ORIGINAL PAPER

Purpose, Commitment and Coordination Around Small Wins: A Proactive Approach to Governance in Integrated Hybrid Organizations

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Abstract Integrated hybrid organizations, for instance social enterprises that pursue both social and economic goals through a single activity, are seen by many as promising vehicles to create social value while remaining economically sustainable. At the same time, they are said to run the risk of mission drift—losing sight of their social mission while navigating market and political pressures. While organizational governance mechanisms that ensure the overall direction, control and accountability of the organization are considered key to avoiding mission drift, scholars have argued that traditional governance mechanisms may not work in the context of social enterprises. Drawing on the legacy of old institutional theory, this article proposes a proactive approach to governance in social enterprises. We complement and go beyond control and compliance approaches and introduce a governance approach focused on purpose, commitment and coordinating around small wins. We propose that these three interlocking governance mechanisms allow social enterprises to mitigate the risk of mission drift in a proactive rather than reactive manner.

Keywords Hybrid organizations · Governance · Purpose · Commitment · Small wins

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Introduction

Research on hybrid organizations defined as organizations that combine aspects of traditional for-profit and not-for-profit modes of organizing is on the rise (Battilana and Lee 2014; Jäger and Schröer 2013). Social enterprises have been at the centre of empirical and theoretical work. While an increasing number of stakeholders, including national governments, international organizations and investors, view social enterprises as a promising vehicle to create both social and economic value (see, for instance, European Commission 2017; Bundesministerium für Wirtschaft und Energie 2017; Huysentruyt et al. 2016), scholars flag the risk of mission drift—losing sight of their social mission while navigating market and political pressures (Cornforth 2014; Ebrahim et al. 2014). Preventing and avoiding mission drift is a principal governance challenge. Recent research suggests that management (Doherty et al. 2009), leadership (Schröer and Jäger 2015; Jackson et al. 2018) and governance (Ebrahim et al. 2014; Defourny and Nyssens 2017) aspects can contribute to mitigating the risk of mission drift in social enterprises. Also, recent scholarship differentiates between differentiated and integrated hybrids to better understand the governance mechanisms to counter mission drift. While differentiated social enterprises operate along two activities streams aligned with either a profit goal or a social mission (Smith et al. 2013), integrated hybrids pursue social and economic goals simultaneously through a single activity (Mair et al. 2015). The organizations we theorize about in this paper pursue economic goals as a means that enables them to pursue social ends.

We aim to contribute to and complement this literature, focusing on the aspect of governance—mechanisms ensuring overall direction, control and accountability of the

organization (Cornforth and Chambers 2010). Although scholars have proposed that governance is a key aspect in making sure social enterprises stay true to their mission (see, for instance, Mair et al. 2015; Defourny and Nyssens 2017; Young and Salamon 2002), we still know little about the features of governance and specific mechanisms that enable social enterprises to do so. Over the last few decades, scholars concerned with governance of organizations have emphasized control, compliance and how organizations are held accountable rather than how organizations may proactively ensure adherence to their mission, and take responsibility (Ebrahim 2003; Young et al. 2012). In addition, social enterprise research has focused predominantly on the diverse pressures those organizations are exposed to rather than on how organizations proactively harness those pressures.

As scholars propose, the focus on principal–agent problems in organizational governance theory has triggered an almost exclusive focus on boards and control mechanisms and has not taken full cognizance of other governance mechanisms that may enable organizations to stay true to their mission (Westphal and Zajac 2013; Spear et al. 2009; Cornforth 2014). In this vein, over the last years, scholars concerned with social enterprises have called for a more nuanced understanding of how governance can contribute to adherence to social mission (Ebrahim et al. 2014; Defourny and Nyssens 2010).

In this paper, we draw on and extend the current literature on how integrated hybrids can control the risk of mission drift (Ebrahim et al. 2014, Mair et al. 2015; Cornforth 2014). We add to current approaches by analysing this issue through the lens of old institutional theory, particularly the writings of Selznick. Several decades ago, he studied how organizations—founded with the best intentions to make a positive contribution to society—lose sight of their initial mission as they navigate a complex internal and external environment and how they can avoid doing so (Selznick 1949, 1994). Selznicks remarks about commitment and purpose motivate us to think beyond passive, external control approaches to governance and take a more proactive, internal stance. While we do not intend to question mechanisms and the need for external control of organizations, we propose proactive governance may provide important complementary mechanisms that help social enterprises to prevent mission drift.

The paper is organized as follows: we will first introduce social enterprises as an example of integrated hybrids, mission drift and governance more broadly. We then review the literature exploring the reasons for mission drift: institutional plurality, organizational development and resource dependence as well as the strategies organizations draw on to avoid mission drift: elimination, compartmentalizing and compromising. Arguing that those strategies

do not work well to prevent mission drift in integrated hybrids, we dive into two governance mechanisms that have been proposed to control social enterprises stay true to their mission: legal forms and boards. Both, however, take a passive stance and have only limited potential to avoid mission drift in integrated hybrids. In the second part of the paper, therefore, we mobilize insights from Selznicks studies on politics and organizations and propose a more proactive view of governance in integrated hybrids. Proactive governance consists of three interlocking mechanisms: (1) purpose, (2) commitment and (3) coordination around small wins. While purpose as a governance mechanism enables social enterprises to mobilize multiple institutional demands towards a shared social mission, commitment enables the organization to anchor activities within the wider environment, generating forces that may channel the organization towards its initial purpose. Third, coordinating around small wins allows social enterprises to continuously reevaluate and align the interplay between purpose and commitment and with this ensure that they embody values *and* do so as operative systems.

