Carleton
Centre for
Community Innovation

An examination of the tension between business and social mission within social enterprises

Brittany Fritsch, Becky Rossi, and Tessa Hebb

WP # 13-07 (February 2014)

Carleton UNIVERSITY | Carleton Centre for Community Innovation

Abstract

Social enterprises (SEs) provide exciting opportunities for nonprofit and mission-driven for-profit organizations to fund their social objectives through business activities. However, some warn that the use of business models within these organizations can lead to mission drift. This article explores the concept of mission drift within SEs. We apply resource dependence theory to argue that SEs are prone to mission drift due to the complexity of their operating environments and that mission drift is less likely to occur provided the stated mission reflects the organization's primary resources. We also suggest that changes in mission may in fact be a natural adjustment mechanism that occurs within many SEs over time, and thus lacks the negative connotation that the term mission drift often implies. We illustrate this point using two examples of SEs located in Ottawa, Canada. This research extends resource dependence theory within nonprofit and SE management.

Introduction

In Canada, the nonprofit sector relies on a revenue mix that includes substantial amounts of government funding and charitable donations and an increasing amount of income generated through commercial activities (Eakin & Graham, 2009; Hall, Barr, Easwaramoorthy, Sokolowski & Salamon, 2005). Due to adverse economic conditions and shifts in donor preferences, the climate for government funding and charitable donations is less reliable than in previous decades (Imagine Canada, 2010; Scott, 2003). In order to become financially sustainable, nonprofits are under increasing pressure to find independent sources of revenue through commercial activities (Harji & Hebb, 2010; Smith, S. R., 2010). There is also growing enthusiasm among nonprofit organizations and their supporters for pursuing business opportunities that fund social objectives. These opportunities are perceived to afford nonprofits with greater autonomy and flexibility over the achievement of their missions.

Although various definitions for social enterprise (SE) exist, this paper uses a definition that permeates the literature among Canadian practitioners and academics (McKinnon, 2011; Canadian Task Force on Social Finance, 2010; Martin, 2007) whereby a SE is defined as "any organization or business that uses the market-oriented production and sale of goods and/or services to pursue a public-benefit mission" (Causeway, 2009, p. 3). A public-benefit mission, herein referred to as a social mission, is in contrast to a wealth-maximizing objective.

To date, most of the academic attention surrounding SEs has focused on businesses operated by nonprofits. Thus, it is from this vantage point that we situate our exploration of mission drift within SEs. It should be noted, however, that SEs may assume a variety of legal forms and that mission-driven for-profit enterprises face a series of constraints that other small- and medium-sized enterprises do not. As a result, these entities behave in a manner similar to many not-for-profit enterprises.

SE legal forms include charity, nonprofit, co-operative, or for-profit. Furthermore, many SEs are hybrids, incorporating characteristics of several legal forms. For these reasons, it is difficult to obtain quantitative data on Canadian SEs. Despite this, the Social Enterprise Sector Survey Project, led by Elson and Hall, has made efforts to identify the size and scope of the sector through provincial surveys (Social Enterprise Sector Survey, 2013). To date, the surveys conducted identified approximately 357 SEs in British Columbia (Elson & Hall, 2012a), 187 in Alberta (Elson & Hall, 2012b), 266 in Manitoba (O'Connor, Elson, Hall, & Reimer, 2012), 1,040 in Ontario (Flatt, Daly, Elson, Hall, Thompson, & Chamberlain, 2013), 622 in New Brunswick (CED Institute, n.d.), and between 769 and 930 in Nova Scotia (Tarr & Karaphillis, n.d.).[1]

Proponents laud the ability of SEs to create a blended value of economic, social, and environmental returns (Emerson, 2003). They view business and social objectives as mutually dependent and supportive. Conversely, some warn that the use of business within mission-driven enterprises can act as a catalyst for mission drift, which ultimately detracts from the organization's ability to achieve its social mission (Edwards, 2008;

Weisbrod, 2004). In this dichotomous perspective, business objectives are incompatible with social objectives and threaten the integrity of the nonprofit's ultimate mission.

Mission drift occurs when an organization's strategies differ from its purpose for operating, which is captured in the stated mission. The term "mission drift" is typically used in a pejorative sense to indicate that an organization has forfeited its original purpose in pursuit of one less worthy, often as a result of seeking new funding sources. However, the focus on mission drift in the literature largely neglects the broader occurrence of mission *change*, which often accompanies mission drift as an intentional and strategic act on the part of the organization.

Resource dependence theory tells us that an effective organization will alter its strategies in response to environmental constraints (Pfeffer & Salancik, 1978). Since stated missions are generally static over a period of time, resource dependence theory would expect missions to drift and change more frequently within an uncertain environment. Because SEs pursue a dual mission, they must satisfy the demands of multiple stakeholder groups, which may or may not be compatible. This includes clients, who are the beneficiaries of the goods or services the SE provides, and customers, who are the purchasers. This results in a distinctly more complex set of circumstances for a SE than an organization that pursues a sole mission—whether social or business. In addition, resource dependence theory tells us that an organization will choose strategies that best adapt to the demands placed on it by those external entities in the environment on which it depends (Pfeffer et al., 1978). This means that an organization's strategies will be most influenced by those who provide its primary resources.

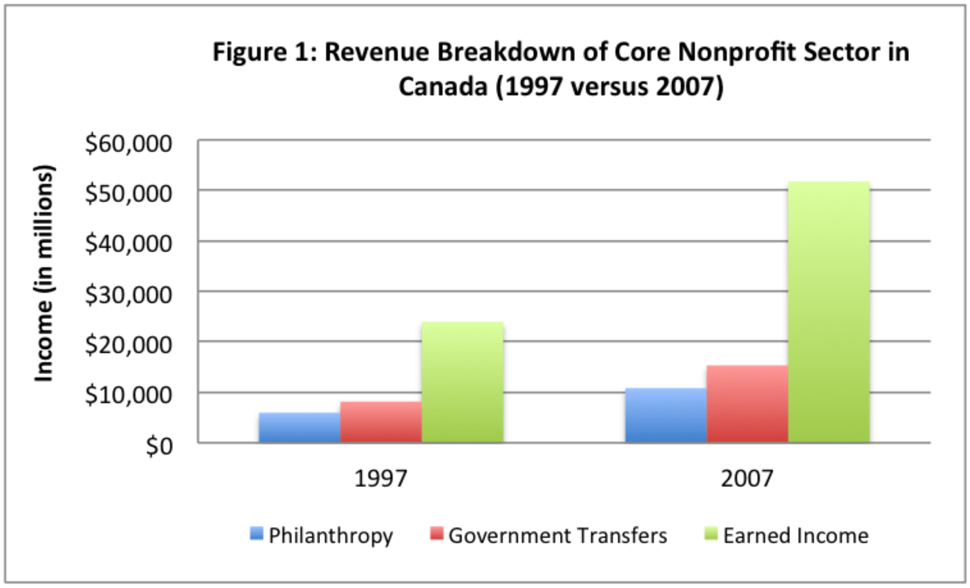
Applying resource dependence theory, this article argues that SEs are prone to mission drift due to the complexity of their operating environments and that mission drift is less likely to occur provided the stated mission reflects the organization's primary resources. We also suggest that changes in mission may in fact be a natural adjustment mechanism that occurs within many SEs over time, and thus lacks the negative connotation that the term mission drift often implies.

