<i>INT10</i>	<i>“Each month in each of our meetings we have, we're currently starting to implement a no liquidity tool, which is accessible to everyone to see scenarios. Yeah, so this is on the financial side.”</i>
<i>INT12</i>	<i>“Especially when we are talking about strategic partnerships, this is not something that should be decided automatically simply because it has a major impact on the business model and if you then have an AI that says I have now checked three or four data points and that's why I say no then it doesn't work like that.”</i> <i>“It just can't be automated. I see that critically, I think you have to make individual decisions.”</i>