Integrated Hybrids and Mission Drift

The study of organizations pursing multiple goals has a long tradition in the study of organizations. More recently, we experience an upsurge of interest in organizations that pursue multiple goals and for whom navigating diverse interests and stakeholders has become critical for achieving their mission, survival and success (Blau and Scott 1962; Bromley and Meyer 2014; Defourny and Nyssens 2010; Jäger and Schröer 2014). Social enterprises that pursue social and commercial goals—often referred to as a prime example of hybrid organizations—are at centre stage of these recent efforts (Jäger and Schröer 2013; Kerlin, 2013; Ebrahim et al. 2014). For some of those social enterprises, the activities targeted towards serving the beneficiaries (and thus pursuing social goals) are separate from those that are targeted towards serving customers and thereby generating revenue; for other organizations, they are the same. The latter have been referred to as integrated hybrid organizations (Ebrahim et al. 2014) and are particularly prevalent in the European context. In the USA, more often a differentiated approach is followed where commercial activities are considered as a source of income and seen and kept separate from the social goals of the organizations (see Defourny and Nyssens 2010).

In this paper, we focus on a sub-population of hybrid organizations—integrated hybrids, and theorize on their governance challenges and solutions based on the example of social enterprises. In our definition of social enterprise, we draw on recent empirical work showing that even

though both social and economic goals are pursued by those organizations, these organizations are market oriented but mission focused (see Huysentruyt et al. 2016).

A common example for integrated hybrids is work integration social enterprises like Auticon of Specialsterne that draw on the strengths of people on the autism spectrum in the IT field, or Discovering Hands mobilizing skills of blind people to discover breast cancer (see Mair et al. 2016). Another examples are organizations like Mobisol or Solarkisok that provide low price, microfinanced clean energy solutions for off-grid communities or fair trade organizations that aim to empower local producers in developing countries by trading their products at fair prices. Finally, private schools for disadvantaged children like the Quinoa school in Berlin are financed by having better-off students paying fees, while children from less affluent households do not have to pay school fees. While the focal activities of those organizations may be quite different, one of the key challenges they face, however, is similar: as their core activity delivers both—social *and* economic value— they run the risk of prioritizing their economic goals over the benefit for their target group, thus ultimately undermining the social outcomes of the integrated activity. They may, for instance, give priority to profit-seeking by charging higher prices, offering additional products or services that primarily aim at generating profits rather than helping beneficiaries. In this vein, particularly work integration social enterprises with a for-profit legal form have come under increasing scrutiny in the last years with some arguing that they foster exploitation of an already marginalized labour force. They may, for instance, favour employees able to work under pressure and productively and with this increasingly drop their initial target group of—for instance—mentally or physically ill people. Organizations such as Mobisol may move from their initial target group and low prices towards more lucrative markets in developing countries, while schools such as Quinoa may ultimately end up with a much higher share of children from better-off backgrounds than initially intended. Therefore, one major question is how integrated hybrids can avoid mission drift—drifting into the sphere of traditional for-profit organizations—focused on the maximization of economic wealth while potentially compromising the creation of social value. Mission drift, as scholars have proposed, may also go into the other direction—into the realm of non-profit organizations—focusing on the creation of social value while compromising economic sustainability (Cornforth 2014; Cooney 2006; Weisbrod 2004). In this paper, however, we focus on the question of how integrated hybrids can avoid drifting away from their social mission.

Although organizational governance mechanisms that ensure the overall direction, control and accountability of the organization are key to avoiding mission drift, scholars suggest that traditional governance mechanisms we know from for-profit and non-profit organizations may not work in the context of social enterprises (Ebrahim et al. 2014; Cornforth 2014). They propose that governance practices following prescriptions from traditional distinctions between for-profit and not-for-profit organizations may be detrimental to the mission of these organizations: for instance, control mechanisms force for-profit organizations to maximize shareholder wealth, with little opportunities to legally protect the social mission of the entity or its founders. Non-profit legal forms, on the other hand, protect the social mission of the organization while foreclosing business strategies (see, for instance, Brakman Reiser 2010; Mair et al. 2015). As Jackson et al. (2018: 77) propose, the governance function within social enterprises is more likely to work as an "organizational compass" that provides a general indication of how a social enterprise is likely to develop over time and react to influences from the environment.

In this paper, we focus on social enterprises that assume for-profit, non-profit or new hybrid legal forms rather than social enterprises that operate as cooperatives. While cooperative types of social enterprises can be found in southern European countries like Italy, Spain, Portugal and France and have been analysed in depth (see Nyssens 2006; Ridley-Duff 2010; Defourny and Nyssens 2017; Galera and Borzaga 2009), in other countries like Germany, Sweden or the UK, they provide a smaller share of this type of organizations (see Mair et al. forthcoming).

Figure 1 introduces the particular characteristics of social enterprises and contrasts them with for-profit and non-profit characteristics.

