Faith-Based Social Entrepreneurship: The Integration of Faith and Business for Sustainable Social Impact

Christine Beech

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Faith-Based Social Entrepreneurship:
The Integration of Faith and Business for Sustainable Social Impact

Christine Beech

Dissertation
Submitted to the Graduate Faculty of
University of Maryland, University College
In Partial Fulfillment of the Requirements for the Degree of
Doctor of Management
2018

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Abstract

Faith-based nonprofit organizations face myriad challenges in securing a sufficient donation base within a restricted pool of donors. This funding challenge often limits their ability to conduct their mission. To offset this challenge and model self-sufficiency, many faith-based organizations are looking to evolve into hybrid platforms that operate as faith-based social entrepreneurial ventures and manage to a triple bottom line of social good, financial impact, and spiritual mission. Yet even with the best of intentions, successfully merging a for-profit business model into a preexisting nonprofit organization often fails, even before the faith-factor is in play. This study of social entrepreneurship in faith-based nonprofits is conducted to identify how and why successful integration of the hybrid business model for sustainable social impact occurs. Using a realist synthesis approach, a systematic review of the literature was conducted to identify the mechanisms that correlated to a positive integration of the disparate business models and the outcome of a sustainable organizational structure. Five organizational characteristics and five management practices were identified as key underlying mechanisms that led to the creation of a successful merged hybrid organization. The five characteristics were 1) Institutional Logic, 2) Motivations and Values, 3) Resources, 4) Decision-Making, and 5) Culture. The five practices were 1) Focus on Launch, 2) Cultivation of Staff and Board, 3) Timing of Culture Integration, 4) Addressing Unstable Structures, and 5) View on Generating Profit. These results, along with their implications for managers are presented and discussed within the context of the Business Model Canvas to offer a usable guide for practitioners seeking to successfully move their organizations from a traditional faith-based nonprofit to a hybrid faith-based social entrepreneurial venture.

Keywords: Faith-based social entrepreneurship, faith-based social enterprise, social entrepreneurship, social enterprise, social ventures, hybrid organizations, triple-bottom line, business model canvas, sustainable social impact
Dedication

First and foremost, this dissertation is dedicated to my Lord and Savior, Jesus Christ. I am grateful that I have a God who sustains me and has given me purpose in life. He has always known the plans He had for me, and I am thankful that I finally learned to follow Him and trust Him.

To my husband, George, without whom I would not be here. He is my love, my best friend, the person I cannot live without. He supported me, encouraged me, and pushed me to complete this journey. His willingness to put our lives on hold for four years is the only reason this was possible. For putting up with all the working vacations, weekends lost, declined invitations, and years of covering for me while I was doing research and writing, my deepest thanks and appreciation.

To my children, Nichole and Katherine, my son-in-law Alex, and my grandchildren, Abigail, Zachary, Natalie and Logan. I am so grateful for your support and encouragement. Thanks for understanding when I had to miss an event, giving me space to write, and being my greatest cheerleaders.

To my friends and family, especially those that have stood the test of time and been with me through thick and thin, from my days in the army until now, your encouragement and belief in me has always been a source of strength.

To the community of faith-filled entrepreneurs, for whom this research was conducted. I hope and pray this knowledge helps you continue your good work and find ways to adapt and be relevant in the coming years.
Acknowledgements

As this journey comes to a close, I would like to acknowledge those who helped to bring this research to fruition.

I am grateful for all the UMUC faculty, and specifically Dr. Witz and Dr. Sherlock who encouraged me early on and throughout the process to think critically and choose my research topic wisely. I am also indebted to my dissertation advisors, for their guidance and support, especially Dr. Cason, whose calm approach to life helped me remain focused when my life was anything but calm.

My thanks to my cohort members, on whom I relied for a mental pick-me-up each residency and continual reminders in between of the long game we were playing to get to the end; without their encouragement it would have been a very lonely process. I also want to thank my fellow sojourners in this process, Eric Miller and Laura D’Antonio, who remained a needed sounding board for my ideas and offered welcome advice throughout the process.

I am very grateful to the leadership at Saint Mary’s University for hiring me ABD and for your willingness to support the completion of this research and the dissertation. Finishing this dissertation while working through my first year on staff was a challenge, and I am indebted to my fellow faculty for your encouragement and support.

Finally, I would like to acknowledge the faith-based practitioners who supported my work with cooperation, discussions, and prayers. Your input helped to remind me of the challenges you face every day and gave purpose to this research.
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CHAPTER 1: INTRODUCTION

*Whatever you do, work at it with all your heart, as working for the Lord, not for human masters*

—Colossians 3:23 New International Version

**Background**

Looking back in history, nonprofit faith-based organizations (FBOs) have worked throughout the world to feed the hungry and take care of the poor, acting as social entrepreneurs in seeking societal improvement, for hundreds if not thousands of years (Alderson, 2012). FBOs have taken on not only global health and poverty issues, but also those of environmental sustainability (Moyer, Sinclair, & Spaling, 2012). Indeed, the role of faith in social change has been a volatile but acknowledged factor in the holistic view of human well-being, one that recognizes the social condition encompasses more than just economic sufficiency (Thomas, 2004). As Sud, VanSandt, and Baugous (2009) contend, social problems span all institutional boundaries—including government, religion, and education—and so all institutions must be involved in finding solutions to our social problems (p. 210).

The role of the faith community as a driver for community-led improvement to social and economic well-being gained more formal acknowledgement with the establishment of the Federal Government’s Center for Faith-Based and Community Initiatives (CFBCI) within the United States Agency for International Development (USAID). This center was established to help integrate faith-based initiatives with other organizations in order to leverage the capabilities of all organizations working to provide aid within various contexts (Thomas, 2004). Although the role of FBOs in global societal improvement has been firmly established, the construct, much as with NPOs, has historically been charitable in nature, with a heavy reliance on donations and grants to fulfill their mission (Dees, 2012).
Yet the reliance on donations creates a significant managerial challenge for FBOs, as these organizations compete for an ever-dwindling pool of donor funds. Indeed, despite an overall increase in charitable giving within the United States, the percentage of overall donations going to FBOs has declined steadily for decades (Giving USA, 2016). This decline has created a problem for many FBOs, which face critical levels of funding, as evidenced by the recent plea from the Lausanne Movement citing an unexpected loss of donor funds that put two-thirds of their budget in jeopardy (Oh, 2016).

As nonprofits (NPOs) in general face a reduction of funding from governments and donors, a trend towards self-sufficiency for both NPOS and FBOs appears not only appropriate, but perhaps necessary for those entities desiring to effect social change (Dacin, Dacin, & Tracey, 2011). Additionally, if social organizations wish to develop self-sufficiency in their clients, demonstrating that model in their own organizations sends a powerful message to their clientele (Smith et al., 2010). Dees (2012) suggests considering the way the poor are empowered when they become customers versus recipients of charity. As customers, the poor have a voice and a choice in the process, allowing them to shape the market and ensure that the service being offered truly meets their need. Corbett and Fikkert (2012) go so far as to contend that replacing charity with business models empowering the poor is more effective in developing sustainable social change and achieving long-term results in a faith-based context.

In this environment of funding challenges, managers of FBOs can gain a competitive advantage by integrating a market orientation within their organizational fabric (Modi, 2012; Junarsin, 2009). One movement within the faith community is towards the integration of social entrepreneurship (SE) with the existing faith mission to create a self-sufficiency model of revenue generation that supports sustainable social impact (Albright, 2014). Specifically, the
introduction of SE into any nonprofit organization, to include the FBO environment, allows FBOs to concurrently pursue a double bottom line of socially transformative change efforts and fiscal performance (Shier & Handy, 2015; Wilburn, & Wilburn, 2014). This movement within the faith-based community has taken two paths; the first is the initiation of a SE effort to support an existing FBO, while the second is the development of an integrated (from the beginning) faith-based SE effort—referred to as a Faith-Based Social Entrepreneurship/Enterprise (FBSE) or the Business as Mission (BAM) movement (Alderson, 2012; Corbett & Fikkert, 2012). These FBOs have an embedded focus on spiritual goals in their mission and practice (Malloy & Heath, 2014). As a result, the FBSE or BAM efforts not only manage for a double bottom line but go further and pursue a triple bottom line that includes “performing social good, having a financial motivation, and embracing a spiritual mission” (Alderson, 2012, p. 114).

Any effort to pursue a double or triple bottom line, however, requires that the traditional funding model of a nonprofit be disrupted in order to innovate the organizational structure and reprioritize to achieve the desired long-term financial stability and mission-driven success (Stecker, 2014; Wilburn, & Wilburn, 2014). It is this very disruption that challenges established nonprofits when they seek to restructure by incorporating SE into their organization. When the business models are blended, SE ventures that develop out of existing nonprofits are viewed primarily as social enterprises that offer a means to fund the nonprofit mission (Smith, Knapp, Barr, Stevens & Cannatelli, 2010). This view holds true for FBOs as well, as they design hybrid faith-based SE ventures to create sustainable revenue streams that support the core mission (Alderson, 2012). As a result, managing the disruption and designing a sustainable hybrid organizational business model is a key management problem for FBOs.