We use the experiences of two SEs located in Ottawa, Canada to explore the concept of mission drift within SEs. One SE is an established nonprofit organization that provides job training and opportunities for new immigrant women and operates a store that sells reclaimed goods. The second SE is a young organization that is part of an established worldwide network. Although structured as a for-profit at the time of data collection, it operates more similarly to a nonprofit in that it has a non-distribution of profit clause entrenched within its corporate articles as well as a voluntary board of directors. It provides shared space opportunities for social innovators, entrepreneurs, and nonprofit organizations. Because the second SE is so new, a survey of eight other international SE member organizations in the network was carried out to improve on the generalizability of the findings. The contribution this article makes is to expand the discussion around mission drift and mission change, and to extend resource dependence theory within the context of nonprofit and SE management.

The article is organized as follows. The first section is a review of the existing literature on SE as well as mission drift. Next, the paper introduces resource dependence theory as the conceptual framework within which to analyze the tension between business and social mission within SEs. The third section applies resource dependence theory to examples of two SEs in order to explore how each SE responds to this tension and whether or not mission drift occurs. The final section discusses the implications and limitations of the study and concludes with an integration of the topics identified in the paper and avenues of further research.

Development of social enterprise

Over the past two decades, nonprofits have experienced increasing pressure to become financially sustainable through the adoption of commercial practices (Moizer & Tracey, 2010; Eikenberry & Kluver, 2004; Davis, 2001). According to Mendell (2010), "the current accent is on marketizing social services… to increase the capacity of nonprofits to address 'social market failure' through new trading activities" (p. 246). Dees (1998) referred to this as the "pro-business zeitgeist" (p. 56) that makes business strategies more palatable to nonprofits, government funders, and donors. In Canada, the pro-business attitude can be observed through changes to the nonprofit sector's revenue mix, which in 2008 was comprised of three primary sources: government funding (21 percent); philanthropy (13 percent); and earned income (66 percent), which includes the sale of goods and services (45 percent), membership fees (17 percent), and investment income (4 percent) (Statistics Canada, 2010).[2] Of all revenue sources, the sale of goods and services experienced the highest annual growth rate between 1997 and 2007 (Statistics Canada, 2009).



The pro-business attitude has altered the government's relationship with the nonprofit sector over the last twenty years (Scott, 2003). The current government-funding regime was born out of the deficit-reduction strategies conducted in the 1990s, which saw spending reduced by 20 percent (Hall et al., 2005), and the resulting public-management paradigm, which favoured competition, privatization, and efficiency in the delivery of public services (Gibson, O'Donnell & Rideout, 2007). The present funding regime is restrictive; it requires nonprofits to compete with each other for short-term, project-based funding contracts and leaves them less autonomy and flexibility regarding what missions to pursue and how to pursue them (Gibson et al., 2007; Hall et al., 2005; Eikenberry et al., 2004; Scott, 2003; Brooks, 2001; Davis, 2001). Moreover, governments at all levels are once again reducing their spending in order to manage the deficits resulting from the most recent economic crisis.[3]

At the same time, philanthropic organizations are shifting from an emphasis on giving to more of an investment-based approach (Crutchfield, Kania, & Kramer, 2011; Tierney & Fleishman, 2011). While the value of donations declined in 2009 during the financial crisis, it rallied and grew by 4.6 percent in 2010 to $8.3 billion, continuing the long-term trend of increasing philanthropy dollars (Lasby, 2011). However, rising donation amounts are concentrating in decreasing percentages of donors (Lasby, 2011; Scott, 2003). These wealthy donors, termed venture philanthropists in the United States, are issue-oriented and tend to support larger nonprofits through 'investments' (Bugg-Levine & Goldstein, 2009; Edwards, 2008). Examples include Canadian Bill Young of Social Capital Partners and Americans Jeffrey Skoll[4] of the Skoll Foundation, Pierre Omidyar of the Omidyar Network, and Bill and Melinda Gates of the Bill and Melinda Gates Foundation. The larger 'investments' of venture philanthropists are in contrast to the unrestricted 'gifts' of many smaller donors, which provide nonprofits with greater discretion in how to use the funds.

In response to the pressure placed on the nonprofit sector by government and donors to commercialize and the constraints inherent in traditional sources of revenue, nonprofits are pursuing earned income opportunities (Harji et al., 2010; Imagine Canada 2010; Smith, S. R., 2010). Earned income is considered to be financially sustainable because the funds are unrestricted, more reliable, and independent of the strings often attached to grants, contributions, and donations (Imagine Canada, 2010; Phillips & Hebb, 2010; Davis & Etchart, 1999; Mckinnon, 2011). The nature of earned income provides nonprofits with more autonomy and flexibility in achieving their missions. Increasingly, these earned income activities are being structured as SEs.

A SE is defined as "any organization or business that uses the market-oriented production and sale of goods and/or services to pursue a [social] mission" (Causeway, 2009, p. 3). While this article focuses primarily on the experiences of SEs structured as or similar to nonprofits, it is important to note that the term encompasses a range of mission-driven enterprises with differing legal structures. Outside of British Columbia and Nova Scotia, there is no unique legal structure for SEs in Canada.[5] In fact, in Canada, SEs tend to be hybrids and to straddle various legal structures (Smith, S. R., 2010). Hybridization can include partnerships and collaborations among governments, nonprofits, or for-profits, or they can include complex governance structures such as nonprofits that own a for-profit subsidiary or for-profits that entrench a non-distribution of profit clause within their articles of incorporation (Smith, S. R., 2010; Alter, 2006).[6] Hybridization can cause the distinct lines between the different legal structures to blur so that, operationally speaking, they become quite similar. Therefore, the implications of this article extend to legal structures beyond the nonprofit.

Common to all SE definitions is the recognition that a primary aim of a SE is to achieve a social purpose (Canadian Task Force on Social Finance, 2010; ENP, 2010; Phillips et al., 2010; Diochon, 2009; Martin, 2007; Alter, 2006; McKinnon, 2011). The relationship between business and social mission objectives in SEs has been the subject of much academic literature (see Alter's [2006] seven operational models for SE and Dees' [1998] Social Enterprise Spectrum), underscoring the influence this tension has on their effectiveness and sustainability. In fact, "the need to manage a double bottom line is a central characteristic" of a SE (Moizer et al., 2010, p. 252). Smith, Stevens, and Barr (2010) wrote of the "dilemma of earned income" that exists for nonprofits that pursue earned income opportunities. Referring to Arenas et al. (2006), they suggested that SEs "must balance 'the need to ensure their survival as entities without forgetting their raison d'être' with the need to ensure 'consistency between strategy, mission, and available resources'" (as cited in Smith et al., 2010, p. 290).

The difficulty in managing the double bottom line, labeled an "impossible double bind" by Seedco Policy Center (2007, p. 14), creates a complex operating environment for SEs (Moizer et al., 2010; Smith, S. R., 2010, Foster & Bradach, 2005). While traditional nonprofit and for-profit organizations typically satisfy the requirements of one stakeholder group, SEs must satisfy those of two diverse groups: those within the for-profit realm, including investors and customers, as well as those within the nonprofit realm, such as funders, donors, and clients. It can be difficult for SEs to identify the effects of management decisions on the fulfillment of the social mission as opposed to the organization's financial sustainability. For example, according to Moizer et al. (2010):

> …the additional resources required to support the employment of homeless people may adversely affect the commercial viability of the organization. On the other hand, this may boost legitimacy leading to higher sales, but this may not be enough to offset the additional costs and provide a basis for organizational sustainability. (p. 262)

The ambiguous effects of these choices make it difficult to manage the double bottom line.