Causes of Mission Drift

Why do social enterprises drift away from the mission they set out to pursue? Scholars have identified three major and closely interrelated sets of causes of mission drift in social enterprises (Cornforth 2014; Kraatz and Block 2008). Firstly, *institutional plurality*—as social enterprises are subject to institutional pressures from their environment and linked to multiple sometimes competing institutional logics, the "socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules" (Thornton and Ocasio 1999, p. 804). Over time, organizations may come to prioritize one logic over the other, triggering a drift to either commercial or community logics (Mair et al. 2015; Ebrahim et al. 2014). Second, *resource dependence*—high reliance on a particular type of resource provider can make social enterprises unstable and susceptible to mission drift (Cornforth 2014; Weisbrod 2004; Jones 2007). Over time, demands of powerful donors or

Fig. 1 Social enterprises, non-profits and for-profits

investors may gain more influence than downward accountability towards beneficiaries (Tacon et al. 2017; Edwards and Hulme 1996). As beneficiaries are frequently missing an exit option and thus have little direct power over decision-making in social enterprises, investors and funders may more easily exit the relationship when unsatisfied (Ebrahim et al. 2014). Third, *organizational development* can lead to difficulties to maintain the balance between the social and commercial goals (Jones 2007). Growth, restructuring or scaling may reshuffle institutional pressures and/or resource dependencies and lead the organizations away from the social mission they initially set out to pursue (Mersland and Øystrein 2010; Ebrahim et al. 2014; Cornforth and Simpson 2002).

All three causes of mission drift—institutional plurality, organizational development and resource dependence—are particularly challenging to manage in integrated hybrids where social and economic activities cannot be kept separate.

Governance Mechanisms: Elimination, Compartmentalization and Compromising

A growing body of the literature focuses on the mechanisms social enterprises adopt to buffer and manage pressures that may cause mission drift (Kraatz and Block 2008; Cornforth 2014). More specifically, this literature highlights different sets of strategies to face pressures originating from institutional plurality—the exposure to multiple prescriptions related to their commercial and social goals—and resource dependencies—the reliance on grant money and earned revenues from selling goods and services. *Elimination strategies* help organizations to remove some of the pressures from the environment to reduce complexity that originates from multiple—sometimes competing—institutional logics. A straightforward response in this context is to limit the exposure to prescriptions from multiple logics and reduce according pressures. For instance, organizations providing products or services for disadvantaged communities may modify

their target group and cater to customers who are better off than their original beneficiaries (Christen and Drake 2002). As this example shows, while suppressing groups and belief systems might allow them organizations to reduce pressures originating from multiple institutional logics, particularly in integrated hybrids the risk of mission drift might ultimately be reinforced rather than reduced. *Compartmentalizing strategies* keep the areas of activity organizations and/or their environment perceive as competing separate (Cornforth 2014). Organizations may relate independently to various stakeholders and performance goals (Pratt and Foreman 2000), for instance, by sequentially attending to different institutional demands, or by attending to values and beliefs of different consistencies through different activities. For instance, an integrated hybrid may become a differentiated hybrid by establishing a for-profit arm that generates revenue for the non-profit arm, with both operating largely independently from each other (Ebrahim et al. 2014; Cornforth 2014). This, however, over time is likely to trigger decoupling processes (Kraatz and Block 2008) and therefore is unlikely to prevent mission drift in the long run. The mechanism is particularly inappropriate if not applicable for integrated hybrids where activities pursuing social and economic goals are the same. Finally, *compromising strategies* attempt settling between various pressures struggling to satisfy and attend to demands even though they may be conflicting. However, Kraatz and Block (2008) and Cornforth (2014) agree that compromising strategies may more likely trigger conflicts within the organization than prevent mission drift. Over time, compromising may lead organizations losing sight of the mission they originally set out to pursue while constantly attending to and trying to satisfy external expectations. Strings attached to donations or demands of paying clients, for instance, may lead organizations to focus their efforts on economic goals rather than prioritizing their social mission (Barman 2008; Tacon et al. 2017).

As the sources of mission drift are multiple, interrelated and vary over time, strategies that work at one point in time may not work or be detrimental on the long run. Shifting

demographics of logics representatives within the organization (Moore 2000), availability of new financial sources and associated requirements (Hwang and Powell 2009) disconnections between governance and leadership (Jackson et al. 2018) or inability to protect vulnerable logics may all trigger a process of mission drift over time and may lead the organization into directions detrimental to their initial mission.

As the strategies introduced suggest, while organizations find various ways of muddling through and functioning as operative systems, those strategies have limited potential to prevent mission drift on the long run. This is particularly true for the case of integrated hybrids where options for eliminating, compartmentalizing and/or compromising are even more limited than in differentiated social enterprises where different logics, stakeholders and resource dependencies can be kept and managed separately.

Governance Mechanisms: Legal Forms and Boards

As the strategies introduced above alone are unlikely to prevent mission drift in integrated hybrids, scholars have emphasized the importance to study and develop more explicit control mechanisms ensuring that social enterprises stay true to their mission: legal forms and particular board compositions (Cornforth and Spear 2010; Cornforth 2014; Mair et al. 2015).

Scholars concerned with legal forms suggest that special—so-called hybrid legal forms such may help prevent mission drift by stabilizing both social mission and economic sustainability and sanctioning deviance from either of them (Cooney 2013; Brakman Reiser and Dean 2017). However, studies have also shown that in their efforts to comply with legal mandates and policy requirements, social enterprises often assume a compliance approach, which may drive out strategically oriented practices as well as attention to innovation (Stone et al. 2012; Mair et al. 2015). Empirical studies focusing on European social enterprises have shown that legal forms often come to be used legitimation tool. For instance, organizations operating under a for-profit legal form may add a non-profit arm in order to signal adherence to their social mission to outside stakeholders (see Mair et al. forthcoming). However, this type of organizational set-up takes a more symbolic role and is unlikely to provide substantive mechanisms to prevent mission drift. Scholars warn that governance structures that are adequate from a legal perspective may produce poor or unintended outcomes in the context of social enterprises. The simultaneous presence of poor governance and legally adequate governance, they argue, becomes more and more prevalent (Fisman et al. 2009).