**Purpose and Scope of Study**
The purpose of this study is to uncover the evidence needed to inform and guide managers of FBOs seeking to integrate SE into their mission and design hybrid organizations. A 2006 survey of FBOs showed that 37% were attempting to operate an earned-income venture with varying degrees of success, while an additional 20% planned to launch such an effort (Sherman & Green, 2006). These figures suggest that up to 57% of FBOs are currently attempting to manage and integrate an SE effort, with a need for evidence to inform and guide these organizations.

The pursuit of a triple bottom line fundamentally changes the organizational focus, since the evidence shows that SE ventures started to address a social need view their role as integrating substantive and terminal values with financial objectives (Kistruck & Beamish, 2010). The hybrid model is challenged by the bifurcated mission strains of business and charity that emerge when preexisting nonprofits attempt after-the-fact to integrate a for-profit business model (Kistruck & Beamish, 2010). In other words, when the for-profit business effort is implemented, the execution of a resulting hybrid effort to pursue a triple bottom line requires managers to take on the challenge of blending identities and roles to include social and faith-based change along with fulfilling financial objectives. This new hybrid idea is still in the early years, and there are a wide range of views on the appropriateness and efficacy of the model. Yet despite reservations within the faith community, the concept has received resounding support from Pope Benedict XVI, who called on business leaders to address the economic needs, common good, and human costs in their business functions (Triolo, 2011).

In addition to merging identities and roles, the merger of FBOs with SE ventures also requires a blending of cultures: a culture of charity and a culture of entrepreneurial problem solving (Dees, 2012). Jacobs and Polito (2012) advocate for this blending of cultures, stating that
the blending of a charitable mission focus with an entrepreneurial spirit generates the greatest impact. Nobel Prize winner Muhammad Yunus has also advocated for the introduction of SE into existing nonprofits, contending that at times society uses charity to avoid recognizing and solving a problem, while SE seeks to use both the values of charity and the problem-solving skills of entrepreneurs in an effort to create social change (Dees, 2012). Further, FBOs seeking to affect social change must add in a third culture of faith to the mix. In fact, Jacobs and Polito (2012) offer that faith is the “why” and “how” FBOs conduct business, and any consideration of the integration of SE into FBOs must consider the evidence that is applicable to nonprofits in general, as well as the research specific to faith-based organizations.

The end goal in blending identities, roles, and cultures is to create greater social value, and demonstrate a higher level of effectiveness through the integration of existing effective models (Kroeger & Weber, 2015). Yet Dacin et al. (2011) claim there is limited theory on SE cultures, and thus a need both to explore potential reasons for culture clashes and to seek solutions within the context of institutional theory and social movement approaches. This study will not seek to identify one best practice for developing a FBSE or make a value judgement on the moral implications of establishing an FSBE. Rather, the scope of the study is to seek the evidence on the coexistence of business, charity, faith, and SE problem solving cultures, and to identify the challenges and tensions they create in attempting to fill these roles simultaneously.

Definitions

In order to establish a common frame of reference for this study, the following terms are defined and used throughout the document: social entrepreneurship, faith-based organization, hybrid organization, and faith-based social enterprise.
FAITH-BASED SOCIAL ENTREPRENEURSHIP

Social entrepreneurship (SE). Social entrepreneurship (SE) is the pursuit of social and business objectives in such a way as to meet a societal need in the context of problem solving and innovation while generating revenue (Dees, 2012; Di Zhang & Swanson, 2013). Social entrepreneurs identify systemic problems and “build innovative and sustainable solutions” (Stecker, 2014, p. 351). Desa (2012) proposes that social ventures engage in actor-initiated institutional change by combining moral, cognitive, and pragmatic goals into a single organizational form (p. 730). This research will use the term social entrepreneurship to encompass entrepreneurial efforts that seek to address a social need and concurrently generate revenue.

Faith-based organization (FBO). Nonprofit organizations manage social action for a desired social outcome without regard to financial implication (Di Zhang & Swanson, 2013). Faith-based organizations (FBOs) in the nonprofit sector approach the role of societal improvement as an integration of the traditional nonprofit mission with a mandate to serve the marginalized of society and view spiritual and social outcomes as inseparable (Albright, 2014). Traditional FBOs are characterized by their affiliation with a religious structure or doctrine while maintaining a nonprofit approach to serve the community (Clarke & Ware, 2015, p. 40). Bielefeld and Cleveland (2013) offer that FBOs are identified by their faith focus and desire to maintain a religious identity through organizational control, expression of religious beliefs, and programming choices. This research will use the term FBO to identify nonprofit organizations guided by a faith mission.

Hybrid organization. Desa (2012) proposes that when entrepreneurs are not wedded to a single type of organizational structure, they can challenge the existing institutional arrangements and recombine structures to create a new, more effective model to best address their identified
social problem. Kroeger and Weber (2014) offer a framework for considering social value creation, proposing that there is not one ideal organizational model, but that the organizational construct must be context dependent. Stecker (2014) specifically offers several hybrid business models that can be used to assist nonprofits in achieving sustainable revenue streams, among which are hybrid FBSE organizations. These hybrids can be designed as low-profit limited liability corporations (L3Cs) in nine states, benefit corporations (B Corps) in 20 states, or flexible purpose corporations or social purpose corporations in California and Washington (Stecker, 2014). Each of these models is a viable hybrid option for an FBO to pursue and demonstrates diversity of choice to consider in the development phase. For clarity of discussion, this research uses the term hybrid organization to refer to organizations that have merged for-profit and nonprofit business models in an effort to create a new and stronger institutional arrangement.

**Faith-based social enterprise (FBSE).** Faith-based social enterprises (FBSEs) are hybrid organizations that result from the merging of a social entrepreneurial venture with a faith-focused institution. The goal of a FBSE is to generate revenue which can be reinvested in the organizational mission. The emerging field of FBSE is one that holds great promise for offering a way to respond to faith and social needs in a new and relevant fashion (Alderson, 2012). In this research, FBSE refers to social entrepreneurial efforts initiated by, or merged with a traditional FBO for the purpose of generating revenue.

**Conceptual Relationship**

The movement towards SE in FBOs is conceptualized as a relationship where SE complements and becomes part of the fabric of the FBO in order to address both the faith and social needs of the target audience. Figure 1 illustrates this integration of missions.
Figure 1. Conceptual relationship between pre-existing FBO and final FBSE.

**Research Question, Assumptions and Proposition**

**Research Question.** The primary purpose of this research is to determine the relevant factors that contribute to the successful integration of a not-for-profit and for-profit business model into one hybrid organization in such a way as to benefit the mission of the faith-based organization.

RQ: How do organizational characteristics influence the development of a hybrid social entrepreneurial business model in faith-based nonprofits?

Subordinate RQ: What characteristics support or detract from increased effectiveness when business models are merged in hybrid organizations?

**Assumptions.** There is a place for SE in FBOs in order to reduce the dependency on donations without concern that the revenue generation could detract from the faith-based goals.
Indeed, Hale, Reesor, and John (2012) point out that the integration of SE into a FBO offers the opportunity to capture measurable outcomes and thereby influence potential donors and partners as well as motivate existing staff. If FBOs wish to create social change, they should incorporate SE to model faith-in-action, self-sufficiency to their stakeholders, and concurrently fill a societal need. Whether global or local, FBOs paired with SE efforts in a hybrid model can work to create real value and avoid “helping that hurts” (Corbett & Fikkert, 2012) through SE business ventures that model self-sufficiency and empower the participants to continue with the faith-based mission (Alderson, 2012).

**Proposition.** The following proposition is put forward regarding the effect of management practices on the establishment and success of a hybrid venture.

Proposition: Management practices will have a positive effect on the cultivation and integration of social entrepreneurship in faith-based nonprofits.

**Problem Statement and Significance**

There is a real and immediate problem for FBOs to address a reduction in their donation base, along with a corresponding call to model self-sufficiency, all while balancing the societal perceptions with their need for charitable donations and generating revenue to sustain operations. A widespread trending reduction in donations and governmental support for nonprofit efforts has led organizations to seek financing through market activities (Jäger & Schröer, 2014). This has significantly impacted FBOs and their ability to continue their global social efforts (Jacobs & Polito, 2012). Considering faith groups invest millions annually in global efforts, the overall global economic impact of reduced faith-based investment is significant (Alderson, 2012). This presents a problem to both existing FBOs and their constituents. The development of a FBSE hybrid organization can address this challenge;
Managers, however, must be cognizant of the factors which can impede or support their efforts to pursue this goal. Managers can benefit from evidenced-based research that delineates the challenges associated with the initial establishment of hybrid FBSE organizations.

**Importance to Management**

Managers lack a set of guidelines for how to leverage innovation management practices into the integration of for-profit and nonprofit business models (Weerawardena & Sullivan Mort, 2012). Until recently, there was little knowledge regarding the idea of creating a business model for a hybrid nonprofit SE that could be used to generate sustainable revenue for charitable efforts. Dees (2012) notes that the literature has only recently mentioned the merging of SE with nonprofit efforts. As a result, managers of FBOs hesitate to act due to the lack of a roadmap for how to integrate the for-profit and nonprofit business models with the faith mission to create appropriate sustainable revenue (Burton & Brister, 2012).

