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Sink, swim, or drift: How social enterprises use supply chain social capital to balance tensions between impact and viability

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Abstract

Social enterprises seek solutions for some of society's most pressing problems through the development of commercially viable businesses. However, pursuing social impact is often at odds with financial viability, and social enterprises need to engage with a wide range of stakeholders to access tangible and intangible resources to overcome this tension. Although the current literature emphasizes the need for social capital within social enterprises' supply chain relationships, it does not consider the costs associated with the development of such capital. This article examines how social enterprises develop social capital in their supply chain relationships and how this social capital affects their ability to pursue impact and viability. Using data from in-depth interviews with nine social enterprises, the findings indicate that the roles and positions of beneficiaries in supply chains determine the appropriate forms of social capital needed to sustain simultaneous impact and viability. The empirical insights highlight that structural and relational capital are most valuable within core supply chain relationships, whereas cognitive capital is most beneficial within peripheral relationships aimed at enhancing competitiveness. Further, social enterprises sometimes relinquish power in their supply chain relationships to prioritize impact but develop relational capital to mitigate threats of opportunism. This study advances a contingent view of social capital in cross-sectoral supply chain relationships and provides valuable implications for managers pursuing impact.

KEYWORDS
case studies, social capital, social enterprises, social impact supply chain management, social responsibility

INTRODUCTION

Social enterprises contradict the usual goals of commercial business, treating profits as a tool to create social impact, rather than an inherently worthy outcome (Galera & Borzaga, 2009; Haigh & Hoffman, 2012). They willingly enter challenging markets, rectify institutional voids, and address societal issues while seeking financial viability (Lashitew et al., 2022). As an example, the social enterprise VisionSpring was founded to provide high-quality eyeglasses to low-income individuals after the founder learned that only 5% of the 1.6 billion people who require glasses could afford them (Ebrahim et al., 2014; Sodhi & Tang, 2016). A core challenge in serving these customers was creating a product that was functional and affordable to both purchase and manufacture. VisionSpring uses innovative tactics to reduce costs, such as structuring the downstream supply chain around micro-entrepreneurs who provide eye exams and sell glasses in their own communities for as little as US$2 per pair (Ebrahim et al., 2014). By 2022, VisionSpring distributed 8.7 million pairs across 24 countries (VisionSpring, 2022). VisionSpring is one of many exemplars demonstrating the capacity of social impact supply chains (SISCs)—referring to the supply chains of social enterprises—to address major societal challenges (Pullman et al., 2018).

A core challenge identified in the social entrepreneurship literature is managing hybridity, as social enterprises grapple with the often conflicting rules, goals, and norms—also called institutional logics—associated with their commercial and social activities (Haigh & Hoffman, 2012; Thornton & Ocasio, 1999). The challenges associated with hybridity can lead to dehybridization, referring to the shedding of institutional logics, or mission drift, which is the diversion of resources away from the organization's mission (Cappellaro et al., 2020; Jones, 2007; Yang et al., 2021). To prevent these outcomes, social enterprises seek tangible and intangible resources from a diverse group of partners, including suppliers, customers, non-governmental organizations (NGOs), community members, and other non-traditional supply chain actors (Lashitew et al., 2022; Pullman et al., 2018). A social enterprise's ability to access such resources through its relationships is referred to as its social capital (Tsai & Ghoshal, 1998).

Although the current literature emphasizes the need for social capital in the supply chain relationships of social enterprises, it does not account for the costs of its development (Lashitew et al., 2022). The concept of social capital casts relationships as resources (Lavie, 2006; Tsai & Ghoshal, 1998). Where social capital merely creates opportunities for supplemental gains in conventional organizations, it is a crucial resource social enterprises access to achieve their mission and maintain their viability, given the barriers they face in accessing mission-aligned funding sources (Battilana & Lee, 2014). However, the deployment of social capital for one purpose, like to enhance relationship performance, may have negative impacts on another outcome, like financial performance (Nahapiet & Ghoshal, 1998). For example, over-embedded relationships may allow opportunistic behavior to flourish (Villena et al., 2011). Gauging this balance is critical, as it is resource intensive to develop social capital, and the opportunity costs, like loss of power or control, must be carefully considered (Adler & Kwon, 2002).

Neither the supply chain management (SCM) nor the social entrepreneurship literatures explain how social enterprises leverage supply chain relationships to mobilize power and resources to achieve social impact and maintain their viability. Several studies on the structure of SISCs have recently emerged, focusing on the integration of diverse institutional logics, the management of institutional tensions between partners, and supply chain design for social businesses (Bals & Tate, 2018; Longoni et al., 2019; Pullman et al., 2018). This article extends this growing body of work by examining the connection between supply chain social capital and the ability of social enterprises to persist in their pursuit of social impact and viability despite the tension they experience between social and commercial goals. Specifically, two research questions are considered:

RQ1. How do social enterprises develop supply chain social capital to enhance their financial viability and social impact?

RQ2. How does social capital developed by social enterprises influence their ability to sustain their hybridity?

Answers to these questions are sought through the execution of nine case studies of social enterprises, comprising interviews with focal organization employees and upstream and downstream supply chain partners. The organizations studied represent a range of common approaches to social entrepreneurship, including social procurement models, workforce development models, and those that focused on the provision of impactful products (Battilana et al., 2015; London et al., 2010). The findings illuminate patterns in the development of social capital between focal organizations with upstream versus downstream beneficiaries. Further, the case studies illustrate how the deployment of different forms of social capital identified support or hinder an organization's ability to pursue both viability and impact simultaneously.

This research makes several contributions to SISC and social capital in the SCM literatures. First, it presents a contingent view of supply chain social capital's influence on social enterprises' ability to survive the tension between financial viability and social impact. Second, it helps uncover when relationships with intermediaries are conducive to sustained hybridity for different types of social enterprises. Next, it highlights counterintuitive power dynamics in SISCs, wherein the focal organization deliberately relinquishes power over its impact or viability to other actors and uses relational capital to mitigate threats of opportunism. Finally, important boundary conditions are identified that determine the impact of cognitive capital development on organizational competitiveness and hybridity. Previous studies have shown that commercial organizations use social capital for supplemental gains, rather than for survival, and tend to subordinate social goals to commercial objectives when the two are in tension. In contrast, this research emphasizes the broader role of social capital in impact creation by social enterprises and its role in enabling alternative approaches to managing tensions between viability and impact.

THEORETICAL BACKGROUND

Developing and managing supply chains for impact

Social enterprises engage in both economic and noneconomic activities, and this hybridity alters how they approach SCM (Doherty et al., 2014). Although the study of social enterprises is in its infancy in the SCM literature, several useful insights have emerged from the broader social entrepreneurship literature. The creation of social impact necessitates the selection of beneficiaries whom the SISC serves. These beneficiaries typically face social or economic marginalization, and may be customers, members of the community, supply chain partners, or exist outside the supply chain (Mair et al., 2012). Social enterprises develop a deep, contextualized understanding of the issues beneficiaries face by engaging with a wide group of stakeholders (Anderson & Billou, 2007). Their missions require moving from a "surface-level" strategy toward improving capabilities, strengthening the operating environment, and improving long-term outcomes (Ansari et al., 2012; Stephan et al., 2016).

A focus on social impact and the inclusion of a plurality of stakeholders distinguish SISCs' relational management approaches from those seen in traditional supply chains (Pullman et al., 2018). Through social capital, social enterprises can access resources that can be difficult to acquire through traditional market exchange (Mair & Marti, 2009). Ties with stakeholders can confer legitimacy, inhibit opportunistic behavior, foster trust and reciprocity, and enhance cooperation (Lashitew et al., 2022; London & Hart, 2004; Rivera-Santos et al., 2012). Social enterprises engage with beneficiaries and other traditional and non-traditional partners to preserve their viability or increase their value creation (Lashitew et al., 2022).

Finally, social enterprises are considered hybrid organizations because of the multiple institutional logics driving organizational practice (Doherty et al., 2014; Greenwood et al., 2009; Haigh & Hoffman, 2012). These logics can be in tension, creating conflicting norms and expectations. Challenges include incoherence in organizational identity and the potential for mission drift (Battilana & Dorado, 2010; Battilana & Lee, 2014; Ebrahim et al., 2014; Jones, 2007). External tensions often arise from perceived illegitimacy because of their failure to conform to institutional norms in legal structures, operations, or objectives (Battilana & Lee, 2014; Pache & Santos, 2013). Internal and external tensions within SISCs can constrain an organization's ability to sustain both viability and impact.

Supply chain social capital

Social capital refers to the goodwill, in the form of information, influence, and solidarity availed of an actor through their social relationships (Adler & Kwon, 2002). Nahapiet and Ghoshal (1998) posited social capital as a multi-dimensional construct with three dimensions: cognitive, relational, and structural capital. Structural capital refers to the strength and configuration of ties within the network; relational capital captures the personal character of relationships, including the presence of friendship, respect, and trust; and cognitive capital refers to shared norms, narratives, language, and goals within relationships (Nahapiet & Ghoshal, 1998).