Other studies propose multistakeholder and multifunctional boards to support alignment of multiple stakeholders and performance goals (Mair et al. 2015; Pache and Santos 2010). However, empirical studies find that in practice, only few social enterprises introduce such innovative board practices, while the majority of organizations still complies with either for-profit or non-profit prescriptions of board governance (Mair et al. 2015) rather than relying on collective dynamics involving various types of stakeholders in their governing bodies. Concerning board diversity, empirical studies have shown that boards of social enterprises do not usually include a wide range of stakeholders and beneficiary representatives on the board are rather the exception than the rule (see Mair et al. forthcoming). Studies also find that board diversity may trigger tensions and conflicts between subgroups, ultimately resulting not in better but in weakened decision-making ability (Smith 2010; Crucke and Knockaert 2016). Finally, scholars have proposed that a traditional hierarchical understanding of governance and decoupling between governance functions that are seen as the responsibility of the board, and leadership functions as prerogative of senior management may cause struggles to staying true to both economic sustainability and the social mission over time (Jackson et al. 2018).

While there is agreement that mechanisms we know non-profit and for-profit such as legal forms and boards may not work to avoid mission drift in integrated hybrids, until today there is little knowledge about strategies and mechanisms that could do so. Drawing on both the old and newer literature from organizational sociology, we propose that a more proactive lens on governance mechanisms may enrich current thinking about governance in integrated hybrids.

A Proactive Lens on Governance Mechanisms

Kraatz and Block (2008) suggest that if an organization claims multiple, institutionally defined identities and goals, its governance must accommodate rather than avoiding these disparate identities and goals. Other scholars agree that the complex governance challenges social enterprises face may stimulate the emergence of innovative mechanisms beyond traditional board governance and control (Ebrahim et al. 2014; Mair et al. 2015; Jackson et al. 2018). Kraatz and Block (2008) propose that some organizations may forge mechanisms allowing them to mitigate, transform or even eliminate the challenges that may trigger mission drift. Organizations may, they suggest, develop the ability to integrate or transcend the individual identities which compose it, and which the environment imposes upon it. They remind us of what Selznick proposed in 1957: the emergence of an autonomous and unique

"organizational self" (Selznick 1957, p. 21) may allow dynamic and natural responses to the challenges they face. Several decades before the interest in social enterprises and mission drift emerged, Selznick studied how organizations—although founded with the best intentions to make a positive contribution to society—can lose sight of their initial mission as they strive to navigate a complex internal and external environment. In this context, he also generated important insights about how organizations may thrive in the midst of those pressures, not only despite but also because of it (Selznick 1994, 1957). In this paper, we propose that this early scholarship in organization sociology can provide a useful lens to tease out mechanisms that may underpin effective governance of social enterprises to prevent and circumvent mission drift. With some notable exceptions (e.g. Besharov and Khurana 2015; Kraatz and Block 2008), organizational theorists concerned with social enterprises have made little use of these valuable insights. To develop a more grounded understanding of how organizations may harness and channel the multiple forces they are embedded within and actively safeguard the mission they set out to pursue, we take up Kraatz and Blocks (2008) call to revive Selznick's studies on politics and organizations. In particular, we explore how Selznick's accounts can support our thinking on how organizations can manage the three principal causes of mission drift outlined above: (1) multiple institutional pressures, (2) multiple resource dependencies and (3) organizational development over time.

Purpose, Commitment and Small Wins as Governance Mechanisms in Social Enterprises

In the following, we will discuss each of the three interrelated mechanisms that may support social enterprises in proactively manage and control the causes of mission drift: (1) purpose as a mechanism to align multiple institutional pressures, (2) commitment as a mechanism to harness and channel resource dependencies and (3) coordinating around small wins to adjust to internal and external developments over time.

Purpose as a Governance Mechanism to Align Multiple Institutional Pressures

Purpose—the reason for which an organization is created or exists—is particularly salient for the running and success of social enterprises. As the literature suggests, purpose provides a shared sense of identity, overarches different institutional orders and provides an end towards which multiple means can be mobilized (Hollensbe et al. 2014). Conflict theory confirms that shared purpose

triggers "integrative forces"—weakening conflicting forces arising from factions related to competing logics or identities within groups or organizations (de Wit et al. 2012; Horton et al. 2014). Critical to mitigate and alleviate conflict, theory suggests, are factors supporting identification as one group instead of subgroups. Purpose, in this sense, provides a higher-level reference for action and inspires to contribute effort and resources both within and beyond the organization (Howard-Grenville et al. 2014).