This hesitancy to engage in SE efforts is detrimental to their organizations, since Grimes (2010) found that not only does the introduction of SE into nonprofits offer the opportunity to measure outcomes, it also creates a framework for sensemaking. In other words, when FBOs seek to offer social change, the introduction of the business aspect of SE allows for a measurable framework for progress, which is a motivational driver for the workforce. Treating the organization as a business, versus a charity, creates the framework not only for empowering the clientele, but also the employees who are engaged in the change (Grimes, 2010). This area of research can contribute to the necessary and missing knowledge base for these leaders.

Further, the diversity of organizational forms and approaches in responding to social needs has resulted in a lack of sufficient coherent empirical and theoretical foundations for social entrepreneurship and created confusion as to the most appropriate organizational models and
structures (Desa, 2012, p. 743). In fact, Young and Lacey (2014) contend that rather than guiding practice, much of the existing research offers conflicting advice to practitioners on how to measure success within the sphere of social enterprises (p. 1316). For example, some research focuses on isolating and defining the organizational form of social enterprises, while other research contradicts this view and legitimatizes a broad spectrum of organizational constructs, and yet a third view bases the definitions on the level of innovation within a social enterprise (Young & Lacey, 2014). These conflicting approaches have led to a lack of common language and evidence-based findings to support practice. Thus, there is a need for a growing body of knowledge regarding the merging of the two types of organizational structures and this area of research can contribute to the necessary and missing knowledge base for these innovators attempting to build hybrid organizations.

Organization of the Dissertation

This chapter identifies the nature and significance of the management problem encountered by FBOs in seeking to integrate socially conscious sustainable revenue generation into their organizational structure. In addition to noting the importance and worth of academic study on the topic, this chapter defines the key terms and outlines the organization of the dissertation. Chapter 2 will offer an overview of the relevant literature on FBOs, hybrid organizations, and SE to establish a framework for the study. Chapter 2 will also discuss institutional theory and the theoretical basis for gaining legitimacy, as well as agency theory and its role in managing conflicting goals within hybrid organizations.

Chapter 3 will review the methodology of this systematic review and the application of a realist synthesis approach to compile and analyze the disparate data from the entrepreneurial and faith communities (Gough, Oliver, & Thomas, 2012; Pawson & Bellamy, 2006). Chapter 4 will
present the findings of this systematic review and discuss the five organizational characteristics and five management practices that were identified through the research as having the most relevance to successful integration of hybrids. Further, this chapter will introduce a conceptual model and help practitioners apply the findings by placing them within the context of the Business Model Canvas. Finally, Chapter 5 will offer a new framework for considering the integration of hybrid faith-based organizations and identify the six implications for managers. The implications will address partnerships, propose a new value proposition, discuss the integration of new skill sets, and call for a long view towards profit generation. This final chapter will also address the research limitations and areas for future research.
CHAPTER 2: LITERATURE REVIEW

“The magical and religious forces, and the ethical ideas of duty based upon them, have in the past always been among the most important formative influences on conduct. In the studies collected here we shall be concerned with these forces.”

— Max Weber, The Protestant Ethic and the Spirit of Capitalism

Introduction

This literature review was conducted to seek out the available evidence on FBOs, SE, and hybrid organizations, as well as how to effectively integrate SE into existing FBOs. Specifically, this research looked what was known about how the blending of faith, charity, and business could be managed in order to create sustainable FBSE enterprises that operate to a triple bottom line. The review pursued the goal of answering the questions, “What is known about FBOs, SE, and hybrid organizations?” and “What is known about merging institutional logics into a sustainable FBSE structure?” Answering these questions is foundational to understanding the organizational dynamics, and a separate but necessary precursor to designing an appropriate methodology for a follow-on systematic review of the evidence.

Managers of FBOs can benefit from this research as they continue to search out effective models for integrating revenue generation with their core faith-focused mission. Answering the practitioners’ questions requires evidence-based research to support practice, yet the literature in these topic areas has been more iterative then integrated, with much of the FBO research predating the literature on SE, and that body of knowledge predating the more recent uptick in hybrid organizational research (Burton & Bristor, 2012). Certainly, legislation in the 1990s prompted a modest rise in interest and research regarding FBOs; as the interest in the policy issue waned by the mid-2000s, however, so too did much of the FBO literature. In contrast, the
SE literature gained ground in 2010 and the research on hybrid organizations soon followed by 2012 (Desa, 2012), but with limited integration within the earlier FBO literature (Hale et al., 2012). This review will therefore consider the literature available in each area before seeking to address the integrated whole.

A fundamental challenge in researching this topic stems from an overall paucity of research on FBOs (Burton & Bristor, 2012). While NPOs have been the topic of significant research, with both quantitative and qualitative research being conducted on a continual basis since the 1960’s (Ferris, 1998), FBOs have not enjoyed this level of attention (Bielefeld & Cleveland, 2013). As noted above, the FBO topic engendered a robust body of research for a brief period of time before once again dipping in the research agenda. Burton and Bristor (2012) note that the historical separation of church and state within the American political structure appears to have played a role in the limited research on FBOs. They offer that while this separation has enabled an unprecedented level of religious freedom, it has also created unintended inefficiencies in the provision of societal needs (Burton & Bristor, 2012, p. 42). This suggests that at a foundational level, ignoring the role of FBOs in the fabric of social welfare does not lead to a well-integrated support platform for those who need it most.

Some have argued that the joint presence of NPOs, FBOs, and government social welfare organizations creates a complementary web of service provision (Campbell, 2002; Cater, Collins & Beal, 2017; Clark & Ware, 2015), while others contend that it has created competing business models and incongruent governance mechanisms (Burton & Bristor, 2012; Sinha, 2012). Yet whether these arguments espouse complementary or competing business models, the underlying assumption of these viewpoints is that there exists as much difference between NPOs and FBOs, as between government and NPO delivery models. This suggests that not only is separate
research needed to address the unique challenges associated with FBOs, but that this research should build on the more robust NPO literature in order to pull out what is relevant and identify commonalities and differences.

Further, based on the relatively recent emergence of new organizational structures, there is a paucity of research on the emerging topics of SE and hybrid organizations—specifically into how they might integrate with the world of FBOs (Molloy & Heath, 2014). There is a specific need for evidence-based research to support the integration of SE into existing organizational structures (Chandra, Jiang, & Wang, 2016), yet little has been done to capture and integrate the research from the disparate fields in order to create an evidenced-based approach to developing a sustainable business model (Abrutyn, 2013; Alderson, 2012; Corbett & Fikkert, 2012; Albreight, 2014). This requires a review of the literature that addresses each of these separate organizational entities—SE, FBO, and hybrids—individually, while also seeking out what is available on the integrated organizational structures.

To address all of these disparate threads of research, this work contributes to the field of management by capturing and synthesizing the relevant evidence on FBOs, SE, and hybrid organizations to identify the factors which support the development of effective FBSE ventures. In order to provide a contextual and theoretical framework for this study, Chapter 2 presents the diversity of literature on FBOs (Bielefeld & Cleavland, 2013; Smith & Sosin, 2001; Clarke & Ware, 2015; Moyer et al., 2012; Winston, Cerff & Kirui, 2012; Sider & Unruh, 2004), SE ventures (Dacin et al., 2011; Sud et al., 2009; Chandra, Jiang, & Wang, 2016; Dees, 2012; Di Zhang & Swanson, 2013; Wilburn, & Wilburn, 2014; Grimes, 2010; Hale et al., 2012; Jacobs & Polito, 2012; Aviv, 2006), hybrid organizations (Jäger & Schröer, 2014; Troilo, 2011; Kistruck & Beamish, 2010; Kroeger & Weber, 2015; Modi, 2012; Townsend & Hart, 2008; Bilodeau &
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Slivinski, 1998; Burton & Brister, 2012; Stecker, 2014; Shier & Handy, 2015; Mair, Battilana & Cardenas, 2012; Brody, 2012; Cooney, 2011; Herranz, Council & McKay, 2011), and the emerging field of FBSE organizations (Abrutyn, 2013; Alderson, 2012; Corbett & Fikkert, 2012; Albreight, 2014; Thomas, 2004; Dodd & Seaman, 1998; Sherman & Green, 2006; Weerawardena & Mort, 2012; McFarlane, 2010; Molloy & Heath, 2014; Smith, Knapp, Barr, Stevens & Cannatelli, 2010; Bush, 2010; Junarsin 2009; Desa, 2012). Finally, the literature on applicable theoretical frameworks is considered in the context of these merging organizational structures. The chapter concludes with a summary of the points identified in the literature review.

Faith-Based Organizations

Faith-based organizations (FBOs) can be broadly characterized as those that are founded with an embedded religious culture, and whose practices are the result of religious values and associated theological teachings (Schneider, Morrison, Belcher, Wittberg, Bielefeld, Sinha, & Unruh, 2009, p. 27). The values may be explicitly stated or remain unspoken, but define the mission focus (Schneider et al., 2009; Molloy & Heath, 2014). It is appropriate to note that some literature refers to faith-related as opposed to faith-based organizations, arguing that faith-based suggests a level of denominational affiliation (Smith & Sosin, 2001). While this distinction may be valid, it does not change the scope of the literature. For the purpose of this literature review the terms are considered synonymous.