Mission drift versus mission change

It has been suggested that the ineffective management of a double bottom line can lead to mission drift within nonprofit SEs. As mentioned, mission drift occurs when an organization's strategies differ from its purpose for operating, which is captured in the stated mission. Some, such as Weisbrod (2004), believe that nonprofits should be discouraged from engaging in commercial activities because the danger for mission drift is omnipresent. Jones (2007) provided a counter argument to Weisbrod, having stated that "nonprofits generally are subject to *multiple* [italics added] sources of mission drift" (p. 299), of which commercialization is just one. Froelich (1999) concluded that mission drift, or what she calls goal displacement, is more likely to occur through private contributions and government funding than through commercial activities. It is clear that the extent to which nonprofits experience mission drift when they engage in SE is anything but straightforward.

Furthermore, discussions of mission drift generally focus on those cases where an organization has lost its original raison d'être in order to secure funding. However, drifts in mission, especially when followed by corrections to the mission statement, need not be so odious. Rather, changes in mission can actually reflect a more benign adjustment to environmental conditions. Ultimately, mission drift is only possible when missions remain static. But is it effective for organizations to remain static in this manner?

Resource dependence theory

Resource dependence theory attempts to explain and predict the strategic decision making of organizations that are balancing diverse stakeholder demands in complex environments. Developed in 1978 by Pfeffer and Salancik, resource dependence theory has historically been applied to large organizations to explain specific organizational behaviour such as mergers and acquisitions, joint ventures, corporate governance, and succession planning. The theory centers on how organizations manage their environmental uncertainty with the goal of minimizing their dependence on others.

To survive, an organization must be able to obtain and maintain resources (Pfeffer et al., 1978). Given that it cannot achieve this in isolation, it must interact with its environment by satisfying the demands of the external entities that control the resources it needs. The degree of the organization's dependence on its environment is determined by both the importance of a resource and the discretion the organization has with respect to the resource's acquisition and use. For instance, resource dependence theory has been applied to nonprofit organizations in order to demonstrate how diversified revenue strategies are used to combat resource dependency (Froelich, 1999). By diversifying its revenue strategies, a nonprofit may reduce its exposure to restrictive funding criteria in favour of a more lenient donor or independent commercial activity. It should be noted, however, that resources are not limited to solely financial ones, but rather include any input required for survival, including human, physical, or intangible resources (Pfeffer, 2005).

An organization may also face simultaneous demands from different resource providers. Given that the effectiveness of an organization is assessed by how well it meets the demands of each provider (Pfeffer et al., 1978), it will face differing evaluation criteria. At times, the demands of its resource providers may be incompatible, which “raises the possibility that the organization may not be able to maintain the necessary coalition of support” (Pfeffer et al., 1978, p. 27). Consequently, “the dominant problems of the organization … become managing its exchanges and its relationships with the diverse interests affected by its actions” (Pfeffer et al., 1978, p. 94).

Some argue that resource dependence theory is no longer a relevant theory for organizational research. According to Davis and Marquis (2005), the future of organizational research most appropriate, given the current environmental conditions of major economic change, is in problem-driven work, which seeks to *explain* organizational behaviour. This is in contrast to paradigm-driven work, which seeks to *predict* behaviour by testing an established theory. A competing theory such as institutional theory (see DiMaggio & Powell, 1983 or Meyer & Rowan, 1977) may be most apt to facilitate this process (Davis & Marquis, 2005).

In defense, Pfeffer (2005) wrote that the waning interest in resource dependence theory as a testable paradigm has more to do with it being underdeveloped than irrelevant, what he calls, “death by fiat, rather than death—or even modification—by empirical test” (p. 451). The theory is underdeveloped, he explained, “…because once articulated and in the presence of some promising early empirical work, resource dependence theory appeared to be both intuitively correct and complete enough to not warrant a lot of additional testing and development" (Pfeffer, 2005, p. 449). In fact, since 2005, there has been a resurgence of interest in the theory among academics (Davis & Cobb, 2009). As of January 2014, *The External Control of Organizations* had been cited by over 5,600 sources since 1978, of which close to 40 percent have occurred in the last seven years (Web of Science, 2012).

It is precisely because of resource dependence theory's predictive abilities that it was chosen for this research. While the claims and considerations of resource dependence theory and institutional theory are similar, the unit of analysis is a key trait that distinguishes them. Resource dependence theory views the organization as the unit of study whereas institutional theory focuses on the field as the unit of study (Davis et al., 2005; Pfeffer, 2005). Little information about SEs exists because they are a relatively new phenomenon in Canada and whatever information does exist is difficult to aggregate due to the nebulous characteristics that define SEs. The paucity of information necessitates a narrower focus. In turn, the emergence of SEs in Canada as a new organizational form with distinct challenges and complexities presents an opportunity to test resource dependence theory's predictions. The point made by Davis et al. (2005) would lead to a research question focused on a larger unit of analysis, such as how the SE sector has emerged as a response to marketization pressures on nonprofits. While this information is useful as background to understanding the origins of the Canadian SE sector, it does little to help explain how they function individually or how SE managers make decisions. The research question at hand, which asks if a focus on business leads to mission drift within SEs, requires a theory that has predictive capabilities for individual organizations; resource dependence theory aptly fits this requirement.

Exploring mission drift and mission change in two Canadian SEs

This research investigates the experiences of two SEs at a single point in time in order to suggest what might be a larger phenomenon, namely that mission drift and mission change are natural adjustment mechanisms that occur within many SEs over time as a response to complex operating environments. In order to explore the phenomena of mission drift and mission change using the lens of resource dependence theory, we draw on examples of two SEs, each with a unique set of defining characteristics. The first is a nonprofit SE that focuses on textiles and has a lengthy history, having been established in 2001. The second is a young, mission-driven for-profit SE that provides collaborative workspace. Although this SE has only been in existence since 2012, it is part of a global network of similar SEs that we have drawn on, using an Internet-based survey, in order to validate our findings.[7]

Semi-structured interviews, internal documents, and publicly available online documents were used to gather information on these organizations. Interviewees were selected to represent individuals at various levels within the organizations who participate or have participated in strategic decision-making within that particular SE, such as board members, employees, and founding members. Three individual semi-structured, in-person interviews were conducted for both SEs for a total of six interviews, all of which took place in March 2012. Each interview was approximately one hour in duration and consisted of a series of open-ended questions designed to elicit the participant's experiences and perceptions related to the relationship between business and social objectives, their organization's mission and key resources, and changes to mission over time. The findings from the interviews, survey, and data collection process are described below.