Scholars studying social enterprises have shown that dual goals like creating shareholder wealth and pursuing a social mission are not ultimately at odds in an organization focused on purpose drawn from the values of society. Particularly in Europe, scholars have suggested that social and economic goals of social enterprises are closely coupled, constituting the way in which the social mission is pursued (see Huysentruyt et al. 2016; Defourny and Nyssens 2010). Crucke and Knockaert (2016), for instance, show that in boards of social enterprises a shared purpose attenuates the negative relationship between faultlines—hypothetical dividing lines splitting a group into relatively homogeneous subgroups possibly leading to conflicts—and task conflict. Similarly, Almandoz (2012) and Pache and Santos (2010) indicate that common goals in the board of directors will make conflict less likely to occur. Studying how organizations legitimize their multiple activities towards outside stakeholders, Tracey et al. (2011) show that by connecting organizational activities to a purpose that is widely understood and broadly accepted in society allows justifying the unconventional means organizations may use towards their purpose. They argue that organizations come to thrive when they manage crafting an identity that focuses the attention of organizational members and stakeholders on convergent ends rather than diverging means and goals. Grodal and Mahoney (2015) show that shared purpose is indispensable for hybrid organizations to thrive. In their study about the nanotechnology field, they conclude that means shifting—the process whereby participants shift from coordinating around purpose to coordinating around activities—changed the focus of involved communities from coordinating collectively around goals to coordinating locally around means. This, they show, ultimately led to outcomes that were far afield from the original mission the organization initially set out to pursue. Thus, the literature concerned with social enterprises suggests that shared purpose provides a valuable mechanism aligning multiple identities, logics and interests under a common broad umbrella that allows diverse members of an organization and their stakeholders to work towards shared ends although sometimes by using different means and goals. Purpose as a governing mechanism, we propose, can support organizations in establishing unity across different

identities, interests and institutional demands. As Selznick argues:

> the broader an organization's goals, the more leeway it has in defining its mission, the more requirements there are for winning cooperation, the more fully the lives of participants are lived within it. (Selznick 1994 p. 291).

However, while the unifying forces generated through purpose have been studied in depth, less attention has been granted to the risks associated with focusing on a broad and overarching purpose. Selznick (1994) warns of the risks of opportunism a focus in purpose may generate: wherever purpose is overgeneralized, endemic opportunism is likely to appear. Organizational purpose such as *fostering equality* or *providing education* may generate unifying forces and consensus among diverse stakeholders but are too vague to guide responsible decision-making: "when purpose is abstract, yet decisions must be made, more realistic but uncontrolled criteria will govern" (Selznick 1994, p. 250). Organizations, he argues, are more likely to lose control over the link between their activities and the outcomes they produce. Therefore, while allowing buffering or even integrating institutional pressures, purpose alone may not be the silver bullet to stay true to the mission an organization set out to pursue. In their study about socialization in social enterprises, Battilana and Dorado (2010) expose this conflict as they compare two socialization strategies: while one focused on the *means* by which the organization aims to reach its purpose, the other one focused on the *purpose* of the organization. A purpose-oriented socialization approach, their study finds, was not effective to attenuate the tensions between individual and different approaches to reach the purpose. Selznick suggests that it is the mismatches between purpose and commitment—the abstract and the concrete—that makes it so hard for organizations to not divert from the path initially set out. Organizations, he suggests, "embody values, but they can do so only as operative systems or going concerns" (Selznick 1994, p. 244).

Commitment as a Governance Mechanism to Harness Resource Dependencies

How can organizations make sure they embody values as operative systems? In his study, "TVA and the Grassroots" Selznick (1949) studies how the Tennessee Village Authorities failed in doing so. It drifted away from its founding ideals as the organization struggled to navigate a complex external and internal environment. He argues that any organization—independent from the particular purpose it may pursue—is embedded in a plural institutional setting and therefore subject to pressures from the environment.

As powerful interests outside of organizations and efforts at maintaining legitimacy come to be the centre organizational decisions, they take an important influence the life of organizations. According to Selznick, organizations are adaptive social structures constituted by a complex of values embodied by both—members of the organizations and the communities and societies within which they operate (Besharov and Khurana 2015). Commitments constitute the structural factors relevant to decision in organized action. The commitments an organization enters over time trigger the development of governing forces that may move beyond control of the organization:

> A commitment in social action is an enforced line of action, it refers to decision dictated by the force of circumstance with the result that the free and scientific adjustment of means and ends is effectively limited (…) commitments to others are indispensable in action: at the same time, the process of commitment results in tensions which have always to be overcome (Selznick 1949, p. 255).

The main problem with commitments, he suggests, is that they often serve short sighted, practical goals rather than supporting the overall purpose the organization is trying to pursue. Commitments may generate more complex interests than the organization was able to foresee when it entered a relationship, creating forces summoning action and constraining decision (Selznick 1994). Every commitment made limits the freedom of actions, creates persistent tensions and dilemmas, and thus creates the points where organizational control is exercised—or breaks down. No matter how deeply purpose and values are initially ingrained, commitments—over time—can take organizations far afield.

Selznick lines out different types of commitment that come to govern organizations that are—we suggest—particularly relevant for social enterprises. (1) Commitments enforced by *organizational imperatives*: the need to maintain organizational unity and the organizational system triggers processes where the organization as a whole is being subsumed to imperatives that may in fact only be relevant for part of the organization. (2) Commitments enforced by *institutionalization*: goals and procedures achieve an established, value-impregnated status. Commitment to established ways of working is generated, thus restricting choice and enforcing particular lines of conduct. (3) Commitments enforced by *social and cultural environment*: the necessity to conform to pressures imposed from outside of the organization. The existence of centres of power and interest in the social environment sets up opposition to, accepts or shapes the programme and character of the organization. (4) Commitments enforced by the *centres of interest generated in the course of action*: those

can be a result of different types of commitments introduced above. The organizational process continuously generates groupings who come to have a stake in the organizational status quo. The lack of effective control over the tangential goals of individuals and subgroups within and outside of an organization bears the risk to divert it from its initial path.