Interorganizational relationships can foster social capital to serve one or more partners' goals. Cognitive capital enables the integration of new information and facilitates the development of shared frames and communication patterns (Cai & Yang, 2008; Krause et al., 2007). Structural capital can support legitimacy through linkages to accepted actors (Hager et al., 2004). Previous studies have shown the benefits of both weak and strong ties: strong ties support cohesion, whereas weak ties increase diversity (Adler & Kwon, 2002). Relational capital enables the recognition of where useful information may reside within a partner organization and increases an organization's ability to access it (Kale et al., 2000). Trust, an oft-cited indicator of relational capital in the SCM literature, has also been strongly linked to power and its use within supply chain relationships which can have positive or negative impacts (Cousins et al., 2006; Ireland & Webb, 2007; Krause et al., 2007). Non-mediated forms of power (i.e., expert power, referent power, and legitimate power) correlate to enhanced relationship commitment and may be an antecedent to social capital

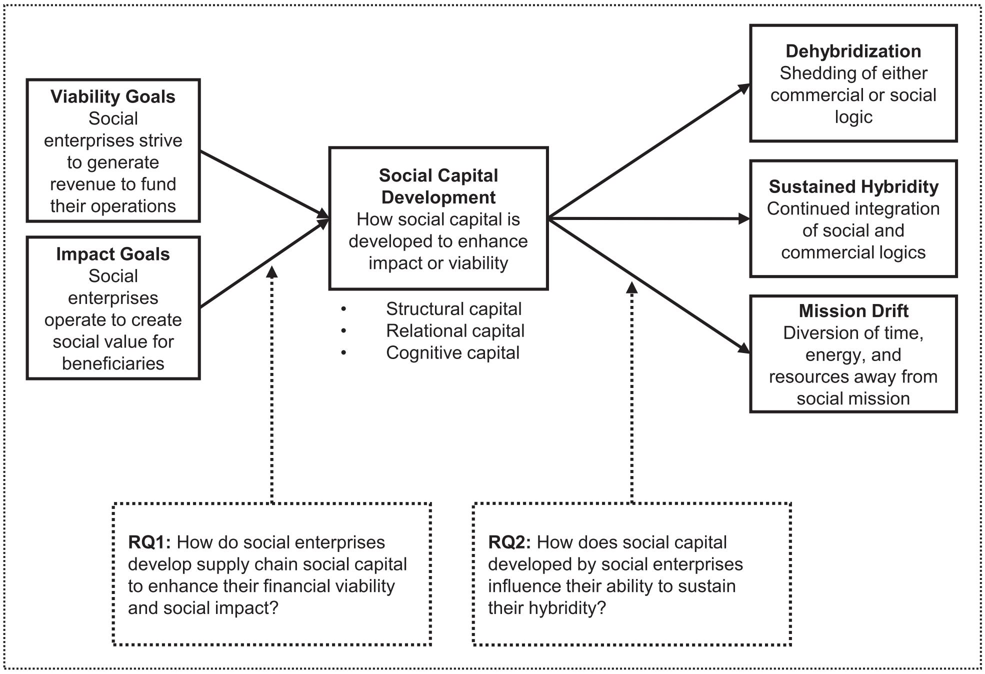

FIGURE 1 Conceptual model

(Alghababsheh & Gallear, 2020; Chae et al., 2017; French & Raven, 1959; Zhao et al., 2008).

However, social capital development comes with a "dark side" (Villena et al., 2011, 2020), and its costs must be carefully weighed against intended outcomes. Cognitive capital may create obligations within relationships, working against actors' interests, such as avoiding experimentation outside the network (Inkpen & Tsang, 2005). Norm violations within deeply embedded relationships may present additional risks to organizations if multiple actors in the network apply sanctions (Lin, 2006). Relational capital can increase opportunism and lead to a loss of objectivity in the relationship (Adler & Kwon, 2002; Villena et al., 2011). Networks characterized by strong ties may become overly insular, restricting collaboration with new partners (Capaldo, 2007; Hughes & Perrons, 2011). Power asymmetries can also have negative consequences in relationships. The use of mediated power (i.e., reward power and coercive power) can negatively affect commitment, contribute to exploitation, and reduce collaboration (Kim et al., 2022; Nyaga et al., 2013; Schleper et al., 2017; Zhao et al., 2008).

Building on existing literature on the role of social capital in for-profit inter-organizational relationships, this study contextualizes the use of social capital in social enterprises—where profits are a means to achieve impact goals (Johnson et al., 2018; Whipple et al., 2015). Figure 1 summarizes the guiding logic of this study. To achieve a dual mission, social enterprises must engage with a broad range of stakeholders and develop social capital to access and mobilize a variety of resources. However, the development and deployment of supply chain social capital comes at a cost, and inappropriate investments in it can diminish the focal organization's impact or viability, leading to dehybridization or mission drift (Cappellaro et al., 2020; Ebrahim et al., 2014; Ramus & Vaccaro, 2017). The present study contributes to the SISC literature by interrogating how social enterprises develop different forms of social capital in their supply chains and how this then affects their continued pursuit of both social impact and financial viability.

METHODS

This study is exploratory, as SISCs are an emerging area of research. To understand SISCs, a multiple case study design is adopted sampling nine Canadian social enterprises (Miles & Huberman, 1994). Studying the focal social enterprise as the unit of analysis is adequate for the proposed research questions, as it connects upstream and downstream partners and beneficiaries and is the primary decision maker regarding relationships, beneficiaries, social impact, and commercial goals. The practices employed throughout the study design to enhance validity and reliability are described in Table 1.

Case selection

Canadian social enterprises[1] were selected to reduce the influence of contextual factors and to focus on one institutional context. The organizations included are representative of the Canadian population and the wider social enterprise population. Some organizations operate locally, whereas others serve beneficiaries abroad. All organizations (1) self-identify as a social enterprise, (2) have a clearly articulated social mission with a defined beneficiary group, and (3) sell a product as a core and ongoing part of their daily operations. Case selection also considered geographic proximity to the interviewer to facilitate in-person data collection. Lastly, for an organization to be included, at least two internal or external respondents must have agreed to participate to enhance validity and facilitate data triangulation.

To increase both the generalizability and specificity of the study's insights, three common social enterprise models were studied: social product (Bals & Tate, 2018), work integration (Battilana et al., 2015), and social procurement (London et al., 2010). These models differ in the roles of beneficiaries (customer, supplier, and employee) and their locations within the supply chain (upstream versus downstream). Using these criteria, an initial list of 14 social enterprises was compiled, and all were invited to join the study. Seven agreed to participate. To balance this sample across organizational models, an additional seven organizations were contacted, of which three agreed to participate. One organization was removed from the sample during data collection following an inability to secure multiple respondents. This left a final sample of nine social enterprises (see Table 2 for a summary).

The research was designed to facilitate the theoretical elaboration of social capital theory via horizontal contrasting using a diverse case selection strategy comparing three major models of social enterprises (Fisher & Aguinis, 2017; Seawright & Gerring, 2008). All organizations included are quite small, but their size is representative of the wider population of Canadian social enterprises and social enterprises in general (Elson et al., 2016; Roumpi et al., 2020). Case selection also incorporated a "most different" approach, where certain cases were selected because they closely resembled each other but differed in one theoretically relevant dimension (Seawright & Gerring, 2008). For example, multiple cases have beneficiaries in the same supply chain segment, but the roles of those beneficiaries vary.

[1]According to a recent global survey by the Thomas Reuters Foundation (2019), Canada is one of the best countries for social entrepreneurship regarding criteria such as gaining momentum, access to resources, government support, public understanding, making a living, and attracting skilled staff.

Data collection

All data were collected using interviews conducted by the first author between October 2019 and August 2020. Where possible, interviews with internal participants were conducted in person. Interviews with external stakeholders (e.g., suppliers and funders) were largely conducted remotely using virtual conferencing tools. Interviews with internal participants lasted 56 min on average, whereas interviews with external participants averaged 40 min. Most often, the participants were directly responsible for overseeing SCM, except for *Agriculture 3*,where the interview was conducted with a co-founder who is not responsible for SCM. Because of the size of these organizations, the participants were often responsible for multiple functions. Thus, even if they did not directly oversee the supply chain, they had high visibility in its management.

To gather insights across the supply chain, interviews were also completed with external stakeholders, including suppliers, buyers, funders, and other support organizations (e.g., incubators and networking associations). This procedure validated insights from focal organizations and provided outside perspectives into the focal organizations and the social entrepreneurship sector more broadly. Internal participants were asked to suggest relevant external partners. Additional external participants were also identified based on focal organization websites, blog posts, and other secondary sources. In total, 32 potential external participants were contacted across all cases, and 14 agreed to participate. As several of the cases were in close geographic proximity to each other, some external participants were able to speak about multiple cases.

To support reliability and comparability, the interviews were guided by an open-ended interview protocol addressing topics such as the formation of the organization, supply chain architecture, key challenges, and questions related to their viability and impact (see Appendix I). Upon completion of each interview, the interviewer wrote analytic memos highlighting important insights and noting information not reflected in the transcript (Saldaña, 2013). All interviews were transcribed verbatim by the interviewer. The participants were asked to review and correct the transcripts to support data reliability, yielding 363 pages. Table 3 presents a summary of each case's interviews and any additional data sources collected.