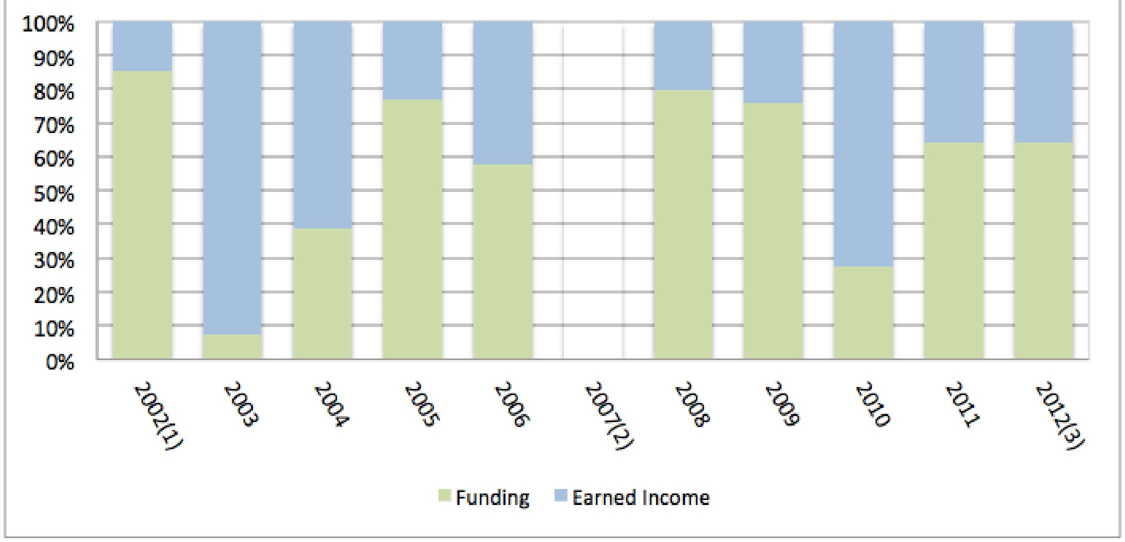
Mission drift and mission change in the nonprofit textile SE

The first organization studied is a small-scale textile manufacturer and registered charity in Ottawa. It was established in 2001 to help immigrant women enter the Canadian workforce. The organization began by training women to do small alterations and repairs. Today, it has expanded to carrying out sewing contracts and producing and selling products made from recycled materials.

The organization has three revenue streams: grants and contributions, donations, and earned income. In 2011, the organization derived 64 percent of its operating budget from funding sources (grants, contributions, and donations) and 36 percent from its earned income activities. Earned income was comprised of alterations and repairs (28 percent); sales of products made in its workshops as well as donated fabric and notions (seven percent); and training (one percent).

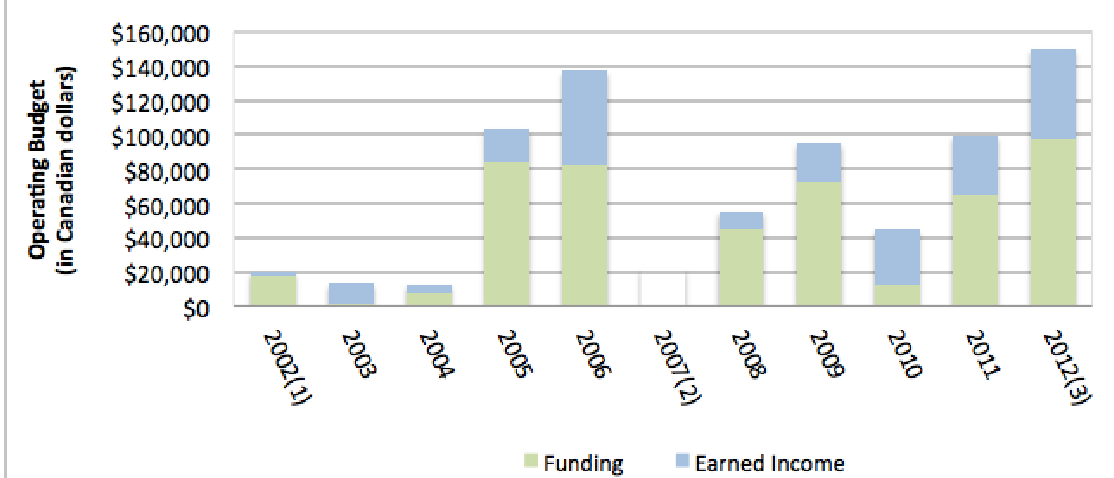
Figure 2 illustrates the proportion of revenue from funding and earned income since 2002, while Figure 3 demonstrates the organization's operating budget in Canadian dollars over the same period. Both the operating budget and the proportions of grants and business activities are highly variable. Since 2008, business revenues have trended upwards, whereas funding revenues have been erratic.

Figure 2: Composition of the Textile SE's Operating Budget between 2002 and 2012



1) Data from September 2002 to December 2002
2) There is no data available for 2007
3) Forecast data

Figure 3: The Textile SE's Operating Budget by Source between 2002 and 2012



1) Data from September 2002 to December 2002
2) There is no data available for 2007
3) Forecast data

The data also show that there is a dominant source of revenue each year. With the exceptions of 2003, 2004, and 2010, funding has accounted for more than half of total revenues. This could suggest an inverse relationship between funding and earned income; however, a deeper look at the data shows that when funding has been high, revenues from business activities have also been high.[8] Before 2005, the organization relied on unrestricted funds contributed by the founder and donations from religious organizations and individuals. Since then, unrestricted donations from individuals and religious organizations have been eclipsed by grants and contributions that are tied to the training function of the organization. In 2005, the organization received its first major grant for employment training, which also resulted in its first major spike in contract revenue. While it seems intuitive that added training dollars could create productive capacity and open up the potential for income generation through contract fulfillment, it is less intuitive that funding revenue and earned income could be complementary.

The organization's mission statement has also varied along with its revenue base; it experienced two substantial shifts to reflect its primary resources. Table 1 illustrates how the organization's mission has changed over time. At inception, the SE was unincorporated and informally organized. The founder's mission was to create a social hub with a focus on community for unemployed or underemployed immigrant women. In 2002, the SE was established as a nonprofit cooperative. From 2002 to 2006, the cooperative focused on the "well-being" and personal and professional development of its members by creating a "healthy work environment."

Table 1: The Textile SE's Mission Statements from 2002 to 2011

Year	Mission Statement
2002	[The] mission is to support the core group of trainees* so that they can achieve financial independence through cooperative work. (*Immigrant and unemployed Canadian women from the City of Ottawa)
2003	[The] mission is to offer a healthy work environment, promoting personal and professional growth while contributing to the development and socio-economic empowerment of its members through respect, honesty and valuing cultural diversity."
2004	[The] mission is to offer a healthy work environment, promoting the personal and professional growth of its members and having an influence throughout the community.
2005	[The] mission is to benefit the community by creating healthy environments for learning and working that foster the personal and professional growth of its members.
2006	**[The] mission is to contribute to the well-being of the collectivity by promoting the personal and professional development of its members through the creation of training and fair work opportunities.**
2007	[We are] a non-profit organization that provides training to French-speaking new Canadian women, in order to facilitate their integration into the workplace
2008	To provide professional training for employment accompanied by an internship of limited duration in the workplace, allowing disadvantaged immigrant women to develop professional skills and increase their employability so that they can find employment.
2009	**[We are] a non-profit small-scale manufacturing enterprise creating work and training for skilled and/or passionate people about sewing – often newcomers to the country.**
2010	[The] mission is to develop skills and employment for economically marginalized visible minority and/or immigrant women of Ottawa, using their existing seamstress skills, to confection fashionable totes of all sorts from **donated local textile refuse**, so that they eventually achieve financial autonomy; while promoting textile recycling.
2011	[We are] a registered Canadian Charity, providing temporary employment and skills development training through small-scale textile recycling.

The first shift in the mission statement took place in 2006 when the organization began to emphasize the creation of training and work opportunities over a healthy work environment. The variation occurred one year after the organization received its major grant for employment training and contract income spiked. The second shift occurred after four years of significant revenue generation from major sewing contracts. In 2009, the organization identified itself as a small-scale manufacturing enterprise and its mission statement incorporated production in addition to employment and training. Also during this time, the organization converted into a registered charity because it was experiencing difficulty sustaining the membership required to remain a cooperative. The charitable status satisfied Canada Revenue Agency requirements and facilitated access to grants and contributions. Interestingly, while the organization had engaged the community in partnerships to salvage and recycle fabric since 2002, the environmental focus did not appear in the stated mission until 2010.