The rise of FBO literature. Following the enactment of policy in 1954 establishing NPOs within the United States as a legally recognized entity, the academic community began to study this new organizational structure (Morris, 2000). Indeed, a quick search of the literature using the UMUC library resources suggests that between 1900 and 1954 a total of 118 academic articles regarding nonprofits were published, while over 44,000 results were found within the
1954–2017 time-frame. In contrast, a search of the same database using faith-based nonprofits as a search parameter returned only 614 results, none of which predates 1979. This suggests that, in general, the body of academic research on FBOs did not develop until the 1980s, and there is still a dearth of relevant literature on this organizational structure. Yet in much the same way that the body of NPO literature grew exponentially after the 1954 legislation, it was not until new FBO-focused legislation was enacted in the mid-1990s that the corresponding body of FBO literature began to grow (Bielefeld & Cleavland, 2013; Smith & Sosin, 2001).

In 1996, President Clinton put forward the Charitable Choice legislation, which allowed FBOs to receive federal funding to support their social mission (Campbell, 2002). This put a spotlight on these organizations and generated questions regarding their utility and true differentiation (Abrutyn, 2013; Schneider et al., 2009; Molloy & Heath, 2014). As a result, there was a significant increase in publications on FBOs beginning in the mid-90s and continuing through to the mid-2000s (Molloy & Heath, 2014). The sustainment of interest was partially due to President Bush’s Faith-based Initiative legislation in 2001. These two legislative decisions allowed FBOs to receive federal funding for social missions alongside their secular counterparts. This diversion of resources resulted in significant attention for FBOs, much of which was critical (Bielefeld & Cleavland, 2013; Schneider et al., 2009; Molloy & Heath, 2014). In general, the resulting body of research looked at the “faith factor” and whether its presence helped to improve service delivery or if it provided a basis for support to the organization (Bielefeld & Cleavland, 2013).

As the focus on FBOs increased, it was in a climate where NPOs in general were suffering an identity crisis, as questions were raised regarding the purpose and scope of the voluntary sector in contrast to government and the for-profit sector (Netting, O’Connor &
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Yancey, 2006). Funding for NPOs was argued based on the value-expressive nature of their service delivery, specifically how their focus was on bettering the individual and community as a whole versus providing a service (Netting et al., 2006). In this discussion, FBOs contended their value proposition was a positive differentiator, one that helps both the individual and community as they live out their value expression of faith-in-action. Yet the initial FBO literature during the 90s lacked hard data regarding FBO operations and was more qualitative in nature. Bielefeld and Cleavland (2013) offer that this is likely the result of a historical reticence by the government to capture that data and, in doing so, to potentially blur the lines between church and state, while at the same time academic NPO researchers had not prioritized FBOs in their research. Clark and Ware (2015) suggest that it was not until FBOs sought greater influence in community development interventions and the associated funding that their activities were viewed as worthy of study.

Not all researchers hold this view. Campbell (2002) encourages FBO research and proposes that research ought to focus less on the legality of charitable choice and more on the commonalities and differentiators of NPOs and FBOs. The underlying concept was to better understand how FBOs fit into the landscape of public, private, and nonprofit organizations seeking to improve their communities. This approach led to an early study of FBO typology and delivery, concluding that while faith motivates the work, it seldom defines the content of the delivery (Campbell, 2002). In other words, the study found that FBOs were more focused on helping the poor and marginalized and carrying out a faith-in-action mentality than on evangelism. The study’s data supported a value in having a concentrated population of diverse providers to expand overall capacity (Campbell, 2002).
Despite differing views on the value of FBOs, much of the early FBO research in the wake of the 1990s-era legislation sought to define, create a typology, understand appropriate units of analysis, and identify measurable outcomes (Smith & Sosin, 2001; Wittberg, 2013). Initially, these efforts were not undertaken in longitudinal studies, as there was a perceived urgency for research to support or refute the need for government funding of FBOs separately (Smith & Sosin, 2001). Additionally, many of the researchers in the NPO field, who might otherwise have been suited to undertake research on nonprofit faith-based institutions, were unfamiliar with FBOs (Schneider et al., 2009). This caused a short-term rise in opinion-based publication before actual research began to catch up; ultimately, however, this period provided a significant base of literature examining the nature, culture, and values of FBOs (Clark & Ware, 2015; Sider & Unruh, 2004; Sinha, 2012; Thomas, 2004). The political nature of the topic led to research addressing narrow aspects of the issue, often seeking to refute the sound bites being offered in political debates (Ebaugh et al., 2003; Netting et al., 2006). In these cases, when included in this literature review, the data and methodology are appropriate, however the scope of the study may have been designed to prove a particular point. This review has thus specifically sought and integrated research from both sides of the issue to provide a more complete picture.

**FBO typologies.** A key aspect of the early literature was the evaluation of FBO typologies. While many diverse typologies of FBOs have been offered, Bielefeld and Cleavland (2013) point out that they fall into three primary categories: organizational control, expression of religion, and program implementation. Organizational control encompasses funding sources, power bases, personnel selection, decision-making processes and information management (Bielefeld & Cleavland, 2013). Expression of religion ties back to organizational identity and the
religiosity of members, specifically their depth of faith affiliation and how it is demonstrated in their actions (Bielefeld & Cleavland, 2013). Program implementation addresses the level of overt religious focus, selection of services, criteria for participation, and presentation of activities (Bielefeld & Cleavland, 2013). The exploration of these typologies is often undertaken to ascertain whether the services provided are an expression of faith, or if they are provided in order to share faith beliefs (Bielefeld & Cleavland, 2013, p. 448). This may seem a bit of a fine point distinction yet it is at the core of the vast majority of FBO research, since federal funding is deemed appropriate as long as the primary focus is not to use the activity to discuss or influence religious beliefs.

Smith and Sosin (2001) questioned the basis for support of federal funding of FBOs and offered that research on FBOs “must specify how religion and faith are really expressed in agencies, to what ends, and in what agencies” (p. 652). They proposed a typology that suggested FBOs are influenced by their institutional environment which includes norms, beliefs and cognitions, along with their resulting structures, procedures and mission that are all culturally based (Smith & Sosin, 2001). Further, Smith and Sosin (2011) offered a typology of faith integration or “religious coupling” that helped to define the dimensions of resources, authority, and religious behavior in FBOs. Ultimately, their research determined that FBOs were more likely to take steps to protect the dignity and rights of the people they served, including not imposing moral standards, but simply providing for the material needs (Smith & Sosin, 2011).

Overall, the literature supports the concept that while FBOs may differ in form and function, they share a commonality of faith infusing their “self-presentation, personnel, resources, decision-making process, and interactions with clients” (Ebaugh, Pipes, Chafetz & Daniels, 2003, p. 423).
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**FBO versus NGO.** As noted above, there was a tendency in both academic and political circles to question if there truly was a distinction between FBOs and NGOs. In 2015, Clark and Ware (2015) conducted a realist synthesis-based literature review based on 50 studies in order to evaluate the two organizational entities and compare FBOs and NGOs. Their review noted the many ways in which the two organizational structures share a common desire to help the disadvantaged and better their communities. The review offered six typologies for comparing FBOs with NGOs, with a seventh typology addressing their relationship. These typologies included:

1. *intersection* (FBOs working as NGOs in development but with a religious identity—emphasis on the similarity),

2. *distinct* (FBOs in the NGO sector but with the emphasis on the faith aspect that makes them a separate type of organization),

3. *substantive* (in this typology the focus is on the fact that substantively the two types of organizations perform the same mission),

4. *subset* (that FBOs are a type of NGO, essentially acknowledging that while FBOs are NGOs the reverse is not necessarily true),

5. *coexisting* (working side by side in the same space to better the community), and

6. *atomistic grouping* (recognizes that all FBOs will not operate in a similar fashion and that while they may be an entity unto themselves, they are not all the same,

7. *heritage* (this typology highlights the fact that FBOs have a heritage in community engagement, religious organizations, the NGO field, and in civil society writ large (Clark & Ware, 2015, p. 45).
It is this seventh typology that Clark and Ware (2015) focus on, offering that it is in the integration of this diverse heritage and connection base that the true character of FBOs is formed. Clark and Ware’s (2015) work helps to clarify the distinctions between FBOs and NGOs and makes a strong argument for considering them as separate and distinct.

**FBOs, churches, and congregations.** Another question in defining FBOs arises regarding how they compare to churches and congregations. Simply put, churches or congregations are organizational entities clearly defined by a common theology. FBOs on the other hand may cross theological boundaries to serve basic human interests in order to address unmet needs within society (Schneider et al., 2007). Those who work within a church or congregation may feel a significant normative motivation through commitment to the church’s values, versus those who may serve in FBOs due to their affective commitment and desire to help the FBO achieve their goals (Winston et al., 2012). This difference in motivation helps to underscore the fundamental difference between FBOs and churches; churches are the result of a common value system while FBOs are based on common goals. Specifically, a common belief in God creates a church organization, while a desire to serve the common good based on personal faith creates an FBO. A church or congregation may initiate their own FBO, and they may indeed have a single faith focus, but the FBO itself is a separate organizational structure.