The data were triangulated by integrating additional data sources. For example, two in-person interviews involved tours of the focal organizations' production spaces. Additional secondary data were gathered from focal organizations, external stakeholder websites, and

TABLE 1 Practices used to enhance validity and reliability

	Research strategy	Case selection	Data collection	Data analysis
Construct validity	• Operationalization of social capital dimensions guided by established literature	• Clear criteria for selecting social enterprises	• Multiple sources of information • Multiple participants	• Interview participants given opportunity to view and correct transcripts
Internal validity	• Theory triangulation with social capital and social entrepreneurship literature • Development of a research model based on previous literature	• Specific criteria for case selection • Compare and contrast strategy for case selection	• Multiple sources of data • Multiple interviews per case, including external actors where possible	• Triangulation with secondary data • Pattern matching for within- and cross-case analyses • Observations contrasted with previous literature to develop propositions
External validity	• Case selection allowed comparison across industries • Multiple criteria used to develop the final sample	• Representative sample for Canadian and wider social enterprise populations • Canada as a thriving context for social enterprises	• Interview protocol included significant data gathering on focal organization's history and context to support interpretation and analysis	• Evidence provided in the manuscript and additional evidence available upon request
Reliability	• Case study protocol	• Selection criteria documented in the case study protocol • Rich context descriptions of the cases	• Consistent interview protocol • Case study database • Manually transcribed interviews by the interviewer	• Coding checks • Involvement of a co-author not involved in data collection • Within- and cross-case analyses

Note: Based on Gibbert et al. (2008).

TABLE 2 Summary: Participating organizations

Name	Mission	Offering	Paid Staff[a]	Beneficiary Role	Financial Model[b]
Agriculture 1	Improve education, food security, and economic opportunity in remote communities	Small-scale agricultural facilities	5	Consumer	Registered charity
Agriculture 2	Improve food sovereignty and local food access	Small-scale agricultural facilities	15	Consumer	For profit
Agriculture 3	Improve the productivity, income, and food security of smallholder farmers	Agricultural technology	2	Consumer	For profit
Food 1	Help people transitioning out of emergency housing build a supportive community	Jam	2	Employee	Registered charity
Food 2	Support rainforest conservation by creating economic opportunity tied to ecological preservation	Honey	2	Supplier	For profit
Food 3	Help participants build confidence and enjoyment related to food preparation and build skills to support employment or volunteerism	Soup	2	Employee	Registered charity
Handicrafts 1	Promote Ugandan artisans and raise money for grassroots projects in partner communities	Jewelry and housewares	2	Supplier	Non-profit
Handicrafts 2	Support economic opportunity for skilled artisans through fair trade practices	Jewelry and housewares	3	Supplier	For profit
Skincare	Support economic opportunity for farmers and shea processors through fair trade practices	Skincare products	1	Supplier	For profit

[a]Paid staff may not be the best proxy to measure the size of a social enterprise as many have a unique workforce composition of paid and unpaid staff (Roumpi et al., 2020).
[b]Because of a lack of adequate legal framework, social enterprises in Canada must register as a charity, non-profit, or for-profit business. As a registered charity or non-profit, profits are closely monitored, but there are also other revenue opportunities (e.g., grants and sponsorships). Unlike registered charities, non-profits are ineligible to offer tax receipts for donations, which may diminish their ability to seek donor funding.

TABLE 3 Summary: Primary and secondary data collection

Name	Participant roles and interview length	Data volume summary	Notes
Agriculture 1	• **Chief Technology Officer** (76 min) • **Operations Manager** (37 min) • Former Supplier (44 min) • Support Organization #1 (41 min) • Support Organization #2 (40 min)	Secondary sources (pages): 27(70) Transcript pages: 58 Total pages: 128	• Support Organization #1 also familiar with *Agriculture 3* • Support Organization #2 also familiar with *Agriculture 2*
Agriculture 2	• **Co-Founder/CFO** (written interview) • **Operations Lead** (48 min) • **Customer Success Manager** (47 min) • Customer (72 min) • Support Organization (40 min)	Secondary sources: 31(83) Transcript pages: 41 Total pages: 124	
Agriculture 3	• **Co-Founder** (47 min) • Funder (32 min) • Support Organization (41 min)	Secondary sources: 3(8) Transcript pages: 32 Total pages: 40	
Food 1	• **Program Director** (66 min) • Supplier (8 min) • Buyer[a] (20 min) • Funder (31 min) • Support Organization (67 min)	Secondary sources: 9(23) Transcript pages: 60 Total pages: 83	• Support organization also familiar with *Skincare*
Food 2	• **Co-Founder** (71 min) • Buyer[a] (22 min)	Secondary sources: 5(13) Transcript pages: 26 Total pages: 39	
Food 3	• **Executive Director** (62 min) • **Head Chef** (29 min)	Secondary sources: 6(25) Transcript pages: 30 Total pages: 55	
Handicrafts 1	• **Co-Founder** (42 min) • Sales Manager (67 min) • Retailer[b] (30 min)	Secondary sources: 2(5) Transcript pages: 44 Total pages: 49	
Handicrafts 2	• **Founder** (71 min) • Supplier (63 min)	Secondary sources: 1(1) Transcript pages: 39 Total pages: 40	• Retailer of *Skincare*. Their relationship was discussed extensively.
Skincare	• **Founder** (63 min) • Retailer[b] (38 min) • Support Organization (67 min)	Secondary sources: 2(4) Transcript pages: 68 Total pages: 72	

Note: Interview participants in **bold** are employees of the focal organization; participants not in bold are external to the focal organization.
[a]Buyer refers to a non-beneficiary customer who uses the focal organization's product in a value-added way.
[b]Retailer refers to a non-beneficiary customer who sells the focal organization's product to the end user.

TABLE 4 Data structure

Code	Subdimension	Representative quotes
Structural capital	• Density of ties • Strength of ties • Presence/absence of ties	• When we first started, the artisan group we worked with was part of a large organization. I could contact the Canadian office, who contacted the Ugandan main office, who contacted the head of the artisans who then ... And so, there was no relationship. Where now I can send a message [...], and I can talk directly with the artisans. (*Handicrafts 1*) • We don't necessarily want to be partnering with every single distribution partner if they don't have the capacity to sell it right. (*Agriculture 3*)
Relational capital	• Trust • Friendship • Reciprocity	• I would say what sets us apart from other fair-trade stores and such is that we are connected with the artisans personally. Like we know them, we've been in each of their homes, ate with their families. (*Handicrafts 2*) • Part of the tagline for the shelter is that "Friendship is what makes the difference." [...] When you're connected in community, that's gonna be what makes a difference in your life. (*Food 1*)
Cognitive capital	• Shared vision • Shared language, narratives	• If they learn something, if they come up with a new technique, new supplier, they'll share that with us proactively. [...] And then we get to kind of use that technology or use that idea as well. (*Agriculture 1*) • We work with people who are trying to solve the same issues. (*Food 2*)
Mediated power	• Coercive power • Reward power	• We were celebrating [Participant] today but she just moved out [...]. So, anytime somebody accomplishes something or reaches a milestone, it's great to be able to reach into some funding and to be able to say, "Here's a grocery card." (Reward power – *Food 1*) • They said last time, we haven't been buying as many beads as we used to. Could we support training their people to be sewers? And we wrote back and said [...] we don't mind helping them become sewers, but [...] please understand that we're not gonna be buying as many products. (Reward power – *Handicrafts 1*)
Non-mediated power	• Legitimate power • Expert power • Referent power	• What I'm ultimately responsible [for] is that all of our customer projects and businesses are operating successfully and profitably, and that they're meeting all of their goals, whatever they may be. (Legitimate power – *Agriculture 2*) • Because the name is [*Skincare*], which is the local word for shea, when they see [*Skincare*] [...] it actually excites them because they understand "[*Skincare*]". [...] So, they feel connected to our business, which is really nice. (Referent power – *Skincare*)
Dehybridization	• Shedding of logics, acting as a non-profit organization with no commercial activities or as a for-profit business	• We had to change our business model a bit because the goal is to raise funds to be able to send back in projects like microfinance. (*Handicrafts 1*) • Having a revenue-driven business is a challenge because if we don't get where we need to be, there's gonna be a point where we just say, "Okay, good try. We're out". (*Food 3*)
Mission drift	• Diversion of resources away from initial social mission	• When projects are based on pure social mission, then our projects excel and do very well in the communities we operate in. The challenge is when there are strict payback (ROI)/monetary parameters. [...] If the intended purchaser

(Continues)

TABLE 4 (Continued)

Code	Subdimension	Representative quotes
		of our equipment is looking for a strict ROI [...], then social targets are compromised to make it work. (*Agriculture 2*)
Sustained hybridity	• Articulates continued commitment to their social mission and remains financially viable	• And our goal is for the jam company enterprise to be at the very least, breaking even, because the outcomes that we're hoping to see is number of people involved. (*Food 1*) • We have to always be fulfilling our mission, and that's usually what we do. [...] And our mission's always to lower food insecurity and to provide that education. (*Agriculture 1*)

related blog posts or news articles, helping to validate the insights received from the main respondents. All interview transcripts, secondary data, and memos were organized into a database.