The interview findings demonstrate how mission is related to primary resources by unraveling a story about the search for financial sustainability. All three interviewees associated the mission with the social function of the organization. The interviewees used verbs such as “to help,” “to train,” and “to create work for” to explain how the organization serves underemployed and immigrant women. In this manner, the organization was to act as “a bridge” for women “to transition towards sustainable fiscal independence.” While the interviewees acknowledged waste reduction as a goal, it was a less prominent aspect of their mission. This finding is consistent with the earlier observation that the environmental element of the organization’s mission did not appear until almost eight years after it began to engage in environmental activities. No interviewee mentioned profit goals or even revenue-generating activities as part of the organization’s mission.

The interviewees' focus on the organization's social function reflects the SE's primary resources: grants tied to the training of marginalized workers. In fact, all interviewees observed that the organization spent more energy on skills training than on boutique sales or securing sewing contracts. Two interviewees estimated that roughly 65 percent of the SE's energies were put towards skills training. This perception is consistent with the 2011 revenue data: 64 percent of the organization's operating budget was derived from grants and funding directed towards the skills-training program.

Despite the emphasis on the social function of the organization, interviewees considered their social mission and earned income activities to be aligned and well integrated. One interviewee used an "endless loop" to describe how business and mission feed into each other and how the earned income activities directly contribute to the fulfillment of the social mission. Yet, one interviewee noted that business and mission goals could sometimes conflict when setting training fees. Occasionally, low-income women who are not eligible to receive public funding approach the organization. A tension exists in this situation because the organization needs to recover the costs of the program while also fulfilling its mission to assist underemployed and marginal workers. According to one interviewee, "Situations are ad hoc and you just [have to] deal with it."

All three interviewees believed that a shift towards business was forthcoming. They indicated that the proportion of resources spent pursuing boutique sales and securing sewing contracts would soon increase due to the recent hiring of a business manager. This finding is consistent with the earned income growth trend demonstrated in Figure 3.

Interviewees felt that the organization could better fulfill its mission if more than 36 percent of its revenues were derived from its business activities due largely to the financial certainty the earned income afforded over grants, contributions, and donations. The shift was described as “being able to knead and massage the mission into a money story.” In one interviewee’s words, “It seems that we adhere to the fact that we can’t go faster in the process of development than the money we have.” In another interviewee’s opinion, the organization was more likely to focus on business activities when their grants and contributions dried up.

The recent focus on earned income and desire for financial sustainability point to an impending shift in the stated mission given that the revenue base is likely to become more consistently weighted towards earned income. Over its lifetime, the textile SE has already experienced several small episodes of mission drift, focusing first on community building and then on skills development, job creation, production, and, most recently, material waste reduction. Most of these episodes were quickly corrected, however, by formal changes to its mission statement. Interviewees viewed the long-term drift in mission as a natural occurrence or an “evolution” arising from “necessity” and circumstance and as a form of organizational learning. Several excerpts from the conversations with interviewees illustrate this perception:

> “The whole organization has drifted from mission to business out of necessity.”
>
> “Something is going to change – it is only a matter of how and when.”
>
> “At first we were so driven to help immigrants. Now it’s a different story. There is so much choice for funders and cuts in funding. It is the reality of the City of Ottawa; funding doesn’t last forever.”

Thus, interviewees portrayed how the organization was flexible with respect to how it achieved its social mission, having altered its strategies to obtain financially sustainable resources. At the same time, the interviewees remained emphatic that the ‘what’ of the social mission, to serve underemployed and immigrant women, would always remain the priority. This suggests that there is a limit to the allowable drifts or changes in mission.

Challenges for the for-profit collaborative workspace SE

The second example is a new SE that sells collaborative workspace in Ottawa. Although this SE is structured as a for-profit corporation, it operates more like a nonprofit organization due to a non-distribution of profit clause entrenched within its corporate articles and a volunteer board of directors. Despite being a relatively new SE it is part of a global network of approximately 40 member organizations that has existed since 2005, the common goal of which is societal transformation through collaborative innovation. Each member organization follows a similar business model: In exchange for a membership fee, member organizations offer a hosted workspace environment targeted towards social innovators, entrepreneurs, students and academics, nonprofit professionals, and freelancers. Member organizations curate programming, such as workshops and special events, focused on creating innovative solutions to society’s challenges. Lastly, they facilitate connections among their members and stakeholders to stimulate innovation.

Each local organization is free to determine its own legal operating structure: roughly 50 percent of member organizations are for-profit, 38 percent are nonprofits, and 12 percent are cooperatives. The Ottawa SE chose a for-profit structure initially because it believed it could be self-sustaining and raise the required start-up capital more reliably and faster through bank loans and friendly lenders than through grants or contributions.

This SE generates 100 percent of its revenues from the income derived from its business operations. Table 2 provides a description of the organization's earned income streams, which include membership fees (65 percent), ticket sales (25 percent), and space rentals (10 percent).[9] The SE also actively pursues sponsorships from strategic partners who contribute no-cost or lower-cost resources, such as catering or training, used at events or during operating hours.

Table 2: Description of the Collaborative Workspace SE's 2012 Revenue

Proportion of 2012 Operating Budget by Revenue Type[1]	
Funding	
Grants	0%
Donations	0%
Total	0%
Earned Income	
Membership Fees	65%
Ticket Sales	25%
Space Rentals	10%
Total	100%
Total Revenues	**100%**

[1] Includes revenues for February and March 2012

The SE's mission statement is "to catalyze and support socially driven ideas, initiatives, and ventures for a better city and better world." The organization's revenue-generating activities are consistent with its mission: memberships, events, workshops, and space rentals all directly relate to the "support" of social innovation. Given its young age, there has not been much opportunity for variations in the organization's stated mission.

The SE's for-profit legal structure ensures fidelity to earned income as its primary revenue stream as it cannot receive donations, grants, or contributions. Therefore, unlike the textile SE interviewees who focused on a particular type of revenue stream to achieve financial sustainability, the collaborative workspace interviewees focused on the stakeholders themselves, who are the sources of their revenue. Their story is about the search for legitimacy with the aim of obtaining and maintaining members. The organization depends on its stakeholders in order to fulfill its mission of social innovation in two key ways. First, social innovation through collaboration and co-working cannot occur in isolation and depends on a place-based community of people. Second, the organization's 100 percent earned income revenue base is directly dependent on its ability to extract membership fees, ticket sales, rental fees, and sponsorships from its stakeholders. Thus, the organization's concern with its stakeholders is a reflection of its concern with financial sustainability and the nuances of its mission.

The collaborative workspace SE interview findings demonstrate how its business and mission are closely tied together. All three interviewees used verbs such as "catalyze," "enable," "encourage," "facilitate," and "accelerate" to describe how the organization accomplished its mission. While no interviewee identified profit goals or revenue-generating activities in their description of the mission, they felt that the business activities and the social mission were very aligned. They perceived the social mission to be the driver of the organization, but all agreed that revenue generation is required to fulfill the social mission. One interviewee believed that a good test for a SE was whether it was difficult to tease out the social mission and business goals. The following excerpts illustrate these points:

> "Without the social mission our business would not exist."

> "We all treat this like a business."

> "The irony … with a social business is that profitability and social impact are intertwined. You can't really separate them because if you are not a viable business then you can't deliver on your social mission. Or, your product is something that contributes to community development or social benefit. So if you are not selling your product then you're not providing that community service."