As Kraatz and Block (2008, p. 25) suggest, "the single most important feature of the pluralistic organization may be its inchoate capacity to govern itself—and its parallel ability to develop a self which becomes the focal point of its governance efforts". Hybrid organizations such as social enterprises, they suggest, have the capacity to choose commitments from a menu of choices, offered by its would-be consistencies and by the broader society. Those commitments may, if chosen wisely, obtain the ability to harness and channel the divergent energies of from the environment and become a stabilizing force for the organization to thrive rather than a force that diverts the organization from the path it set out to pursue. The ability to tie together disparate worlds may be a major source of organizational distinctiveness and competence.

A prime example for orchestrated commitment introduced by Selznick (1949) is strategic sharing of power with outside actors. Selznick refers to this as cooptation: "the process of absorbing new elements into the leadership of policy determining structure of the organization as a means of adverting threads to its stability of existence" (Selznick 1949, p.13). He suggests that formal cooptation allows establishing legitimacy of authority or accessibility of the relevant public, while informal cooptation serves to adjust pressure of specific centres of power. We extend this view and propose that orchestrated commitment may serve the organization to avoid mission drift over time as it allows to strategically establishing a balance of forces that may otherwise pull or push too strong into one direction. For instance, as Bies (2010) suggests, accountability has long seen as relationship in which organizations are reactive to external demands and obligations placed upon them. However, the construction of "to whom" can also be proactive with actors establishing mechanisms and relationships to hold themselves responsible and create a productive set of pressures upon them rather than passively being held responsible and being exerted to pressures (Bies 2010).

The systematized commitments of an organization over time, Selznick suggests, define its character and development. They create precedents, alliances, symbols and loyalties. With this, commitment becomes a mechanism that places part of organizational governance outside the boundaries of individual organizations (Fligstein 1991; Kraatz and Block 2008). While other authors, particularly in institutional theory, have emphasized *conformity* of organizations, the concept of *commitment* grants more agency and choice to organizations (Kraatz and Block 2008) and, with this, motivates us to think how organizations can proactively orchestrate the pressures governing them from without.

Coordinating Around Small Wins as a Mechanism to Adjust to Internal and External Developments

Governance in the view brought forward above is about aligning purpose and commitment in a way that directs and safeguards the development of the organization over time. This bears two major challenges. On the one hand, purpose as a governance mechanism allows aligning multiple goals, interests and identities, at the same time when the magnitude of the issue an organization is trying to address "is scaled upward in the interest of mobilizing action, the quality of thought and action declines" (Weick 1984, p. 40). On the other hand, while, as we long know, "the key to organizational survival is the ability to acquire and maintain resources" (Pfeffer and Salancik 1978, p. 2) and those can only be acquired through entering commitments, social enterprises also have to orchestrate, strategically make use of and assess interactions between the strings attached (Barman 2008) to different commitments. Therefore, going back to Selznick, a key question concerning governance of social enterprises is how they can embody values *and* do so as operative systems—thus how they can maintain the link between the two major governance mechanisms—purpose and commitments over time.

Weicks (1984) work suggests that organizations often fail to reach their intended goals because they do not break it into smaller, manageable packages. Instead of focusing on an overarching purpose or drifting towards focusing exclusively on means, he suggests to work towards small wins—"concrete, complete, implemented outcomes of moderate importance". Small wins, but also small losses, can act as mediators between purpose and commitments. They make it possible to measure progress and work along a series of manageable opportunities that produce visible results, wins as well as losses. Both allow organizations to reinforce control within but also beyond the organization, as stakeholders and employees have influence over what happens to them and produces changes of controllable size. Small wins allow organizations to cater to different interests, institutional pressures and accountabilities as they are more dispersed and stakeholders can be selectively called to attention. In case a goal reached is a small loss for someone else, losers are likely to bear their loss without questioning the overall purpose and without disrupting the overall process (Weick 1984). Costs associated with the loss are limited and can be used to test resistance and opportunity. Vague consensus is preserved by small wins

because basic values or identities are not challenged. People can accept a specific outcome even if they do not agree on the values that drive it. As Weick (1984, p.40) suggests "a series of small wins is a pattern that attracts allies, deters opponents and lowers resistance to subsequent proposals, while small losses are manageable and provide space for learning and adaptation". In this back-and-forth process, the organizations initial objective will likely be "formed and revised in the action process itself and become more precise with the better understanding of the problem and the means for its solution" (Beckert 2002: 280). This might enable the organization to work towards its ultimate purpose and to ensure continuous coupling between purpose and commitment. Reviewing small wins also makes it easier for stakeholders to evaluate and subsequently question or sanction activities of the organization. They may capture the daily realities of the organizations and adjust their expectations over time, avoiding mismatches of expectations, for instance, in yearly reviews. Studying small wins as a governance mechanism goes beyond the current focus on how social enterprises succeed amidst multiple logics, interests and accountabilities as coupling purpose and commitments allow organizations to deliver to multiple pressures in multiple ways at different times.