Data analysis

Open coding was used for the initial investigation of the data, after which the codes were connected deductively with constructs related to social capital theory and power drawn from the existing literature (Saldaña, 2013). Specifically, overarching codes related to the three dimensions of social capital (structural, relational, and cognitive) were employed, as well as codes related to the use of mediated versus non-mediated forms of power, with additional nested codes emerging based on specific issues and practices addressed in the interviews (see Table 4). Axial coding was then employed to remove redundant codes and prioritize those that were most dominant within the data (Saldaña, 2013). Each case was also coded into one of three outcomes: dehybridization, mission drift, or sustained hybridity. Interview data and secondary data, including historical documents evaluating how the organizations described their missions or commercial activities in different periods of time, guided the assignment of these outcomes.

Finally, tensions were coded using an inductive, bottom-up process. First, the data were searched for financial barriers to impact and barriers to viability linked to the organization's mission. Subsequently, these instances of tension were minutely examined to identify patterns, which were then grouped into first-order categories and separated based on two broad groups of cases (those with upstream beneficiaries and those with downstream beneficiaries). First-order categories were then compared within each group of cases to identify similarities and generate second-order themes. The cross-case analysis presents groupings and associated evidence drawn from the cases.

Subsequently, within- and cross-case analyses were conducted (Miles & Huberman, 1994). The within-case analysis examined each case against a list of criteria, including supply chain configuration, commercial and social operations, core supply chain relationships, nature and role of beneficiaries, and the tensions the organization faced. In the next step, the cases were grouped and analyzed within three models: social product, work integration, and social procurement. This analysis uncovered many similarities between the work integration and social procurement models, indicating that beneficiary location (upstream or downstream) within the supply chain substantially impacts its configuration and the social enterprise's subsequent activities. Given these similarities, social procurement and work integration models were grouped under the broader "upstream beneficiaries" category. A cross-case analysis was conducted using the location of beneficiaries (upstream versus downstream) as the main grouping criterion.

The cross-case analysis identified similarities, differences, and patterns across the two groups of social enterprises. These findings were then summarized to present the main tensions faced by social enterprises in each group, the core and peripheral supply chain relationships, and the relevant forms of social capital within those relationships. Finally, these tensions and patterns were evaluated alongside the associated hybridity outcomes (i.e., sustained hybridity, dehybridization, and mission drift) to derive implications for sustained hybridity. Cross-case analysis enabled the development of observations that were then reflected in the propositions, developed against the body of knowledge (e.g., Mena et al., 2013; Wilhelm et al., 2016).

WITHIN-CASE ANALYSIS

The within-case analysis presents the three social entrepreneurship models separated into two groups: those with downstream beneficiaries and those with upstream

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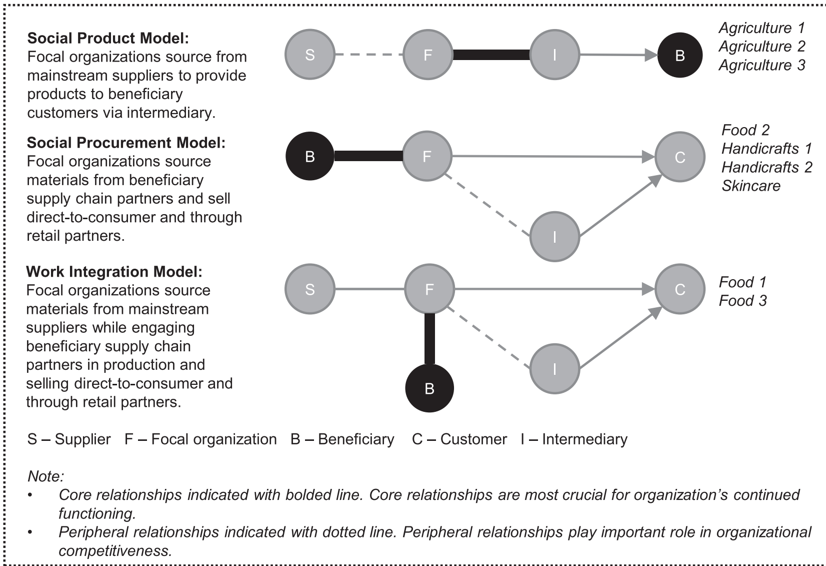

FIGURE 2 Supply chain configurations and core relationships

beneficiaries (see Figure 2). Each group is described based on its core offerings, beneficiary characteristics, supply chain structure, and key relationships.[2]

Downstream beneficiaries

Three cases serve beneficiaries as the end customers of their supply chains: *Agriculture 1, Agriculture 2*, and *Agriculture 3*. All operate at the intersection of agriculture and employment, providing products that can improve both food security and economic empowerment. *Agriculture 1* generates revenue by selling its growing facilities primarily to public sector groups, such as social service organizations and municipal governments; *Agriculture 2* sells its products to both individuals and organizations; and *Agriculture 3* sells its products to large distributors who specialize in pay-as-you-go solar energy products, who then sell to individuals. By enabling income generation through their products, each organization not only addresses food insecurity as a symptom of poverty but also supports poverty alleviation itself.

These organizations' beneficiaries are unprofitable targets for mainstream businesses because of their geographic decentralization and associated infrastructure barriers. For example, *Agriculture 1* and *Agriculture 2* serve remote, largely Indigenous communities with whom historic and ongoing exploitation complicates the initiation of relationships (Hotte et al., 2021). *Agriculture 1* articulated the need to connect with existing organizations in the community to create support for new projects.

> We've been up in communities before where people would be like, "We would love this, but you shouldn't build here," and we're like, "Why?" And they're like, "Oh, the kids'll burn it down." [...] So, we take a step back and look at how can we bring in community engagement pieces on an educational level for students or kids so that they can actually feel engaged and have ownership over something. –Chief Technology Officer, Agriculture 1

Core relationship: Social enterprises—intermediaries

Agriculture 1, *Agriculture 2*, and *Agriculture 3* are similar in the absence of direct beneficiary ties (see Table 5). Their impact does not require repeated beneficiary contact, as it is created through the provision of the product. Instead, these organizations partner with an intermediary who then delivers the social impact to the end beneficiaries through product distribution. This downstream supply chain architecture makes it viable for these organizations to indirectly transact with their target beneficiaries.

Intermediary selection has substantial ramifications for social impact and viability. Each case presents a different approach to selecting and managing intermediaries. As a registered charity, *Agriculture 1*'s product sales must all be mission-aligned, constraining sales to actors

[2]Detailed descriptions of each individual case and additional supporting evidence from the data can be retrieved from the corresponding author via email.

TABLE 5 Evidence, value of intermediaries within social product models

Case	Representative quotation
Agriculture 1	As I mentioned, we always partner with the community, and like that's, without them, there wouldn't be a project. [...] But they really are our biggest partners. – *Operations Manager*
Agriculture 2	The way [*Agriculture 2*] is structured is we are more of kind of a B2B company as opposed to B2C. We're essentially selling a business in a box [...]. They're able to kind of grow this produce, which is ultimately just a commodity, and then either sell it to their community, sell it to local grocery stores, or have a direct-to-subscriber model. – *Customer Success Manager*
Agriculture 3	Myself and my co-founder, that's what we did for a year and a half is setting up this distribution network. So, like we know sort of first-hand the challenges and how tough it really is. So, that's why now, as a manufacturer, we only want to be manufacturing, and we want to be relying on business-to-business partnerships with distributors. [...] They already have that existing market expertise; they already have the existing infrastructure, and they're doing it successfully. – *Co-Founder*

connected to food security and economic marginalization. Consequently, they often transact with political agencies that purchase and manage the growing facilities and distribute what is grown throughout their communities. These customers also build awareness and support for *Agriculture 1*'s products in the community and carry out important activities on their behalf, allowing *Agriculture 1* to efficiently serve its mission without direct beneficiary contact. However, prioritizing relationships with political bodies creates additional risks, including longer implementation times and turnover among government representatives, both of which harm project viability.

As a for-profit organization, *Agriculture 2*'s legal status does not require the prioritization of one customer group over another. Where *Agriculture 1* frames its offering as a community development opportunity, *Agriculture 2* presents it as a business opportunity targeting a wider group of intermediaries, thereby increasing sales volume, and enhancing financial viability. A consequence of this B2B distribution model is that *Agriculture 2*'s beneficiaries are not always the target market of their intermediaries. Likewise, *Agriculture 3* does not sell its products directly to end users. Instead, they sell their products to existing pay-as-you-go energy providers in their target markets. These distributors then independently manage product logistics and integrate them into their existing offerings. Together, the above examples illustrate how social enterprises with downstream beneficiaries can mitigate the threat posed by costly beneficiary relationships by transacting through intermediaries. Although the presence of intermediaries is shared, these organizations differ in the number of intermediaries with whom they interact and the nature of these ties.