The three interviewees had trouble separating the energy spent on business activities from the energy exerted on mission-related ones. They viewed the social mission and business activities as so integrated as to be indistinguishable. Interviewees believed that the answer to the choice between attracting new membership and creating better membership experiences was not static but changed over time depending on the needs of the organization.

Essentially, the SE must respond to the demands of its members. Because the members are both customers of its services and clients of its programs, it struggles to manage the expectations of these two roles. Since the organization is member-driven, at times members believe they should have influence in strategic or business decisions. Members can suggest or “softly dictate” new initiatives or strategies. Sometimes the demands are related to the social mission and other times to its business activities. Examples include operating decisions such as setting prices for those with less income or determining which events to hold. Because mission fulfillment depends on people using the collaborative space, a tension exists if potential members cannot afford to pay for its use. As one interviewee asked, “Where do you draw the line with who needs financial help?” In the words of another, “Ideally anyone could use the [services] for free but [our organization] is not able to do that right now.” Increasing accessibility to the service was understood to support the SE’s mission in the short run but to potentially weaken its ability to remain financially viable, and thus undermine its mission, in the long run. The SE responded to this tension through “trial and error” and experimentation.

Thus, the SE’s stated mission reflects the primary resources of the organization to the extent that the target audience of its social mission is also the provider of its revenue stream. In other words, the SE’s mission is fulfilled *and* the organization becomes financially sustainable as it provides its service. However, because the members are both customers and clients, there is a degree of complexity that presents the opportunity for mission drift. By being able to balance the demands of its stakeholders, the organization can gain and maintain the legitimacy required to ensure financial sustainability.

Global network survey

Because of the Ottawa collaborative workspace SE's young age, a survey of other member organizations within this global network was conducted. The eight organizations that responded were located internationally, ranged in age from one year to six years, and maintained a strong commitment to the social mission of inspiring, connecting, and catalyzing impact; one was a co-operative and the other seven were for-profit SEs. The survey responses largely confirmed the findings of the Ottawa member organization. All eight respondents reported that their mission statements had not varied over time. Given that all respondents had also experienced increases or decreases in various components of their earned income streams, it does not appear that changes in earned income revenue streams lead to changes in mission statement. Interestingly, although only half of respondents were open to adapting their mission as they evolved over time (38 percent were unsure and 12 percent were closed to the idea), all eight would consider adapting *how* they fulfilled their social mission to improve their financial sustainability.

Also similar to the Ottawa member organization was the degree to which respondents believed that mission and business were intertwined. All eight survey respondents strongly agreed with the statement, “Achieving our social mission and business goals are equally important to the success of our [organization].” Furthermore, 87 percent of the respondents strongly agreed or agreed with the statement, “We fulfill our social mission when we carry out our business activities.”

Implications for SEs

This article questions whether a focus on business leads to mission drift within SEs. Our examples demonstrate that the relationship between business activities and social mission is not so simple. While the generalizability of the findings is limited, the research points to a more nuanced understanding of the relationship between business and mission within SEs and the occurrence of mission drift. Much of the current debate regarding SE depicts business objectives as completely distinct from social mission goals. Yet both example organizations, in addition to the survey respondents, perceived business as a mechanism to actually support and enable the social mission. Rather than viewing business as a catalyst of mission *drift*, these organizations viewed business as a catalyst of mission *fulfillment*, both directly through the provision of services and indirectly through financial sustainability. The findings from the textile SE, for example, demonstrate how it was tied funding that initially provided the impetus for mission drift and not business activities. This supports the claims made by Jones (2007) and Froelich (1999) that nonprofits are subject to multiple sources of mission drift beyond a focus on business.

Another interesting finding is that interviewees perceived mission drift to be normal, to be expected, and to result in organizational learning and experimentation. While the survey respondents did not show quite as much openness to changes in their mission statement over time as the interviewees of the two example SEs, they were open to adapting *how* their mission was fulfilled. Moreover, while the established textile SE had arguably experienced several short incidences of mission drift over the last ten years followed by formal changes in their mission statement, interviewees did not see this as harmful but rather as an evolution and response to environmental circumstances. The attitudes of the SEs towards mission drift are in striking comparison to the largely negative sensitivity to mission drift that emerges from the literature (Edwards, 2008; Weisbrod, 2004). Davis (2001) identified a similar finding by distinguishing between malign and benign mission drift within nonprofit SEs. As Davis (2001) explained, the difference between malign and benign mission drift was in the extent to which key stakeholders (donors) were aware of the change in mission direction (through the use of their funds). This suggests that the real issue is in communicating mission change, or change management, rather than the fact that mission drift occurs.

According to resource dependence theory, an effective organization will alter its strategies in response to environmental constraints. Thus, resource dependence theory should expect missions to drift and change more frequently within an uncertain environment. The research sought to show how SEs are more prone to mission drift because of the complexity of their operating environment, which requires them to satisfy multiple stakeholder demands. In fact, the SEs under study support the claim that SEs function within a complex operating environment. The daily pressures to balance their social mission goals and business activities were recognized as a permanent operating challenge.

Originally, it was expected that the SEs would face competing demands from distinct resource providers. A surprising finding was that neither SE felt particularly beholden to conventional financial stakeholders such as funders, in the example of the textile SE, or bank lenders, in the example of the collaborative workspace SE. The main source of pressure originated from their customers—who were also their clients. Therefore, although the customers and clients technically represented two stakeholder groups, they were made up of the same individuals. Interviewees from both organizations were able to pinpoint the locus of complexity within the system by identifying the nuances in the demands of this combined stakeholder group. The result is that, yes, SEs are more complex, but not because of the competing demands of multiple stakeholder groups. Rather, this is due to multiple competing demands of one stakeholder group. Customers are often demanding an expansion of services or increased accessibility to products or services with inconsistent ability or willingness to pay. A decision to provide free access can support the mission in the short run but undermine financial sustainability, which negatively impacts the mission in the long run. Both SEs were able to identify the feedback loops inherent in these decision points. Although challenging, interviewees accepted and expected this complexity.

The research also sought to show how missions are less likely to change provided that the stated mission reflects the SE's primary resources. It was found that the stated missions of each example organization originally reflected their primary resources. However, this alignment is not a good predictor of mission drift because primary resources can change over the lifetime of a SE, particularly for nonprofit SEs, which rely on a variety of income sources. Each time the established textile SE shifted its primary resources, its mission statement was temporarily out of alignment. Mission drift was observed until the mission statement was adapted to the new resource base. The textile SE first experienced mission drift when its funding became tied to training and then when earned income opportunities became available. Interestingly, changes in the stated mission lagged changes in the organization's resource base and its activity orientation. It took only one year for the organization's mission to reflect new funding priorities, four years to identify with earned income opportunities, and over eight years to incorporate the environmental mission. One could speculate from this observation that the speed with which the mission statement responds to changes in an organization's revenue base is closely tied to the actual function of the mission statement; customers do not necessarily draw on mission statements when making purchasing decisions whereas funders use mission statements in their evaluation criteria.

The collaborative workspace SE did not experience mission drift and change to the same extent as the textile SE. This may be because the SE's for-profit legal structure, even despite its operational similarities to a nonprofit, limited the funding sources available to it to that of earned income. Thus, in this particular example, there was less opportunity for misalignment between mission statement and primary resources.

Limitations of this study

A broadly applicable examination of mission drift requires a longitudinal case study that tracks an organization over a number of years. Thus, the external validity of this article's findings is limited in that it only examined the SEs over a short period of time. In addition, the emerging nature of the SE field in Canada combined with the small number of examples, interviews, and survey responses involved in this study limit the generalizability of the findings. More data through formal case studies, further interviews, and a broader survey are required, which is beyond the scope of this research.