Schneider et al. (2009) clarify this by describing three system types within FBOs: institutionalized, network, and congregational systems. Institutionalized systems have strong networks, traditions and centralized funding that can be shared across the system; individuals will work for these systems regardless of their own faith background (Schneider et al., 2009). For example, within the Christian domain, organizations such as The Salvation Army are more overarching FBOs, spanning geographical and organizational boundaries to provide services to a
wide range of underserved populations. Similarly, a networked system type of FBO, such as Catholic Charities USA, uses social networks across common faith backgrounds to unify the workforce and the volunteer base (Schneider et al., 2009). These two systems represent the FBO model addressed most often in the research.

In contrast, there are more localized congregational systems which often form local nonprofits to carry out the mission (Schneider et al., 2009). These FBOs are viewed as an extension of the congregation and are seen as community-driven faith-in-action efforts. For example, the Catholic church, as one of the leading providers of faith-based social assistance services, has advocated against the concept of government provided social services, contending that it is through society at the lowest levels that the most efficient and effective service can be found to meet the local needs (Burton & Bristor, 2012). It is this mindset that has motivated their local churches and congregations to establish food banks and homeless shelters. These types of congregational FBOs use their own members as volunteers and network within their own congregation, yet, the FBOs themselves are still separate and distinct from the church.

**FBOs - An anthropological, ethnographic, and historical lens.** As research began to expand on FBOs, and their distinctiveness from both traditional NGOs and longstanding congregational efforts was clarified, it became clear that the term was still an overarching one that did not always capture the wide diversity of organizational structures and core values. If FBOs are distinct as a result of their faith-factor, how does that distinctness play out in the vision and mission of the organizations? Sider and Unruh (2004) studied the faith aspect of a range of FBOs, specifically looking from an anthropological vantage point at the ways in which religion is manifest within the FBO or NGO entity and distributed them into six categories: faith-permeated, faith-centered, faith-affiliated, faith-background, faith-secular partnership, and
secular. This classification offers a taxonomy of the faith dimensions within the FBO framework and shows the social and cultural evolution of faith organizations while also offering a common language base for discussion and differentiation.

Historically, many FBOs were tied to umbrella or parent faith-organizations that served to help with funding, staffing, and to offset challenges, such as a decline in revenue after the loss of a leader (Wittberg, 2013). Yet an ethnographic look at FBOs suggests this connection has not been as prevalent in recent years, with the increase of evangelical Christian FBOs, where many are affiliated with multiple churches versus one overarching organization (Wittberg, 2013). Drawing on a sample of data on 81 FBOs, Wittberg (2013) concludes that umbrella organizations have demonstrated value and provided protection for FBOs in times of transition, yet they have also served to introduce burdensome bureaucracy and cause a loss of connection to the faith community and to the people they serve.

Observing FBOs through a different ethnographic lens, Sinah (2012) considered whether FBOs were culturally or fiscally impacted by the Charitable Choice legislation of the 1990s. This question arose because the legislation encouraged FBOs to “retain their distinctive mission” and the “active preservation of religious identity” in support of organizational stability and longevity (Sinah, 2012, p. 579). In other words, Sinah sought to understand if this encouragement prompted any change in organizational faith-based culture. Sinah concluded that only a small subset of African-American FBOs were impacted, and then seemingly only due to a specific push by the government, encouraging them to seek federal funding for their faith-based social service functions. This led to a climate where their distinctive cultural faith-based identity was emphasized more than was typical in other FBOs (Sinah, 2012). Viewed through these historical, anthropological and ethnographic lenses, it appears that whether tied to a parent faith
organization, or evolving out of a multi-faith culture, the modern day FBO is a case study on the evolution and blending of cultures.

The Introduction of Social Entrepreneurship

Separate and distinct from either NGOs or FBOs, the introduction of SE offers a “fourth sector” in society that focuses on merging a desire for better quality of life with a commitment to consideration of the social consequences (Wilburn & Wilburn, 2014). The goal of a social entrepreneurial venture is to create social value by providing solutions to social problems in the framework of a “more ethical and socially inclusive capitalism” (Dacin et al., 2011, p. 1204). In effect, SE is designed to create social value while also focusing on economic value, which in turn creates financial support for the social agenda (Dacin et al., 2011).

The social aspect of SE. Sheir and Handy (2015) note that social change has historically been viewed as advocacy for, or service provision to, the marginalized. Yet the social aspect of SE offers an opportunity to leverage socially transformative innovation towards these same goals. Dacin et al. (2011) point out that the introduction of the SE business model requires defining and measuring outcomes on both a social and economic level. This creates a different focus and foundation than traditional entrepreneurship and clearly delineates SE from its purely profit focused cousin (Dey & Steyaert, 2016). Dacin et al. (2011) contend, however, that in an effort to establish legitimacy as a financial and socially worthy cause, this can result in a value trade-off. Yet agreeing on ideal social outcomes is inherently a values-based proposition, and values are a contentious topic. Additionally, the social value discussion must be part of a broader discussion on the perceived competition between social good (charitable) and entrepreneurial values (problem solving) within an SE organization (Dacin et al., 2011). These values-based
discussions can create internal organizational conflict but they are essential to defining the social change aspect of an SE.

As an extension of the discussion on defining what is good for society, the question of appropriate scope for an SE comes into question. If social good is defined by society, can SE efforts transcend borders and societies by seeking to address global needs? While feeding the hungry is a universally identified need, the socially and economically appropriate way for addressing that need is not universal (Hill, 2004). This results in a concern that an SE venture on its own is not scalable in the global marketplace without losing the stated niche in the marketplace (Dacin et al., 2011; Sud et al., 2009). Specifically, there is a bounding effect from political, structural, organizational legitimacy, moral, and isomorphic pressures that constrain SE efforts from being able to address social needs on a global scale (Sud et al. 2009). Ultimately, the literature suggests the social aspect of SE both differentiates, assists, and yet bounds the ability to address social change efforts (Dacin et al. 2011; Sud et al. 2009).

**Being social requires social capital.** In addition to seeking a common definition of social good, there is a need for SE ventures to obtain and sustain a reputation in their communities for doing good in order to create the social capital and network of support for their efforts. Dacin et al. (2011) offer that the long-term ability of the organization to achieve both the desired social and economic outcomes is dependent on the skills and social capital inherent in the organization. Entrepreneurship has become synonymous with a focus on creating wealth, while SE has sought to ground itself in an ethical base (Dey & Steyaert, 2016). Early consideration of SE often tied the ethics to individuals versus the organization, yet it is the organization that must sustain the social capital and is responsible for the organizational practices that are grounded in ethics (Dey & Steyaert, 2016).
Schneider et al. (2009) propose that there are three types of organizational social capital: bonding (densely linked networks), bridging (crosses boundaries of race, income, culture), and linking social capital (ties across power hierarchies). Significant attention needs to be paid to all three types in developing strong social capital networks and engaging stakeholders in active participation with the organization, while also recognizing the value of informal networks and relationships (Schneider et al., 2009, p. 8). In many cases these stakeholder sensibilities affect the type of SE ventures that will attract social capital. Schneider et al. (2009) note that historically typical acceptable SE ventures are within the social services realm: schools, retirement communities, healthcare, community development, emergency services. These types of ventures have high social capital potential, and the average congregation collaborates with six of these types of community outreach programs (Schneider et al., 2009).

In a separate consideration of possible forms of social capital, Mair, Battilana, and Cardenas (2012) state that SE efforts are developed using social, political, economic, and human capital. They argue that the balance of capital used in developing the organization creates the logic justification for future actions (Mair, Battilana, & Cardenas, 2012). FBOs are developed using the same basis of capital as SE ventures, but perhaps with a different balance that leverages more of the social and human capital (Corbett & Fikkert, 2012). In the end, the literature conveys a common message that development of social capital is vital to the sustainment of an SE effort.

**The double bottom line.** Di Zhang and Swanson (2013) propose that engaging in SE results in more prudent business practices and a greater efficiency of resources to support the social mission. Having a double bottom line that considers social outcomes as well as fiscal outcomes is no longer a novel business model but has instead grown in support and popularity across many industries as well as across the global arena (Wilburn & Wilburn, 2014). Certainly,
the literature suggests that the value of an SE effort lies in the heightened awareness of efficiency and outcomes which maximize the opportunity to effect change (Dees, 2012). This type of change often happens when the poor are empowered, when they become customers versus recipients of charity (Dees, 2012; Corbett, & Fikkert, 2012). The social transformation occurs because as customers, the poor have a voice and a choice in the process, allowing them to shape the market and ensure that the service being offered truly meets their need (Dees, 2012; Corbett, & Fikkert, 2012). Dacin et al. (2011) offer that the ability to effectively mobilize different sets of resource portfolios, demonstrate both fiscal and social outcomes, all while managing the social image and identity of the organization are variables that impact the outcome of the SE effort.

**Performance metrics—A reason behind the growth of SE.** A significant benefit of capturing and measuring outcomes as Hale et al. (2012) point out, is that the effort influences potential partners and motivates existing staff, and capturing those metrics become easier with the introduction of an SE effort. Kistruck and Beamish (2010) offer that the introduction of performance metrics increases the level of fiscal management focus. Aviv (2006) encourages the development of a market orientation within the NPO realm and offers that having a market orientation promotes higher performance outcomes.