Peripheral relationship: Social enterprises—suppliers

All cases mentioned collaborative relationships with suppliers, primarily mainstream manufacturers. Collaboration with mainstream suppliers leads to product improvements that enhance value for beneficiaries when suppliers have mission-aligned expertise (see Table 6). *Agriculture 1* and *Agriculture 3* collaborate with suppliers experienced in social impact settings, leading to improved affordability and accessibility for beneficiaries. Specifically, *Agriculture 3* benefits from the expertise of its manufacturing partner, who has extensive experience and connections in the pay-as-you-go solar sector. When the supplier has limited experience in social impact settings, product improvements can increase costs and reduce accessibility for low-income beneficiaries, as seen in *Agriculture 2*'s supply chain. Their primary technology (hydroponics) is relatively new, and actors within this industry are motivated to increase their efficacy for food production outside mission-aligned settings, even when such changes increase up-front costs for customers.

Upstream beneficiaries

Six cases create social impact by incorporating beneficiaries into their upstream supply chain, either as producers (social procurement model) or employees (work integration model). These two models share several important characteristics. Most importantly, both face the challenge of internalizing the costs of creating social impact for their beneficiaries while competing against mainstream organizations (Soundararajan et al., 2021). These costs include higher prices paid to suppliers, investments in capacity development, and other support provided to beneficiaries or their communities. Among the studied organizations, four employ a social procurement model: *Food 2*, *Handicrafts 1*, *Handicrafts 2*, and *Skincare*. Two use a work integration model: *Food 1* and *Food 3* (see Figure 2). Across both models, most produce consumer goods sold directly to customers or via retail partners,

TABLE 6 Evidence, supplier collaboration in social product models

Case	Representative quotation
Agriculture 1	If they learn something, if they come up with a new technique, new supplier, or something, they'll share that with us proactively. [...] And the same goes our way. You know, if we discover something new, or do something new, we'll shoot it their way as well. – *Former Supplier*
Agriculture 2	We ended up with a system that has probably twice the cost but very similar ROI to a unit like [Competitor] because we were able to basically triple the yields that a [Competitor] unit would get. – *CEO* (Secondary Source)
Agriculture 3	They also have a lot of experience within the pay-as-you-go solar industry for Africa. They work with a few other different manufacturers of solar products. So, they're experienced in the industry as well. – *Co-Founder*

whereas *Food 2* sells to small- and medium-sized organizations who use their products as ingredients.

Core relationship: Social enterprises—beneficiaries

The beneficiaries in these supply chains experience economic marginalization, either through barriers to employment (*Food 1* and *Food 3)* or market access (*Food 2*, *Handicrafts 1*, *Handicrafts 2*, and *Skincare*). These barriers are addressed through direct relationships between the focal organization and its beneficiaries. All organizations directly connect with individual beneficiaries within their supply chains, except for *Food 2*, which sources from a centralized social enterprise who then works with the end beneficiaries.

Particularly for organizations employing a social procurement model, direct relationships with their beneficiaries differentiate them from mainstream fair-trade organizations and are an important source of competitiveness. These organizations were formed after the establishment of relationships with beneficiaries. Thus, they focus on making an impact on the specific group of beneficiaries with whom they transact.

> What sets us apart from other fair-trade stores is that we are connected with artisans personally. We know them; we've been in each of their homes, ate with their families. [...] They've met my kids, so there's a definite relationship there. –Founder, Handicrafts 2

Direct relationships enable focal organizations to maximize the impact of their financial investments in beneficiary relationships. Where fair trade purchasing often involves importer/exporters, these organizations minimize the number of actors involved, ensuring that more money filters to their beneficiaries.

> We want to be as direct as possible. So, I don't have a middleman; I have a direct connection to the farmers in Uganda. [...] We're cutting out that middleman, which is great because the cost then is to the farmer [...]. So, our farmers are getting more money, which is important to us. –CEO, Skincare

The limitations of mediated beneficiary relationships are visible in the case of *Food 2*, which has struggled to create a social impact for its beneficiaries beyond sourcing.

In work integration models, direct relationships with beneficiaries are seen as inherently impactful. *Foods 1* and *3* both work with people facing social marginalization, because of poverty, ability, or education. Both organizations intentionally build personal relationships between the beneficiaries and non-beneficiary team members, mitigating the marginalization beneficiaries experience outside the organization by creating an inclusive atmosphere internally. These relationships are highly asymmetric by design, given the relative power, financial resources, and market access of the focal organization. Yet these organizations make numerous concessions and investments in their relationships to enable beneficiary participation, persisting even when the investments cannot be reciprocated. For example, *Skincare*'s first order to its beneficiaries involved full, up-front payment 9 months before the order would be received. This investment signals their commitment to the relationship with the beneficiaries and to creating mutual value. Similarly, *Food 3*'s executive director noted that working with their program participants diminished their productivity, yet they prioritized beneficiary engagement and accepted the associated capacity constraints.

Beyond investments in the beneficiaries' capacity development, several organizations invest in developing personal relationships with beneficiaries where not already present. For example, *Handicrafts 1*, *Handicrafts 2*, and *Skincare* have all travelled to visit their beneficiaries to build relationships face-to-face.

TABLE 7 Evidence, relinquishing power over beneficiaries

Case	Representative quotation
Food 1	And some people are into it, and some people aren't, and anytime somebody comes back after they've been away for a little while, it's like yes [fist pump], they're back! [...] It's great to have you here, and they jump back in like they never left. – *Program Director*
Food 2	That's part of our hidden agenda too. The stronger they are, the stronger everybody is actually. Maybe we aren't in the end in that we lose some control, but we're not trying to be Nestle and control cocoa. [...] So, in the end, it makes us stronger because we've accomplished our goal for sustainable beekeepers, right? – *Co-Founder*
Food 3	What that means though is maybe 40–50% drop away. [...] They want it, but they're not in a position to make it work. So, what we see happen is, the next year or a year and a half later, many of those folks come back, and they say, "Now I'm ready." And so, their name just goes back on the list. [...] There's no closed door. – *Executive Director*
Handicrafts 1	We've been doing this for 10 years and they're still dependent on us to keep on buying stuff and selling it, but if I'm not here one day then the whole thing kind of falls flat. So, our goal is to [...] really build up the [microfinance] fund. [...] And then they will be totally self-supporting, and anything else we do, anything else we can send them for special projects, will be in addition. – *Sales Manager*
Handicrafts 2	I would say wholesale is always great because there's more. There's more, but at half the price. [...] The wholesale is really nice for the artisans, 'cause they get paid the same if it's wholesale or direct to consumer. So, I do really get excited when there's good wholesale orders because it's more work for the artisans. – *Founder*
Skincare	Well, the idea, the dream obviously is that they require less assistance from us and that they are in a position to be completely self-sustainable and that as we grow, the orders grow, the more money goes into the community, the stronger the community becomes. And that I think we're trying to establish that as they grow, they're helping their fellow communities to grow and do the same. – *Founder*

Similarly, *Food 1* and *Food 3* both described informal socialization with their beneficiaries, such as including time for all team members to share a meal prior to production shifts.

All organizations indicated a habit of prioritizing beneficiary outcomes ahead of their own (see Table 7). For example, *Skincare*, *Handicrafts 1*, and *Food 2* each described a desire to increase the number of buyers purchasing from their beneficiaries, even when it would reduce their influence and control. Similarly, *Food 1* and *Food 3* describe how they reduce barriers to beneficiary participation, including readily welcoming beneficiaries back into the organization after absences. Although this flexibility complicates capacity planning and stability, it increases the target beneficiaries' access to their programs.

Peripheral relationship: Social enterprises—intermediaries

All organizations studied within this category incorporated a downstream intermediary to reach end customers while preserving at least some direct-to-consumer sales. For example, *Handicrafts 1* generated about 80% of its revenue through direct sales and 20% through distributors, whereas *Food 2* focused heavily on sales to small- and medium-sized businesses, offering minimal direct-to-consumer sales through online retail. These organizations prioritized relationships with downstream partners who share their values and have a long-term relationship orientation. This allows the focal organization to target customers willing to pay a premium for products created by value-based organizations. For example, *Food 2* described the additional support and flexibility offered by their mission-aligned customers, whereas *Handicrafts 2* expressed appreciation for their retailers' willingness to communicate their stories to their end customers.