Conclusion

This article applies resource dependence theory to SEs, a type of organization that is unique from the large nonprofit and for-profit organizations that the theory has traditionally been applied to in the past. The experiences of the two SEs demonstrate that, to a certain extent, mission statements provide a good reflection of an organization’s primary resources and that mission drift and, subsequently, formal changes in mission statements occur when mission and primary resources are not in alignment. This is likely to happen when the primary resources of a SE change. This finding is consistent with resource dependence theory, which tells us that an effective organization will alter its strategies in order to manage their dependence on those who control the key resources it requires for survival.

Both example organizations demonstrated an affinity towards earned income over funding because of the autonomy and financial sustainability it provides them. The textile SE has adapted its mission to changes in its primary resources over ten years and it is likely that it will do so again to reflect the new focus on earned income opportunities. The collaborative workspace SE’s mission statement is already aligned with its 100 percent earned income revenue stream, helping to explain the lack of mission drift it has experienced. The survey results of organizations in the global network indicate that it is unlikely that the organization's mission statement will change due to alterations within its earned income revenue mix.

Furthermore, resource dependence theory expects that mission drift will occur more frequently within complex environments. This article illustrates that the SEs experienced difficulty in balancing their social mission and business goals because of the complexity inherent in responding to the demands of a stakeholder group that is both customer and client. This makes it difficult for managers to anticipate the effects of their decisions. How the SEs handle this complexity could have an impact on both their primary resources and, eventually, their mission statements.

Managers of SEs may benefit from the findings in this article as they provide examples of how mission is related to resources. In an environment of fiscal uncertainty, it is useful to be aware of how innovative strategies that change an organization's primary resources may ultimately affect its mission. The findings demonstrate nuances in how we understand the relationship between mission and resources. While "mission drift" is largely a normative term, neither organization in this study viewed shifts in mission negatively. This points to further research questions: Is mission drift always something to be avoided or is it appropriate for it to occur over time, provided that it is accompanied by formal changes in the mission statement? If mission drift should occur, how does this affect the accountability of SEs to their key stakeholders? In addition, while the research establishes that mission drift is not necessarily something to be avoided, it provokes questions regarding how the change can be managed most effectively.

Lastly, the findings point to the importance of legal structure in resource acquisition and mission fulfillment. The textile SE's legal structure changed twice over ten years in close proximity to changes in primary resources and mission statement. In addition, both organizations believed that legal structure conferred legitimacy to their stakeholders and were willing to contemplate major shifts in their legal structure if they facilitated resource acquisition from key stakeholders. Further research exploring the relationships between mission drift, resource acquisition, and legal structure would be useful in policy discussions regarding a unique legal structure for SEs.

Notes

1. It should be noted that some provincial studies included both for-profit and nonprofit social enterprises while others focused exclusively on nonprofit social enterprises. For this reason, attention should be paid to legal structure when comparing the number of social enterprises across provinces.

2. The statistics do not include hospitals, universities, or colleges.

3. The 2012 Federal Budget announced in March included a $5.2 billion reduction in departmental spending. It is unclear what specific implications these cuts will have on the nonprofit sector. (Imagine Canada, 2012)

4. Jeffrey Skoll was born and raised in Canada but now resides in the U.S. where his foundation is headquartered.

5. In March 2013, the British Columbia provincial government passed regulations allowing for the creation of a new legal structure called community contribution companies, or C3 for short, designed to "bridge the gap between for-profit businesses and nonprofit enterprises" (BC Ministry of Finance, 2013). In November 2012, the Nova Scotia provincial government introduced legislation to create a new legal structure called a community interest company, which "will have characteristics of both businesses and nonprofits, combining entrepreneurship with a social purpose" (Service Nova Scotia and Municipal Relations, 2012).

6. A non-distribution of profit clause refers to the inability for an organization to "distribute residual money or property to parties that supply them with either capital

or labour" (Davis, 2001, p. 490). Instead, all residual money is reinvested in the organization.

7. Of the eight member organizations that responded to the survey, four were located in Europe, three in North America, and one in South America. Respondents ranged in age from one year to six years; one was a co-operative and the other seven were for-profit social enterprises.

8. Except in 2010, when the organization experienced limited funding but relatively stable revenues from business activities.

9. Revenue data in Canadian dollars is not available for the for-profit in order to respect the wishes of the organization.

References

Alter, S. K. (2006). Social enterprise models and their mission and money relationships. In Nicholls, A. (2006). *Social entrepreneurship: New models of sustainable social change*. New York: Oxford University Press.

British Columbia Ministry of Finance. (March 2, 2013). *Legislative changes encourage investment in social capital.* URL: http://www.newsroom.gov.bc.ca/2013/03/legislative-changes-encourage-investment-in-social-capital.html [October 22, 2013].

Brooks, N. (2001). The role of the voluntary sector in a modern welfare state. In edited by Phillips, J., Chapman, B., & Stevens, D. (Ed.), *Between State and Market Essays on Charities Law and Policy in Canada.* Montreal, Quebec: McGill-Queen's University Press.

Bugg-Levine, A., & Goldstein, J. (2009). *Impact investing: Harnessing capital markets to solve problems at scale.* Community Development Investment Review, Federal Reserve of San Francisco. URL: http://www.frbsf.org/community-development/files/bugg_levine_goldstein.pdf [October 22, 2013].

Canadian Task Force on Social Finance (2010). *Mobilizing private capital for public good.* Social Innovation Generation. URL: http://socialfinance.ca/uploads/documents/FinalReport_MobilizingPrivateCapitalforPublicGood_30Nov10.pdf [October 22, 2013].

Causeway. (2009). *Social finance: Enabling social enterprise for public benefit.* Causeway Policy Brief, 3. URL: https://sites.google.com/a/socialfinance.ca/causeway/social-finance-enabling-social-enterprise-for-public-benefit-march-09 [September 20, 2010].

Crutchfield, L., Kania, J., & Kramer, M. (2011). *Do more than give: The six practices of donors who change the world.* San Francisco, CA: Jossey-Bass.

Community Economic Development Institute. (n.d.). Research findings: Social enterprise in New Brunswick, 2012. URL: http://www.sess.ca/english/wp-content/uploads/2013/02/NB-SE-Survey-Report1.pdf [October 7, 2013].

Davis, G. F., & Cobb, A. J. (2010). Resource dependence theory: past and future. *Research in the Sociology of Organizations*, 28, 21-42.

Davis, G. F., & Marquis, C. (2005). Prospects for organization theory in the early twenty-first century: Institutional fields and mechanisms. *Organization Science*, 16(4), 332-343. doi:10.1287/orsc.1050.0137

Davis, K. (2001). The regulation of social enterprise. In edited by Phillips, J., Chapman, B., & Stevens, D. (Ed.), *Between State and Market Essays on Charities Law and Policy in Canada.* Montreal, Que.: McGill-Queen's University Press.

Davis, L., & Etchart, N. (1999). *Profits for nonprofits: An assessment of the challenges in NGO self-financing*. Providencia, Santiago: Nonprofit Enterprise and Sustainability Team (NESsT).

Dees, J. G. (1998). Enterprising nonprofits. *Harvard Business Review*, 76(1), 54-67.

DiMaggio, P. J., & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48, 147-160.

Diochon, M., & Anderson, A. R. (2009). Social enterprise and effectiveness: A process typology. *Social Enterprise Journal*, 5(1), 7-29.