Grimes (2010) found that not only does the introduction of SE into NPOs offer the opportunity to measure outcomes, it also creates a framework for sensemaking. In other words, when FBOs seek to offer social change, the introduction of the business aspect of SE allows for a measurable framework for progress, which is a motivational driver for the workforce. Treating the business as a business, versus a charity, creates the framework for not only empowering the clientele, but also the employees who are engaged in the change (Grimes, 2010).

**Emergence of Hybrid Organizations**
Hybrid organizations began to appear in the literature in the 1990s as a way to combine institutional logics in innovative ways to address emerging issues (Battilana & Dorado, 2010). The founding principle was effectively to merge two organizational forms to bring a more complete solution to a given situation (such as banking and development to address the needs of the poor) and in the process, create a new hybrid organization (Battilana & Dorado, 2010). Essentially, the literature suggests that when entrepreneurs are not wedded to a single type of organizational structure, they can challenge the existing institutional arrangements and recombine structures to create a new, more effective model to best address their identified social problem (Desa, 2012). Yet these new hybrid structures are highly unstable and must create a new organizational identity in order to develop a sustainable model (Battilana & Dorado, 2010). Additionally, new hybrids must tread carefully in their development of partnerships in order to ensure they expand their social capital and manage their larger industry partners in such a way as to collaborate and not compete (Lee & Jay, 2015).

Indeed, Santos, Pache, and Birkholz (2015) contend that developing innovative ways of doing business, such as designing hybrid organizations that align profit and societal impact, are a key challenge for corporate leaders today (p. 37). These authors identify four different types of hybrid organizations—market, bridging, blending, and coupling—and propose that each of these organizational structures designs specific processes to align with their mission and requires different practices as a result (Santos et al., 2015). Value spillover and client overlap are noted as the key factors to consider in identifying which hybrid model to pursue (Santos et al., 2015).

Taking a strategic view of organizational development, Tracey, Phillips, and Jarvis (2011) argue that transitioning and merging institutional forms requires bridging institutional entrepreneurship and combining aspects of established institutional logics to create a new
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organizational structure. Proposing three levels of hybrid organizational development, they offer
the planning begins at the individual level, where entrepreneurs must recognize an opportunity,
frame a problem in a new way, and develop an innovative solution to that problem (Tracey et al.,
2011). Finally, at the societal level, work must be done to legitimatize the new form through
networking and aligning with legitimate actors (Tracey et al., 2011).

Jäger and Schröer (2014) offer that all organizations gain their identities through
individualist, structuralistic, and practice-based approaches to actions. These approaches are
part of their embedded culture and are exemplified in who is hired, how the organization is
structured and what they do in practice. In other words, for hybrid organizations to survive, the
identities and approaches must be blended or complementary; the staff must not only be
comfortable meeting fiscal goals, but also able to structure the organization to maximize social
impact. When a common culture is present, hybrid organizations hire, train, and integrate staff
in such a way as to create a holistic sense of value in both aspects of the mission.

Addressing the challenges of integration, Yip, Twohill, Ernst, and Munusamy (2010)
offer that the social identity boundaries of religion, age, nationality, ethnicity and job function
are aspects of our identity that define the various groups to which we belong (p. 468). These
identity boundaries create “geological faults” that “rub together, pull apart, and collide” (p.
468). Thus, the pull-push of competing faith, business, and charity cultures within an
organization can cause the organization to pull apart or crash together dependent on the
effectiveness of the integration. The merging of cultures becomes increasingly difficult based
on the longevity of the preexisting organization and based on the level of established
embeddedness and path dependencies (Kistruck & Beamish, 2010). Zahra, Gedajlovic,
Neubaum, and Shulman (2009) also state that the merging of cultures requires a moving
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towards a common motive and an entrepreneurial mindset that embraces innovation in creating social impact and generating income. This finding suggests that the biggest cultural upheaval will be for the members of a preexisting FBO, who must find ways to move towards embracing the SE mindset. To this point, the literature suggests that while there are significant challenges, developing organizations that manage mutually supporting social and business objectives is a viable alternative or supplement to donor-based funding (Di Zhang & Swanson, 2013).

**For-profit SE versus nonprofit mindset.** The development of a hybrid organization often involves the decision to adopt either a for-profit or nonprofit overarching organizational structure. Starting with the basis that hybrid organizations have value, Kistruck and Beamish (2010) ask the question whether non-profits or for-profits are a better fit for a hybrid organization seeking to integrate an SE model. The results of their study suggested that for-profit organizations are better paired with an SE in order to effect social change (Kistruck & Beamish, 2010). The findings suggested that individuals in for-profit organizations were more likely to willingly engage in charitable activities, whereas their nonprofit counterparts were less willing to engage in revenue or business-related activities (Kistruck & Beamish, 2010). Yet Kistruck and Beamish note that despite the challenges, SE efforts often arise out of mature existing NPO organizations and they emphasize the significance of the difficulty NPOs face in trying to integrate SE efforts. In contrast, a survey of 509 welfare-to-work programs that included FBOs, secular NPOs, and for-profit organizations concluded that FBOs can be effective for-profit organizations as well as nonprofit (Bielefeld & Cleavland, 2013, p. 449). The point that is made in each of these studies is that for-profit entrepreneurial ventures seek to “create and satisfy new needs in society in order to generate sales” while SE ventures attempt to use “innovative
methods to satisfy unmet, persistent and pre-existing social needs” (Jacobs & Polito, 2012, p. 32).

Another reason to create for-profit hybrids is offered by Burton and Bristor (2012) who propose that economic principles such as supply and demand result in efficiencies that are lacking in the government sector. Further, NPOs that rely heavily on government subsidies sometimes fall into a pattern of operation that model government inefficiencies versus market efficiencies and it is through the introduction of a hybrid structure that the for-profit mindset can bring an economic balance to the organization (Burton & Bristor, 2012).

While the literature suggests that for-profit and nonprofit sectors may have some conflicting motivations in focusing on profit versus societal needs, many commonalities also exist that can be leveraged for successful long-term sustainable hybrid operations (Burton & Brister, 2012). Granted, it is the mindset of a for-profit organization that can best suit the hybrid, but the retention of the nonprofit structure allows for continued revenue through donations. Thus, a bridging mechanism can support NPOs or FBOs that wish to pursue a hybrid structure. For example, good stewardship of resources is a bridging motivation that applies to both organizational forms and can be used to focus on a common goal of longevity and sustainability. Ultimately, a key component of merging and running hybrid organizations is the use of identified commonalities to overcome integration challenges.

**Benefit and low profit corporations.** If a decision is made to integrate under a for-profit model, there are several choices in addition to a straight-forward for-profit corporation. For example, benefit corporations, called B Corps, are a relatively new organizational structure, with Maryland passing the first legislation authorizing them in 2010, and a total of 19 states adopting the structure by 2013 (Wilburn & Wilburn, 2014). The structure requires B corps to tie fiduciary
and social responsibility by stating a social purpose in incorporation and submit annual reports of social and environmental performance while also pursuing a maximum profit goal (Wilbur & Wilburn, 2014). The value of B Corp status is legitimacy as a socially focused and socially conscious corporation, with the potential to attract capital and impact investing from socially conscious investors (Wilburn & Wilburn, 2014). As B Corps, organizations that might otherwise have chosen to be an NPO can focus on turning a profit without compromising their commitment to a social mission.

Stecker (2014) also contends that several business models can be used to assist NPOs in achieving sustainable revenue streams, among which are hybrid organizations. Indeed, Stecker (2014) points out that hybrids can be designed as low-profit limited liability corporations (L3Cs) in nine states, benefit corporations (B Corps) in 20 states, or flexible purpose corporations or social purpose corporations in California and Washington. Examples of these organizations include Patagonia as the first B Corps and Maine’s Own Organic Milk Company (MooMilk) as a well-known L3C. The appropriate designation varies based on the primary purpose, location of the organization, and amount of revenue that will be funneled to the social mission (Stecker, 2014). Kelley (2009) points out that L3Cs are attractive for investments by private foundations and yet the designation allows them to focus on things other than maximizing the company’s profit. The bottom line is that, in addition to remaining an NPO, each of these models is a viable option for an FBSE, demonstrating the diversity of choices to consider in the development phase.

A New Business Model—FBSEs

The literature on SE and hybrid organizations provides a foundation for studying not only how to merge traditional NPOs with SE, but also FBOs with SE ventures to create Faith-based Social Enterprises (FBSEs). There is compelling evidence that there is a place for hybrids in the
continuum of effecting social change. Jacobs and Polito (2012) offer that when FBOs merge with SE efforts in an effective manner there is a natural inclination to focus on external impact versus internal structure, allowing them to home in on meeting social needs despite a hybrid organizational structure.

When SE efforts are augmented by charitable giving there is an accountability factor involved for both arms of the organization (Dees, 2012). Sharma (2016) also makes a persuasive argument for SE-NPO blending, demonstrating how the involvement of NPO charity helps to keep costs lower for the SE effort and creates a direct tie in to the served community. Sud et al. (2009) additionally recommend that SE efforts be paired with organizations in the nonprofit, government, or academic sectors to maintain organizational legitimacy. Troilo (2011) offers that hybrid organizations create greater social value than pure FBOs in their ability to generate economic growth while serving the common good. Cooney (2011) encourages NPOs to integrate SE, finding that slow growth, cross-subsidization, and diversification offer an approach to balancing the social and fiscal goals.