The core to their downstream relationships is collaboration with retailers and distributors around storytelling to effectively communicate their impact, as these partners also benefit from this shared narrative. For example, one of *Food 2*'s customers named one of their products after *Food 2*. Recognizing the importance of communicating credence attributes to end customers, *Skincare* developed relationships with a small number of like-minded retailers who invested in their mission and committed to sharing their stories. In return, *Skincare*'s buyers and retailers happily advertise their relationships. One customer drew attention to *Skincare* as a supplier in an Instagram post, saying that they *"[l]ove knowing [our] new lipstick is supporting even more great work!"*

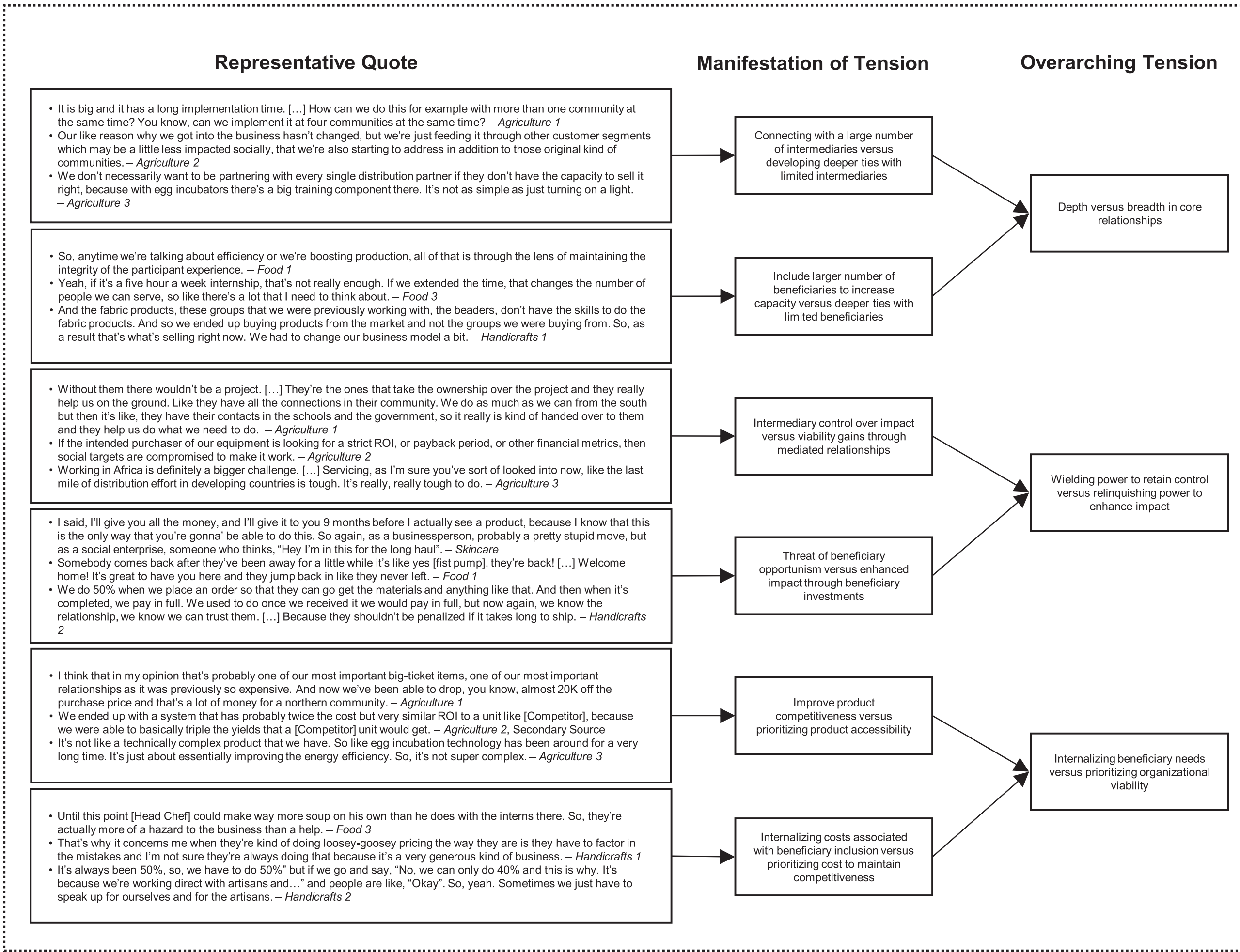

FIGURE 3 Tensions, manifestations, and evidence

CROSS-CASE ANALYSIS

All social enterprises, regardless of their beneficiaries' location within the supply chain, must balance tensions between viability and impact, yet the cross-case analysis reveals that these tensions manifest differently whether organizations have upstream or downstream beneficiaries. Several nuanced manifestations emerged from the data (see Figure 3). The analysis demonstrated how some applications of social capital can balance these conflicting goals and lead to sustained hybridity, whereas others may amplify these tensions and contribute to mission drift or dehybridization. Table 8 outlines key cross-case analysis insights.

Structural capital

The analysis of structural capital in these supply chains revealed tension between depth and breadth in core relationships. Social product models do not require direct beneficiary contact, whereas ongoing beneficiary engagement is required to sustain the operations and impact of organizations with upstream beneficiaries. Therefore, the former group outsources distribution to intermediaries at the loss of informational and relational flows from beneficiaries, whereas the latter group must engage directly with beneficiaries in a cost-effective way. Interestingly, while social enterprises with downstream beneficiaries integrate intermediaries to better serve beneficiaries, social enterprises with upstream beneficiaries explicitly avoid intermediaries for the same reason.

The responses and outcomes indicate that breadth in core relationships is valuable for social enterprises with downstream beneficiaries, whereas deeper relationships are valuable for social enterprises with upstream beneficiaries. In a social product model, a focus on breadth through a larger number of intermediary relationships is important for viability. However, this can lead to mission drift because a higher number of intermediaries reduces the ability of the social enterprise to screen them for mission alignment, as seen in *Agriculture 2*. Therefore,

TABLE 8 Cross-case analysis: Key observations

Theoretical construct	Downstream beneficiaries	Upstream beneficiaries	
	Social product	**Social procurement**	**WISE**
	Delivery of products and services via intermediaries	Direct ties with producers	Employment of beneficiaries
Structural capital **Tension:** Depth versus breadth in core relationships	**Core Relationship: Social enterprise—intermediaries (distributors)** **Deployment of structural capital:** • Relationship with intermediaries formed to reach beneficiary consumers • Organizations varied in choosing deep versus weak intermediary ties **Tension manifestation:** Reaching out to beneficiaries via many intermediaries versus deeper ties with limited intermediaries **Outcomes:** • *Agriculture 1* – Deeply embedded relationships with a smaller number of strategically selected intermediaries enhance collaboration and relational flows but limit scale, creating pressure for dehybridization • *Agriculture 2* – Large number of weakly embedded relationships with any interested intermediary supports scale but may contribute to mission drift • *Agriculture 3* – Weakly embedded relationships with a strategically selected intermediary to support scale while preventing mission drift, supports sustained hybridity **Observation 1:** Organizations employing a social product model are best positioned to maintain hybridity by forming weakly tied relationships with a larger number of strategically selected intermediaries.	**Core relationship: Social enterprise—beneficiaries (producers)** **Deployment of structural capital:** • High-intensity relationships developed with smaller number of producers • Direct relationships with producers as competitive advantage • Intermediary avoidance explicit to increase impact for beneficiaries **Tension manifestation:** Include a larger number of beneficiaries to increase capacity versus deeper ties with a limited group of beneficiaries **Outcome:** • *Food 1 and 3* – Participant experience prioritized over scale, number of beneficiaries kept small to focus on individual goals, creates pressure for dehybridization • *Handicrafts 1 and 2*, *Skincare* – Smaller number of individual beneficiaries served via limited relationships, but greater impact per beneficiary, supports sustained hybridity • *Food 2* – Beneficiaries served indirectly through relationship with social enterprise, reduced ability to create value for individual beneficiaries, creates pressure for mission drift **Observation 2:** Organizations with upstream beneficiaries are best positioned to maintain hybridity by developing deeply embedded relationships with a small number of beneficiaries.	
Relational capital **Tension:** Wielding power to retain control versus relinquishing power to enhance impact	**Core relationship: Social enterprise—intermediaries—beneficiaries** **Deployment of relational capital:** • Focal organizations relinquish control for impact to intermediaries • Trust in intermediary relationships rooted in the expert power of the intermediary **Tension manifestation:** Trade-off between intermediary control over impact and viability gains through mediated beneficiary relationships	**Core relationship: Social enterprise—beneficiaries** **Deployment of relational capital:** • Focal organizations hold the potential to employ coercive reward power in beneficiary relationships • Instead of wielding reward power for short-term gains, relationships are rooted in referent power **Tension manifestation:** Trade-off between beneficiary opportunism and social impact of financial investments in beneficiary relationships	

(Continues)

TABLE 8 (Continued)