Towards a Proactive View of Governance

This paper follows the tradition of scholars conceptualizing social enterprises not only as "victims" of diverse pressures, but also as agents that may proactively harness their special character to prevent mission drift over time—through management, leadership and governance that accounts for the particular characteristics of social enterprises (Smith and Besharov 2018; Eckerd and Moulton 2011; Jackson et al. 2018). We propose a proactive view of governance and introduce three mechanisms that may help prevent mission drift in integrated hybrids: organizations that are particularly challenged as they pursue dual goals through a single activity. Studies of organizational governance have traditionally focused on means to control organizations and their activities (see Stone and Ostrower 2007; Ostrower and Stone 2006; Dalton et al. 2007). This trend can be observed irrespective of the legal form of the organization—whether the social enterprise is a for-profit, not-for-profit or hybrid organization. More so, over the last decades, organizational theorists have developed an almost exclusive focus on a single body—boards—when talking about governance. According to this view, organizations have to be "held responsible" because they are unlikely to "take responsibility" for their mission. Several scholars have emphasized the problems coming with this narrow

perspective (e.g. Cornforth 2004; Ebrahim et al. 2014; Fligstein 1991). By focusing on structures and less on processes, scholars studying organizational governance have overlooked features that are "less thing-like and more continuous, fleeting and emergent" (Weick 1993, p. 348)—features that provide space for agency, proactivity and self-correction. Governance, particularly in social enterprises, is not a stable, fixed solution implemented upon organization but also a proactive, developmental process. Table 1 summarizes the classic passive vision of governance and a proactive vision of governance as proposed in this paper.

Table 2 summarizes the characteristics of the three governance mechanisms we propose in this paper. Purpose as a governance mechanism allows integrated social enterprises to align multiple institutional pressures and demands within but also outside of the organization by focusing on common ends rather than diverging means. With this, it mitigates institutional plurality as a cause for mission drift. Commitment, in turn, allows organizations to anchor their activities and daily operations within the wider environment, generating external forces that may help channel the organization towards staying true to its mission—with these mitigating resource dependencies as a cause for mission drift. As opposed to purpose, commitments are more closely linked to the means an organization draws on to reach its purpose and thus govern everyday work. Third, coordinating around small wins allows social enterprises to adjust to internal and external developments over time, ensuring that they embody values *and* do so as operative systems, mitigating organizational development as a cause for mission drift. With this, coordinating around small wins is an important mediating mechanism between purpose and commitment.

At different times of organizational development, different governance mechanisms might be more important to avoid mission drift.

Figure 2 shows that the three mechanisms fail as standalone mechanisms and only work to prevent mission drift if they interlock. Focusing on purpose alone may lead to failure in establishing appropriate means to reach the goals the organization sets out to pursue, and focusing on commitment alone may lead to short sightedness and opportunism as well as to a loss of control to forces external to the organization. Small wins as a governance mechanism provides the opportunity to align both commitment and purpose over time and to ensure continuous adaptation and development of the organization.

Limitations and Directions for Further Research

Taking a proactive approach to governance, we believe, opens new avenues and opportunities for both research about and governance of social enterprises. The

Table 1 Passive and proactive visions of governance

|	Classic, passive vision of governance	Proactive, participative vision of governance
View of organizations	Organizations (and their members) are self-interested and likely to deviate from contributing to the social good. They are likely to maximize own well-being on the expense of external environment	Organizations (and their members) are rational and responsible actors, participatory and respectful of rights in decisions and activities. They contribute to promote well-being of society, groups or individuals outside organizations
Locus of governance	Structures, rules, decision-making	Interactions, negotiation, participation
Central mechanisms	Control, compliance	Commitment, purpose, small wins
Goal of organizational governance	Governance is needed to control self-interest and avoid negative externalities of organizational activities	Governance is needed to actively safeguard, enable and support positive effects of organizational activities

Table 2 Mechanisms, how they work and drawbacks if used as stand-alone mechanisms

Governance mechanism	How it works	Drawbacks as stand-alone mechanism
Purpose Reason for which an organization is created or exists: long-term, abstract ends	Ensures organization embodies long-term values	May trigger loss of control over concrete means and external environment
	Creates unifying forces across identities, interests and institutional demands	May trigger loss of control over organization as operative system
	Ensures focus on convergent ends rather than diverging means	
Commitment Enforced line of action, decision dictated by the force of circumstance: shorter term concrete means	Ensures ability of organization to work as operative systems	May create tensions between external demands
	Creates governing forces beyond the organization	May serve short sighted, operative interests
	Ensures control from communities and societies within which organizations operate	
	Provides structural factors relevant to organizational decisions	
Small wins Concrete, complete, implemented outcomes of moderate importance	Ensures organization embodies long-term values AND does so as operative system	Cannot be defined if purpose and commitment are not employed as governance mechanisms
	Small wins and small losses act as mediators between purpose and commitments	
	Externally and internally visible and controllable	
	Formed and revised in action process through learning and adaptation	

mechanisms we propose are not exhaustive and complement rather than replacing or excluding other ways to control mission drift, such as leadership that have been developed elsewhere (see Jackson et al. 2018; Erakovic and Jackson 2012).