Whether NPO or FBO, the blending or pairing with SE shows great promise given the common focus on social good. Di Zhang and Swanson (2013) offer that up to 70% of NPOs are engaging in some form of SE in addition to their core mission, making it a critical bridging activity between the nonprofit and for-profit sector. Further, integrating SE in NPOs creates organizations that are “more innovative and socially transformative” (Di Zhang & Swanson, 2013, p. 109).

In considering the incentives to integrate SE into existing organizations, Dodd and Seaman (1999) raised the point that SE is based on values and ethical structures, many of which are grounded in personal religious beliefs and influence entrepreneurial activity. In that same
vein, Abrutyn (2013) offers that religious entrepreneurs are “forces of qualitative change because the independence they struggle for, and when successful secure, provides them with the ability to reconfigure physical, temporal, social, and symbolic space in ways that differentiate the religious sphere from other spheres” (p. 3). As early as 1946, Weber argued religious institutions were shaped by their economic position and, therefore, “by the material and ideal interests of those entrepreneurs most responsible for innovating religiously, succeeding against competitors, and establishing privileged positions within the religious institution” (Abrutyn, 2013, p. 13). In other words, FBOs can measure their success not only by how well they perform their faith-based mission, but also by how effectively they demonstrate self-sufficiency and innovate to remain viable.

While the body of knowledge on FBSEs is still growing, there are some key studies that provide insight into the growth and appeal of SE in FBOs. Sherman and Green (2006) conducted a broad study in 2004 on earned income venturing in FBOs, gathering data from 265 FBOs in the United States and found that 37% were actively engaged in SE ventures with an additional 20% planning to launch an SE venture in the future. Yet only 25% were generating a profit, with the remainder either breaking even or needing subsidy to survive (Sherman & Green, 2006). When compared to a similar study conducted on NPOs, the findings are similar, although in that instance 35% of NPOs generated profit (Sherman & Green, 2006). The difference is attributed to the new start up nature of most of the FBSEs in contrast to their NPO counterparts who in general have more mature businesses, and equally to the small percentage of FBSEs who had a completed business plan prior to launch (Sherman & Green, 2006).

**The benefits of a triple bottom line.** The triple bottom line is a key component in developing FBSEs. In the world of SE, the triple bottom line of people, planet and prosperity is a
powerful driver of constructive change (Scofield, 2011). In FBSEs the triple bottom line of meeting spiritual, social, and economic goals is an equally powerful driver (Albright, 2014; Sherman & Green, 2006). In fact, this focus on a triple bottom line is visible within all three major world religions with different levels of expression at varying times in their respective histories (Forster & Fenwick, 2015; Gordis, 2009; Netting et al., 2006). Further driving this pursuit of a triple bottom line, can be the desire for autonomy. While all major faith cultures appear to value autonomy to some degree, at this point in time evangelicals in particular appear to seek freedom from institutions, preferring a direct dependence on God and not funding mechanisms (Schneider et al. 2009). This search for autonomy makes them ideal for SE ventures and the resulting freedom from donors and federal funding sources. Ultimately, regardless of faith affiliation, Troilo (2011) offers that hybrid FBOs (FBSEs) create greater social value than pure FBOs in their ability to act out their faith, generate economic growth, and serve the common good.

**The continuum of organizational structures.** There is a continuum of organizational constructs which can meet social needs and improve the human condition while maintaining a focus on faith and revenue generation; and there are a corresponding range of viewpoints on the appropriateness of each model. There is also a continuum of religiosity within these constructs ranging from religious-focused to secular (Ebaugh et al., 2003).

On one end of the spectrum, traditionalists argue for the value of FBOs funded by donations as “modeling a generosity and self-sacrifice which is desperately needed” in a war-torn world (Hill, 2004, p. 46). On the other, innovators embrace the idea of following their faith by bringing help to the developing world, while also generating revenue to support themselves and meet a social need (Dees, 2012; Molloy & Heath, 2014). In the middle are the majority of
existing FBOs, seeking to understand the role of SE in augmenting the dwindling number of donations needed to support their mission (Alderson, 2012). The search for these FBOs can involve exploring innovative business models and funding sources, at times looking to integrate for-profit, nonprofit, and governmental funding streams for long-term sustainability (Herranz, Council & McKay, 2011). This is where the FBSE comes into the picture, allowing FBSEs to merge their ethics into their business practices, determine what revenue streams are most appropriate for them, and ensure that faith is woven into the fabric of the business (McFarlane, 2010). In this area, FBSEs can also look to benefit from developing partnerships that can expand their social capital and financial resources (Meyskens & Carsrud, 2011).

Figure 2. Continuum of organizational forms supporting faith-based social change.

Using a case study of six FBOs Albright (2014) explores the “domains of influence” of business structure, outcomes, and partnership that shape the thoughts and actions of business leaders. The study found that in the domain of structure, FBOs only allow limited forms of subsidizations based on their desire to steer clear of unhealthy dependency and avoid harm to the local economy (Albright, 2014). In the domain of outcomes, Albright (2014) notes FBOs identify various understandings of, and pursue multiple strategies toward, economic, spiritual and social goals. Findings suggest that the primary economic goal of FBSEs is sustainability, defined in multiple ways, but first and foremost in terms of mission longevity (Albright, 2014). Additionally, current FBSE leaders view spiritual and social outcomes as inseparable and
strategically target not only the product itself towards social impact, but also use the power they have as a business to promote justice (Albright, 2014).

**Blending organizations.** There is compelling evidence that there is a place for hybrid blended organizations along the continuum of effecting social change. Scofield (2011) points out that modern NPOs must adopt many of the strategies, policies, and best practices of the for-profit world and find a way to do so without losing sight of the mission and purpose of the organization. Certainly, this mandate to blend organizational models is also true in the FBO realm, especially since the literature suggests that NPOs that integrate SE into their leadership and operational model are more impactful (Jacobs & Polito, 2012). This is where the FBSE model improves faith-based influence in society, allowing traditional FBOs to leverage SE to innovate and scale their efforts, achieving a broader social impact.

If the value of blending organizations is accepted, then the next aspect to consider is the process by which the two become one. Best practices identified in the literature for integrating SE into organizations include individual empowerment, collective action, systems reform, physical capital development, evidence-based practices, and prototyping (Chandra, Jiang, & Wang, 2016, p. 22). The challenges in merging the two different organizational constructs include managing the disruption and blending the cultures.

**Blending cultures.** There are two cultures within all NPOs that merge with SE, a culture of charity and a culture of entrepreneurial problem solving (Dees, 2012), yet FBOs bring a third culture of faith to the table, and this mix requires careful attention to the effective blending of
cultures in a way that values each for its individual strengths (Figure 3).

![Figure 3. Blending of commitment and culture supporting FBSE integration.](image)

The mission and character of the organization can initially be either secular or faith-based, but what ultimately allows them to combine and become part of an integrated picture of a blended organization is their concern with meeting basic human needs while retaining a commitment to faith and business.

**Acceptance.** The literature suggests that in many cases, no matter how much it is needed, it is difficult to gain acceptance of a hybrid model when the common view is that charity is about giving, and that the charity is not really authentic if there are expectations of a social return on the investment (Dees, 2012). When FBOs have an organizational history of offering charity, the challenge of maintaining social and political acceptance while altering the business model is significant. Nowhere is this more evident than in the global environment, where Western aid organizations have established themselves as the more affluent partners that bring financial resources to the situation (Pietroburgo, 2016). Yet even domestically, this challenge of external acceptance of the model is prevalent (Dees, 2012).

In an effort to effectively blend cultures and gain internal and external approval, Albrieght (2014) recommends that the value of a business mindset be demonstrated from the
outset in order to increase the acceptance of the hybrid model. For example, Albright (2014) suggests that a newly integrated FBSE venture may demonstrate an expanded capacity for change to their stakeholders by investing in an endeavor that while perhaps high risk, has the capacity for high social return. This investment may only be possible because of their ability to augment profits with donations to make the mission viable, despite the financial risks (Albreight, 2014). Demonstration of this expanded capacity for social change may facilitate the acceptance of business values and associated integration of cultures. Albright (2014) refers to this as the “Subsidized to Profitability model” (p. 23), whereby there are a mix of funds from donors and self-generated income that allow the mission to continue until there is a consistent positive cash flow. In contrast, an FBO that relies on donations alone may not be able to take on that mission, due to a lack of resources, while a strictly SE venture would not have the donation base to take on the fiscal risk. This type of demonstrated outcome can facilitate acceptance of the value of the new venture and promote culture integration.

**Identity.** Malloy and Heath (2014) point out that the blending of business and faith ideologies is often seen as initially incompatible for organizational members. In their study, Malloy and Heath (2014) identified four ideological focus areas which are critical factors for FBOs. These included commitments to business, education, basic human interests, and faith (Malloy & Heath, 2014, p. 393). Further, FBOs have an embedded focus on spiritual goals in their mission and practice (Malloy & Heath, 2014). There is perceptible overlap between these critical factors that highlights their appropriateness for blending, yet distinct differences remain which demonstrate the challenges these organizations face in merging the two models.