Eakin, L., & Graham, H. (2009). *Canada's non-profit maze: A scan of legislation and regulation impacting revenue generation in the non-profit sector*. Wellesley Institute. URL: http://sec.oise.utoronto.ca/english/project_outputs/Canada's%20Non-Profit%20Maze%20report.pdf [October 22, 2013].

Edwards, M. (2008). *Just another emperor?: The myths and realities of philanthrocapitalism*. New York, NY: Demos.

Eikenberry, A. M., & Kluver, J. D. (2004). The marketization of the nonprofit sector: Civil society at risk? *Public Administration Review*, 64(2), 132-140. doi:10.1111/j.1540-6210.2004.00355.x

Elson, P., & Hall, P. (2012a). The 2012 Survey of Social Enterprises in British Columbia. URL: http://www.sess.ca/english/wp-content/uploads/2013/04/Headline-results-from-2012-BC.pdf [October 22, 2013].

Elson, P., & Hall, P. (2012b). The 2012 Survey of Social Enterprises in Alberta. URL: http://www.sess.ca/english/wp-content/uploads/2013/04/Headline-results-from-2012-AB.pdf [October 22, 2013].

Emerson, J. (2003). Where money meets mission: Breaking down the firewalls between foundation investments and programming. *Stanford Social Innovation Review*, 1(2), 38-47.

Enterprising non-profits. (2010). *The Canadian Social Enterprise Guide* (2nd ed.). URL: http://vibrantcanada.ca/files/social_enterprise_guide.pdf [March 9, 2012].

Flatt, J., Daly, K., Elson, P., Hall, P., Thompson, M., & Chamberlain, P. (2013). Inspiring innovation: The size, scope, and socioeconomic impact of nonprofit social enterprise in Ontario. URL: http://ccednet-rcdec.ca/sites/ccednet-rcdec.ca/files/ccednet/pdfs/inspiring_innovation-social_enterprise_in_ontario_by_ccednet-pgs.pdf [September 29, 2013].

Foster, W., & Bradach, J. (2005). Should nonprofits seek profits? *Harvard Business Review*, 83(2), 92-100.

Froelich, K. (1999). Diversification of revenue strategies: Evolving resource dependence in nonprofit organizations. *Nonprofit and Voluntary Sector Quarterly*, 28(3), 246-268. doi:10.1177/0899764099283002

Gibson, K., O'Donnell, S., & Rideout, V. (2007). The project-funding regime: Complications for community organizations and their staff. *Canadian Public Administration*, *50*(3), 411-436. doi:10.1111/j.1754-7121.2007.tb02135.x

Hall, M., Barr, C. W., Easwaramoorthy, M., Sokolowski, S. W., & Salamon, L.M. (2005). The Canadian Nonprofit and Voluntary Sector in Comparative Perspective. Imagine Canada, Toronto. ISBN: 1-55401-103-5.

Harji K., & Hebb T. (2010). Impact investing for social finance (Working Paper 10-04). Retrieved from Carleton Centre for Community Innovation website: http://www6.carleton.ca/3ci/ccms/wp-content/ccms-files/Impact-Investing-for-Social-Finance-v1.pdf

Imagine Canada (2012). *Budget 2012: Summary of items affecting the charitable and nonprofit sector*. URL: http://www.imaginecanada.ca/files/www/en/publicpolicy/budget_2012_analysis.pdf [October 22, 2013].

Imagine Canada. (2010). *A framework for action for the nonprofit sector*. URL: http://www.imaginecanada.ca/files/www/en/publicpolicy/framework_for_action.pdf [October 22, 2013].

Jones, M. (2007). The multiple sources of mission drift. *Nonprofit and Voluntary Sector Quarterly*, 36(2), 299-307. doi:10.1177/0899764007300385

Lasby, D. (2011). Trends in individual donations: 1984-2010. *Research Bulletin*. Imagine Canada.

Martin, P. Rt. Hon. (2007). Unleashing the power of social enterprise. Speaking notes for a presentation at the Munk Centre, University of Toronto, Toronto, Ontario. (Unpublished Mimeo).

McKinnon, S. (2011). What does it mean to start a social enterprise? (Report # R 11-01) Retrieved from Carleton Centre for Community Innovation website: http://www6.carleton.ca/3ci/ccms/wp-content/ccms-files/3ci-Social-Enterprise-Primer1.pdf

Mendell, M. (2010). Reflections on the evolving landscape of social enterprise in North America. *Policy and Society*, 29(3), 243-256. doi:10.1016/j.polsoc.2010.07.003

Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340.

Moizer, J., & Tracey, P. (2010). Strategy making in social enterprise: The role of resource allocation and its effects on organizational sustainability. *Systems Research and Behavioral Science*, 27(3), 252-266. doi:10.1002/sres.1006

O'Connor, R., Elson, P., Hall, P., & Reimer, B. (2012). Measuring the size, scope, and scale of the social enterprise sector in Manitoba. URL: http://www.mtroyal.ca/wcm/groups/public/documents/pdf/ins-mbsurvey.pdf [September 29, 2013].

Pfeffer, J. (2005). Developing resource dependence theory: How theory is affected by its environment. In Smith, K. G., & Hitt, M. A. (Eds.). *Great Minds in Management: The Process of Theory Development*. Toronto, ON: Oxford University Press.

Pfeffer, J., & Salancik, G. R. (1978). *The external control of organizations: A resource dependence perspective*. New York, NY: Harper and Row.

Phillips, S., & Hebb, T. (2010). Financing the third sector: Introduction. *Policy and Society*, 29(3), 181-187. doi:10.1016/j.polsoc.2010.07.001

Scott, K. (2003). *Funding matters*. Summary Report. Canadian Council on Social Development, ISBN: 0-88810-519-3.

Seedco Policy Centre (2007). *The limits of social enterprise: A field study and case analysis.* New York, NY: Seedco.

Service Nova Scotia and Municipal Relations (November 28, 2012). *New opportunities for social entrepreneurs.* URL: http://novascotia.ca/news/release/?id=20121128010 [October 22, 2013].

Smith, B., Stevens, C., & Barr, T. (2010). Social entrepreneurs and earned income opportunities: The dilemma of earned income pursuit. In Fayolle, A., & Matlay, H. (Eds.). *Handbook of Research on Social Entrepreneurship.* Cheltenham: Edward Elgar.

Smith, S. R. (2010). Hybridization and nonprofit organizations: The governance challenge. *Policy and Society*, 29(3), 219-229. doi:10.1016/j.polsoc.2010.06.003

Social Enterprise Sector Survey. (2013). Canadian social enterprise sector survey project. URL: http://www.sess.ca/english/ [October 21, 2013].

Statistics Canada. (December 17, 2010). Satellite account of non-profit institutions and volunteering 1997-2008.

Statistics Canada. (2009). Satellite account of non-profit institutions and volunteering 2007. URL: http://www.statcan.gc.ca/pub/13-015-x/13-015-x2009000-eng.pdf [May 20, 2013].

Tarr, A., & Karaphillis, G. (n.d.). Research findings: Social enterprise in Nova Scotia. URL: http://www.sess.ca/english/wp-content/uploads/2012/12/NS-SocialEnterpriseResearch-ATGK.pdf [September 29, 2013].

Tierney, J., & Fleishman, J. (2011). *Give smart: Philanthropy that gets results.* New York, NY: PublicAffairs.

Web of Science. (January 25, 2014). *Citation Report: Cited Work=("External control org") AND Cited Year=(1978).* New York: Thomson Reuters.

Weisbrod, B. A. (2004). The pitfalls of profits. *Stanford Social Innovation Review*, 2(3), 40-47.