Theoretical construct	Downstream beneficiaries	Upstream beneficiaries
	Outcomes: • *Agriculture 1* – Intermediaries have deep expertise regarding beneficiary group, additional training addresses need for enhanced technical expertise, does not threaten hybridity • *Agriculture 2* – Intermediaries are selected based on their interest in the product, not on expertise; Legitimate power of intermediary as customers means *Agriculture 2* pursues the intermediary's goal at the expense of their own mission • *Agriculture 3* – Intermediaries have expertise regarding beneficiary group and technical expertise, supports sustained hybridity **Observation 3:** Organizations employing a social product model are best positioned to maintain hybridity by building trusting intermediary relationships rooted in the expert power of the intermediary, which incorporates both technical expertise and beneficiary-oriented expertise.	**Outcomes:** • All – Benevolence through asymmetric investments as the use of rewards without coercion creates pressure for dehybridization by threatening viability • *Food 1* and *3*, *Handicrafts 1* and *2*, *Skincare* – Investments made to develop personal character within relationships, supports sustained hybridity • All – Intentional work to mitigate dependence on focal organization through long-term beneficiary empowerment, supports sustained hybridity **Observation 4:** Organizations with upstream beneficiaries are best positioned to maintain hybridity by building trusting beneficiary relationships rooted in referent power, rather than by wielding reward power.
Cognitive capital **Tension:** Internalizing beneficiary needs versus prioritizing organizational viability	**Peripheral relationship: Social enterprise—suppliers** **Deployment of cognitive capital:** • Shared mission rooted in innovation and competitiveness **Tension manifestation:** Product improvements increase mainstream competitiveness and decrease product affordability **Outcomes:** • *Agriculture 1* and *3* – Supplier collaborations support product innovations and include applications in mission-aligned settings, support sustained hybridity • *Agriculture 2* – Supplier collaborations support product innovations that increase product performance but also increase cost and enhance viability and may contribute to mission drift **Observation 5:** Organizations employing a social product model are best positioned to maintain hybridity by developing cognitive capital in the upstream supply chain based on the shared goals of product innovation only when upstream partners have experience in mission-aligned settings.	**Peripheral relationship: Social enterprise—intermediaries (retailers)** **Deployment of cognitive capital:** • Shared mission rooted in social impact **Tension manifestation:** Higher externalities associated with social impact creation increase product costs relative to mainstream competitors **Outcomes:** • *Food 1* and *2*, *Handicrafts 2*, *Skincare* – Storytelling and shared impact narratives are used as tools to build cognitive capital across the downstream supply chain, turning the mission into a source of competitive advantage, supports sustained hybridity • *Food 3*, *Handicrafts 1* – Shared values with retailers prioritize local business or product quality rather than social mission, threatens viability and contributes to dehybridization **Observation 6:** Organizations with upstream beneficiaries are best positioned to maintain hybridity by developing cognitive capital in the downstream supply chain through the formation of a shared impact narrative.

Note: Supplementary evidence for each case following the constructs mentioned above is available from the corresponding author by request.

selecting several intermediaries with connections to the target beneficiary population maintains a focus on impact. *Agriculture 3* exemplifies this approach, adopting distribution partnerships with a selected number of pay-as-you-go solar distributors in their target markets. Compared to *Agriculture 1*, where deeply embedded intermediary relationships that take months or years to develop limit the ability to scale, *Agriculture 3*'s intermediary partnerships require less input from intermediaries, and thus, higher number of relationships are more easily managed.

When beneficiaries are located upstream, increasing the number of ties can diminish impact by reducing the benefit received by each individual beneficiary. For example, *Food 2*, which serves its beneficiaries through a sourcing partnership with an intermediary social enterprise, indicated that early efforts on impact-specific activities for beneficiaries failed because they *"weren't able to really get buy-in*" (Co-Founder, *Food 2*). Meanwhile, *Handicrafts 2* solicited input directly from beneficiaries about meaningful impact activities, leading to successful initiatives that they would not have ideated internally. Therefore, we propose the following:

> **Proposition 1.** Where beneficiaries provide the necessary inputs supporting the operations of the focal organization, deeper ties support sustained hybridity. Otherwise, hybridity is supported by increasing the breadth of ties with beneficiaries.

Relational capital

All social enterprises studied relinquish considerable power to other actors within the supply chain to sustain their impact and viability. To avoid opportunism or dominance by the powerful actor in the relationship, social enterprises can access relational capital within core relationships to supersede power imbalances (Brito & Miguel, 2017). In social product models, intermediaries are the power holders in the relationship. However, the source of the power varies. *Agriculture 1* and *Agriculture 3* used intermediaries to address gaps in their expertise by partnering with more knowledgeable organizations (i.e., expert power). In both cases, intermediaries are very aware of the beneficiary population's needs, but they differ in their technological expertise. In contrast, *Agriculture 2* recognizes all intermediaries as having a natural right to dictate the outcomes pursued through the partnership as their customer (i.e., legitimate power) (Benton & Maloni, 2005), regardless of mission alignment. Thus, the social enterprise is obliged to serve the intermediaries (Marshall et al., 2019), even if it contributes to mission drift.

Agriculture 2 partners with a diverse group of intermediaries, some more or less likely to contribute to mission drift. *Agriculture 2*'s first intermediary customer sought to improve food sovereignty in its isolated community. They noted that this community's close-knit nature enabled them to identify and address unique needs among marginalized members.

> We're not breaking thumbs or knocking down people's doors for money. Like people who live here, live here. [...] We said free delivery for seniors or people with mobility issues, or just call me and let's talk about your situation. Again, these aren't strangers; these are people in a small town. – Sustainability Manager, Agriculture 2 Customer

Thus, relational capital between intermediaries and the target beneficiary group allays the threat of mission drift, regardless of the power relations between the intermediary and the social enterprise.

All six social enterprises with upstream beneficiaries indicated a willingness to avoid wielding resource asymmetries over beneficiaries or to use their power opportunistically. Instead, they repeatedly invested in beneficiary relationships, made adaptations to their operations, and engaged in repeated acts of benevolence to create impact, all of which align with the use of reward power (Maloni & Benton, 2000). Wang and Jap (2017) describe the phenomenon of benevolence on the part of high-power actors in asymmetric relationships as a "benevolent dictatorship." They suggest that this benevolence signals mutuality and may lead to greater commitment, idiosyncratic investments, and concessions from the receiving organization. Although the literature tends to indicate that the use of reward power, as a mediated form of power, may corrode relationships (Touboulic et al., 2014), these findings echo other research indicating that it can positively affect relationship commitment when combined with mutuality (i.e., referent power) (Chae et al., 2017).

Despite the positive impact these practices create for beneficiaries, they may also contribute to dehybridization by diminishing the commercial viability of the focal organization. These viability threats take two forms. First, focal organizations are exposed to opportunistic behavior from beneficiaries, such as delaying the delivery of orders when paid in advance or deliberately underperforming (Handley & Benton, 2012). Second, they threaten the focal organization's productivity through lost capacity, as increased exposure of beneficiary suppliers may increase orders from other buyers, or beneficiary skill development may facilitate employment elsewhere. Although the latter viability threat indicates successful impact creation, it threatens the operation's continuity if it cannot access a consistent pipeline of beneficiaries with whom to work. To address these viability threats, organizations can develop relational capital with beneficiaries by building trust and a long-term orientation. To build a shared identity within the relationship, social enterprises access referent power by developing personal friendships and trust, both of which are shown to reduce the likelihood of opportunistic behavior (Ataseven et al., 2018). Relinquishing control exposes social enterprises to the risk of mission drift or dehybridization, which can be mitigated by developing relational capital within core supply chain relationships. Thus, we summarize:

> **Proposition 2.** Relinquishing power to core supply chain partners is important for the sustained hybridity of social enterprises, but the development of relational capital with these partners can mitigate the resultant threats of opportunism.

Cognitive capital

The development of cognitive capital is most relevant for peripheral relationships, helping these organizations overcome tensions between internalizing beneficiary needs and maintaining viability. Social enterprises with downstream beneficiaries often develop cognitive capital with suppliers focused on innovation and competitiveness to support their long-term viability. However, this leads to increased beneficiary impact only when suppliers have experience in mission-aligned settings and are therefore able to accommodate beneficiary needs. When mission alignment is lacking, the desire to innovate may have the unintended consequence of decreasing product accessibility among the very population it was designed to benefit.

Social enterprises with upstream beneficiaries develop cognitive capital with their distribution intermediaries built around their social mission and values. Cognitive capital is reflected in the shared narrative that is used to drive decision making within the supply chain (Nahapiet & Ghoshal, 1998). Highlighting the role each partner plays in the focal organization's story allows both actors to extract value from the relationship by communicating the product's credence attributes (Feddersen & Gilligan, 2001; Pullman & Dillard, 2010). This can help create a market for the products from which distribution partners can also benefit. Distributors with strong marketing and communications capabilities support the focal organization's viability through improved storytelling with non-beneficiary customers. Thus, in all social enterprise models, the presence of shared values amongst partners with complementary capabilities is the key to maintaining hybridity. Therefore, we propose the following:

> **Proposition 3.** Cognitive capital within peripheral relationships supports sustained hybridity when supply chain partners possess viability-enriching capabilities and share the goals and values of the focal social enterprise.

DISCUSSION AND CONTRIBUTIONS

This study examined the role that supply chain social capital plays in the impact, viability, and sustained hybridity of social enterprises. Specifically, it investigated how social enterprises can best develop and utilize different dimensions of social capital in their supply chains to bolster their ability to pursue their dual mission. The findings indicate that if deployed inappropriately, supply chain social capital may contribute to dehybridization or mission drift.