While this paper aims to contribute to the emerging body of the literature trying to think governance of organizations beyond boards (Cornforth 2012; Renz 2006; Saidel 1998), more empirical research is needed to tease out how proactive governance mechanisms work in practice, their interplay over time, antecedents and consequences. In this paper, we look at a very specific population of organizations—integrated hybrids. Further research would be needed to better understand whether and how the governance mechanisms are also applicable to other types of hybrid organizations.
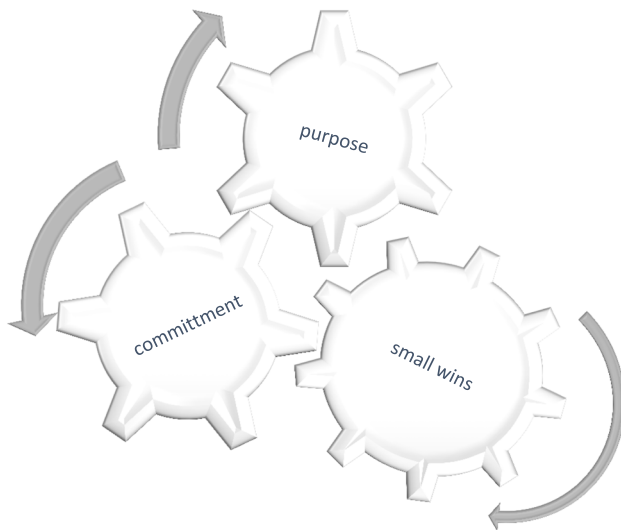
Fig. 2 Purpose, commitment and small wins as interlocking mechanisms ensuring overall direction, control and accountability of the organization

In this paper, we have shown that early scholarship in organization sociology can provide a useful lens to tease out mechanisms that may underpin effective governance of integrated hybrids to prevent and circumvent mission drift. Organizations like social enterprises, and organizations pursuing multiple goals more generally allow scholars of organization and management to more closely align with and mobilize knowledge generated by scholars in adjacent disciplines: in particular, law, sociology and politics. A number of concepts and approaches in these disciplines we find could contribute to a better empirical understanding of the three mechanisms introduced in this paper and their interplay: multilevel governance, soft law and multivocality.

Multilevel governance. More than organization theorists, scholars concerned with governance in political theory have granted attention to mechanisms that allow multiple stakeholders with diverse interests and backgrounds to work on a shared agenda. While organization theory still has a focus on boards as *the* governing body in organizations, political scientists have moved from government to governance—from studying a single governing actor or entity to studying the processes of negotiation between different interests, goals and actor groups (Rhodes 1996; Klijn 1996). Mobilizing knowledge from political science, such as deliberative policymaking (Hajer and Wagenaar 2003) and combining it with empirical observations in the field of social enterprises (e.g. Mair et al. forthcoming; Bouchard 2013) we believe, can help tease out more explicitly the particular processes and mechanisms that may allow multiple stakeholders to work together towards a common goal although interests and

background may remain different. The concept of governance in political science, we believe, can contribute to further develop the idea of purpose as a governance mechanism: how multiple and diverse stakeholders can agree on and work towards a common, long-term goal.

Soft law. As we have discussed above, in the context of social enterprises, there is an important discussion about how new hybrid legal forms can contribute to prevent mission drift based on regulation and law enforcement (Spear et al. 2009; Brakman Reiser 2013). However, attention should also be granted to what scholars in the field of international law have called "soft law"—codes of conduct, statements, standards and principles which are not legally enforced but exert informal pressure (such as publicity and social pressure) on organizations to comply (Djelic and Quack 2010; Phillips 2013; Levi-Faur and Jordana 2005). Scholars have observed a growing tendency of organizations to take responsibility in proactive way and self-regulate beyond legal obligations and formal control in the non-profit sector and the for-profit sector alike (Gugerty 2010; Sidel 2010; Hoffman 1999). Soft law is strengthened through network effects that lead to broader adoption and compliance and may be developed proactively and collaboratively by social entrepreneurs themselves. Examples of this have been investigated, for instance, in Quebec where an ecosystem of innovation triggers the emergence of and adherence to informal rules, which ultimately become formal law (Bouchard et al. 2015; Bouchard 2013). We believe that soft law and coexistence with formal legal frameworks should be studied more in depth by scholars concerned with social enterprises and organizations pursuing multiple goals more broadly.

Multivocality. Scholars have recently rediscovered robust action: "noncommittal actions that keep future lines of action open in strategic contexts" (Padgett and Powell 2012, p. 24) for both managing the scale and complexity of social problems as well as diversity and multiple demands of stakeholders involved (Ferraro et al. 2015). Robust action, as Padgett and Ansell propose, is a *style of control* based on multivocality: "the fact that single actions can be interpreted coherently from multiple perspectives simultaneously, the fact that single actions can be moves in many games at once, and the fact that public and private motivations cannot be parsed" (Padgett and Ansell 1993, p. 1263). Locked-in commitment to lines of action, they propose, does not result from individual choice but from others in the environment successfully taking control over an actor. Future research could further explore the role of multivocality for proactive governance in social enterprises, in particular, in relation to the concept of small wins—or small losses—that may be interpreted differently from different perspectives but that may, over time, help to coherently shape the development of the organization.

Considering soft law, multilevel governance and multivocality, we believe, will provide a fertile ground for further theorizing on proactive governance and on the particular mechanisms introduced in this paper: purpose, commitment and small wins.

Finally, governance has been looked at rather disconnected from other functions like leadership (Jackson et al. 2018; Erakovic and Jackson 2012). While understanding mechanisms in depth and independently of each other as we do in this paper is important to build knowledge in this field, it is also indispensable study and better understand the connections with and effects created through the interplay between different functions. As Jackson et al. (2018) suggest, leadership through purpose can support social enterprises in negotiating and navigating between social and commercial ends. In this vein, we do not see governance (proactive and passive) as a stand-alone mechanism but one of multiple intertwined aspects of how social enterprises can prevent mission drift.

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