Contingent view on social capital in supply chains

Social capital studies within the SCM literature focus predominantly on what organizations can gain by harnessing supply chain social capital (e.g., innovation capabilities, knowledge transfer, and improved performance) (Alghababsheh & Gallear, 2020). This fundamental question is applied in this study in the context of SISCs and extended by identifying the boundary conditions under which different dimensions of social capital help the focal organization sustain hybridity. The role and position of beneficiaries in the supply chain were shown to determine the appropriate forms of social capital needed to sustain simultaneous impact and viability. In addition to specifying the function of different dimensions of social capital, the findings also indicate within which relationships each dimension is of greatest utility. Summarizing insights contained in propositions 1–3, we further propose that:

> **Proposition 4.** Structural and relational capital are most valuable within core supply chain relationships, whereas cognitive capital is most beneficial within peripheral relationships aimed at enhancing competitiveness.

This study advances the work of Villena et al. (2011, 2020), problematizing social capital as an inherent good by revealing ways in which relationship characteristics that may seem beneficial *prima facie* may be detrimental to the organization when developed in an unnecessary or inappropriate context. Further, the insights from this research advance the understanding of social capital in non-profit and cross-sectoral supply chain relationships (Johnson et al., 2018) by studying the role and function of social capital in the supply chains of social enterprises. Although the existing literature emphasizes the economic benefits of supply chain social capital in social enterprises, social capital also helps to support the successful integration of competing institutional logics and the creation of non-financial value. With this, these findings provide a nuanced view of how different dimensions of social capital, individually or in interaction, can help firms create an impact for marginalized beneficiaries and maintain the competitiveness of the supply chain. This study responds to calls to understand the contingent nature of social capital and bonding relationships for social impact (Ansari et al., 2012), highlighting the idiosyncrasies of supply chain social capital deployment and revealing the need for specific theorizing around different types of social enterprises.

Advancing the study of SISCs—power dynamics, intermediaries, and tensions

Several notable contributions are made through this work to advance knowledge of supply chains where a social enterprise is the focal firm. First, the empirical findings bring to the forefront the counterintuitive use of power by social enterprises. Their unwillingness to retain power contradicts conventional business wisdom around dominance being desirable to shield an organization from opportunism (Cox, 2001) or to act in self-interest (Schleper et al., 2017). The literature includes several studies examining the detrimental implications of these coercive applications of power within buyer–supplier relationships (e.g., Ireland & Webb, 2007; Schleper et al., 2017; Touboulic et al., 2014; Zhao et al., 2008). In contrast, the results of this research suggest that social enterprises deliberately relinquish power over their viability or impact. In all models, developing relational capital mitigates the various threats faced by different types of social enterprises by building trust within relationships. Profit motives are central to supply chain relationships within the dominant literature; however, these findings indicate that they are far less relevant in a partnership driven by trust and mutual identification. Paralleling previous SISC literature, this study suggests that mutualism and altruism are key principles in managing social enterprises' relationships, differentiating SISCs from conventional supply chains (Longoni et al., 2019).

Second, managing intermediary relationships alongside the ongoing tension between impact and viability in SISCs has received limited attention in previous literature (e.g., Seelos & Mair, 2007). This study highlights and unpacks the role of intermediaries in SISCs. Intermediaries have a mixed reputation in previous supply chain literature, which has illuminated their exploitative role in agri-food supply chains (Kistruck et al., 2013), their double agency role in disseminating social responsibility standards (Soundararajan & Brammer, 2018), and their positive contributions to knowledge sharing and capacity building (Varga & Rosca, 2019). By taking a structural capital perspective, this research revealed that decisions regarding intermediary involvement should be made based on the relevance of inward flows from beneficiaries to an organization's operations. The introduction of an intermediary between the focal organization and beneficiaries weakens informational and relational flows from the beneficiaries. However, this loss is felt less acutely when beneficiaries are solely customers. More research is required to expand on the structural characteristics identified in the present study and pinpoint the optimal intermediary relationship characteristics. The lack of consensus on intermediary involvement is also illustrated by the different approaches to intermediary relationships employed across the studied social enterprises, including discrepancies between their involvement and embeddedness.

Third, the extant social entrepreneurship literature has identified an ongoing tension between the pursuit of impact and viability (Ebrahim et al., 2014; London et al., 2010; Pullman et al., 2018), and the SISC literature has drawn attention to the impact and management of institutional tensions between supply chain partners (Longoni et al., 2019). This work presents in-depth view of how the core impact–viability tension manifests itself in critical decisions related to supply chain structure and relationships. Unique manifestations of these tensions between different social enterprise models are identified through this research, as are the specific impacts of supply chain social capital in alleviating or exacerbating these tensions. This study enhances the specificity of the social entrepreneurship literature, emphasizing the importance of SCM in the flourishing of social enterprises, while complementing the broader study of the sustainability tensions faced by commercial firms (e.g., Xiao et al., 2019).

Managerial implications

The empirical insights emerging from this research have implications for social enterprises and commercial organizations aiming to integrate sustainability into their supply chains. For social enterprises, the findings highlight the importance of intentionality in structuring and managing supply chain relationships to sustain hybridity. These insights can help social entrepreneurs understand where they may experience the greatest conflict between viability and impact within their supply chain relationships and what types of relationships may exacerbate or alleviate these conflicts. For example, the findings can advise social entrepreneurs on whether to prioritize trust, mission alignment, or valuable connections in the formation of different kinds of supply chain relationships (e.g., supplier, beneficiary, and retailer) based on the social enterprise model adopted. More importantly, this study can raise awareness among social entrepreneurs that simple supply chain decisions can interact to gradually lead the organization away from its intended mission.

This study provides suggestions for commercial organizations regarding how different forms of social capital could be developed with customers or intermediaries to create an impact. Further, it provides possible approaches to enhancing societal impact without the adoption of a formal social mission, serving as a roadmap for how commercial organizations can use supply chain social capital to make social procurement or inclusive hiring more financially viable. Previous studies have often shown that commercial organizations tend to follow an instrumental approach and subordinate sustainability goals to commercial objectives when faced with tension between the two (Montabon et al., 2016). As such, mitigating these tensions is paramount when encouraging commercial enterprises to pursue social impact. The insights into the specific impact of supply chain social capital in alleviating or exacerbating these tensions can provide a tool for managers to balance these goals in their commercial supply chains.

Limitations and further research

To ensure the feasibility and affordability of the data collection, geographic proximity was featured heavily in the case selection. Thus, the results may not be fully generalizable to social entrepreneurs in different regions, such as emerging economies with different institutional contexts. Further, by focusing on social enterprises founded in Canada, this sample inadequately reflects the extensive work of social entrepreneurs in emerging economies creating social value and economic empowerment within their own communities. In line with transferability and contextualism criteria for theory elaboration, the study provides rich accounts of the cases so that readers can evaluate the transferability of these insights to other contexts (Halldórsson & Aastrup, 2003). Further research should investigate whether supply chain relationships differ when the focal firm is led by entrepreneurs operating in their local communities and include the perspectives of social entrepreneurs from emerging economies or marginalized communities.

Furthermore, sampling in this study was limited to three popular social enterprise models: social products, social procurement, and work integration. They can take other forms, including hybrids of the above models. This study's findings may not be generalizable to organizations outside of these models. Future research is required to evaluate whether social capital development and deployment differ in other models. Further research should also investigate these social enterprises' supply chains as the unit of analysis and secure sufficient participants to adequately capture perspectives across their supply chains. Such an analysis can more robustly show the challenges of managing SISCs.

An additional limitation is that this study did not include the beneficiary perspective when evaluating organizational impact. By focusing on the focal organization's sustained hybridity as an outcome of interest rather than the organization's realized impact, it omits how supply chain social capital may impact the value captured by the end beneficiary, particularly for social product models that do not transact with the focal organization. Future research is needed to understand how social impact supply chain management drives social impact creation from their perspective (Glover, 2020).

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APPENDIX I—INTERVIEW GUIDE

Origins

1. Describe the general organizational history.
2. What is the personal history of the participants?

Supply Chain Partnerships

1. Provide a broad overview of the focal organization's wider network, including supply chain partners, beneficiary-related partners, and other supporting organizations.
2. How did the relationships with these partners begin and why?
3. What have the biggest challenges been in their supply chains in general?
4. What have the biggest successes been in their supply chains in general?
5. What do they rely on their suppliers for the most?

Relationship Management
To be answered for each major supply chain partner:

1. Describe the relationship history for the most significant partners in more detail.
2. What tools do they use to manage their relationships and interactions with their supply chain partners and beneficiaries?
3. How do they interact with their supply chain partners?
    a. What is the nature of these interactions?
    b. By what means do these interactions take place?
    c. How frequently do these interactions take place?
4. What have the biggest challenges been in each relationship?
5. What have the biggest successes been in each relationship?

Financial Viability

1. What are the organization's current financial goals?
2. Have the organization's financial goals changed over time? If so, how?
3. What, if any, relationship does the organization have with different types of funders (e.g., private donors)?
4. What have been the organization's greatest financial challenges and successes?

Social Impact

1. What are the organization's current social goals?
2. How have they changed over time?
3. How does the organization evaluate the effectiveness of its social initiatives?
4. How has their social effectiveness changed over time, and why?
5. How are their social initiatives received by various stakeholders (e.g., beneficiaries, customers)?
6. What have been the organization's greatest social challenges and successes?