An added challenge for FBSEs is maintaining their religious identity as a core component while integrating a broader mission. Religious identity can help attract volunteers and
employees, create a built-in social network, and motivate performance (Bielefeld & Cleavland, 2013, p. 448). Yet this same religious identity can alienate potential supporters or be minimized to a point that dissatisfies those with strong beliefs and still dissuade those who want nothing to do with a faith-based mission (Malloy & Heath, 2014). As a result, a careful balance is needed and a focus on the outcomes is vital to ensure that the practice of living out faith through social activism is accomplished.

**Mission Focus.** Mission is what attracts employees to start up social entrepreneurial ventures (Di Zhang & Swanson, 2013). Keeping the mission and results in the forefront of their minds will facilitate retention, improve productivity, and offset lower salaries. Ultimately, the decision to merge an SE model with an existing charity-based FBO, or to develop two paired but autonomous organizational structures, or even move towards a fully integrated FBSE organization is based on a self-view of the underlying mission focus (Bielefeld & Cleavland, 2013; Di Zhang & Swanson, 2013; Winston et al., 2012).

Lloyd (2007) points out that while there is a historical perception of international faith-based efforts as being solely focused on the mission of evangelism, the modern-day FBO is equally likely to forgo inherently religious activities and instead focus on bettering the human condition through building hospitals, digging wells, or developing literacy programs. Lloyd also states that at times, in order to separate out the missions, FBSE efforts end up spinning off a “sister organization” that is strictly evangelical in nature and supported through charitable donations. This type of organizational evolution creates two organizations with separate missions, but is typically more effective than the reverse structure, as the SE effort is part of the initial organizational structure, with the FBSE developing at a later date (Kistruck & Beamish, 2010). Taking a different view on the topic, Bielefeld and Cleavland (2013) argue that the focus
on a faith-based mission is a primary motivator within an FBO thereby limiting the range of considered services an FBSE might provide (Bielefeld & Cleavland, 2013).

Ultimately, the literature is divided on the best way to address the mission focus, though it universally acknowledges that mission focus is a critical factor in determining the organizational structure and level of blending that will be most effective.

*Embeddedness.* A related and follow-on factor that arises in the literature as critical for success in FBSE endeavors is embeddedness (Kistruck & Beamish, 2010) or, put differently, the internalizing of a culture that embraces the dual missions of social and fiscal accountability on a foundation of faith-based motivation. Smith, Knapp, Barr, Stevens, and Cannatelli (2010) point out that organizations use three criteria to answer the question of who they are: centrality, distinctiveness, and temporal continuity. For SE and FBO cultures to blend, these three areas must be integrated effectively enough that it is easy to answer the question of identity through both a social and fiscal lens.

Jäger and Schröer (2014) offer that organizations gain their identities through individualist, structuralistic, and practice-based approaches to actions. These approaches are part of their embedded culture and are exemplified in who is hired, how the organization is structured and what they do in practice. For hybrid organizations to be effective, in other words, the staff must be not only comfortable meeting fiscal goals, but also able to structure the organization to maximize social impact. When embeddedness is present, hybrid organizations hire, train, and integrate staff in such a way as to create a holistic sense of value in both aspects of the mission.

**Theory**
Burton and Bristor (2014) offer that “because organizational performance has numerous dimensions and is judged differently in various contexts, no one theory can adequately explain the proper dimensions of a hybrid NFP-FP business model” (p. 35). This suggests that in addition to the complex and somewhat elusive nature of the faith factor, when merged with the nonprofit-profit aspect, the topic has resulted in several theoretical approaches to model and test how the faith component plays out as both the foundation of FBOs and a differentiator. Four theories are addressed here to provide a cross section of the models in the literature.

**Agency theory.** Agency theory would propose that by one agent (the FBO) employing another agent (the SE) to create a value for the FBSE as a whole, bounded self-interest on the part of the FBO might result in inefficiencies and perceptions of unfairness within the hybrid organization (Bosse & Phillips, 2016). Agency theory suggests that the interests of agent and employees within a hybrid organization are not aligned and that the resulting mismatch of preferences and interests when merging NPO and for-profit cultures must be addressed to achieve hybrid sustainability (Burton & Bristor, 2014). Further, the theory offers that an agent cannot monitor itself; in other words, one part of the hybrid cannot be in charge of the other but in fact they must share governance or have separate governance to succeed (Bosse & Phillips, 2016). In order to overcome this mismatch there is a need for identified boundary spanners who can work to align the desires of employees, leaders and organizational stakeholders. These boundary spanners can be placed within the FBSE board structure to help manage the external environment, and within the FBO and SE leadership to manage the internal administrative issues of merging cultures (Burton & Bristor, 2014).

**Grounded theory design.** Grounded theory research is used to ground findings in their context through listening to the respondents who are intimately involved in the circumstance
being studied, and to then allow their experiences to frame the theory and allow for future testing (Netting et al., 2006). Grounded theory design can thus be used to identify the specific beliefs and interpretations that are considered core to a program’s success (Netting et al., 2006). Therefore, in determining the ability of an FBO to integrate an SE model and create a hybrid organization, grounded theory can be used to build organizations that answer the needs of the individuals who are impacted and leverage their experiences to design effective models.

Indeed, using a Pew Charitable Trust grant, grounded theory design was used to “identify factors that contribute to the effectiveness of faith-based programs in addressing problems of urban poverty” (Netting et al., 2006, p. 265). A grounded theory approach was used in three phases to capture both quantitative and qualitative data on what makes a program faith-based and what about that faith aspect makes it effective. Respondents from three faith traditions (Christian, Jewish, and Muslim) were surveyed and two overarching commonalities were identified. First, these groups were motivated by a moral imperative to serve others, and second that they are accountable to God. Netting et al. (2006) found that these two motivations led to faith-based practices that grounded them in their faith communities, governed their practices and encouraged long-term commitment. This type of application of grounded theory can be used to identify the key organizational factors that will drive the sustainability of a hybrid organizational model.

**Social capital theory.** Social capital refers to the “assets and resources created by, available through, and derived from networked connections, held by and between individuals, groups and organizations” (Davies & Ryals, 2010, p. 320). In this way, social capital is the intangible but clear value that is derived from established networks with shared norms that operate towards a common goal (Sen & Cowley, 2013). Social capital theory offers that it is
through networks and connections that organizations are able to operate and grow their influence (Sen & Cowley, 2013). In so far as the preexisting FBO and SE have shared values and trust, there is a solid basis on which to grow a shared social capital and merge networks and develop new shared norms to pursue a common goal (Davies & Ryals, 2010; Sen & Cowley, 2013).

Using social capital theory, an FBSE organization could look to broaden their social capital by engaging faith networks, social responsibility networks, and entrepreneurial networks. Actively addressing the social change efforts along with the faith mission, while also pursuing economic engagement, could offer a broad base of support and engender high levels of trust (Davies & Ryals, 2010). Additionally, at the societal level, work must be done to legitimatize the new form through networking and aligning with legitimate actors (Tracey et al., 2011).

The common theme in the literature is the need for social capital to maintain the connection to sponsoring faith communities. There is a need to use social capital as a way to clarify stewardship mechanisms and practical theology (Schneider et al., 2009). Faith communities are far more willing to accept support organizations that reflect their beliefs and culture, watching to ensure that the organization is operating in what might be considered an appropriate manner (Schneider et al., 2009, p. 6). Organizations that reflect the embedded culture of their founding faith have better support from those faith communities.

Social capital theory would suggest that FBSEs could thrive by achieving high levels of social capital through their networks and take advantage of the resulting value derived from having a trust-based reputation grounded in common values (Davies & Ryals, 2010).

**Institutional theory.** Institutional theory proposes that organizations operate under a common understanding of what is correct and meaningful behavior (Rosenzweig & Singh, 1991, p. 342). This theory would then offer a basis for organizational behavior that conforms to
“structures or processes that reflect the institutional environment” and follows accepted practices (Rosenzweig & Singh, 1991, p. 342). When attempting to integrate two separate institutional logics, there is a potential for conflicting views on what is correct and meaningful, or what is an accepted practice. In order to overcome the challenges associated with separate institutional logics in FBOs and SE, there must be an attempt to create a single FBSE entity with common views on behaviors and norms in order to be able to develop corresponding institutional structures to support the new organizational entity (Rosenzweig & Singh, 1991).

**Chapter Summary**

This literature review has presented a diversity of viewpoints on the history, focus and scope of FBOs, the characteristics of SE, and the more recent rise of hybrid organizations. Additionally, the review presented the literature covering the benefits and challenges of designing an FBSE, as well as the variety of potential organizational structures and views on how to blend structures and cultures. Finally, this review presented four distinct theoretical frameworks to consider in order to understand the dynamics of a newly formed FBSE.
CHAPTER 3: METHODOLOGY

“Perhaps the best metaphor for the end product is to imagine the research process as producing a sort of highway code to program building...the highway code does not tell you how to drive, but how to survive the journey by flagging situations where danger may be lurking and extra vigilance is needed.” —Pawson, Greenhalgh, Harvey and Walshe, 2005

Introduction

The purpose of this study is to uncover the evidence needed to inform and guide managers of FBOs seeking to integrate SE into their mission and design hybrid organizations. Specifically, the focus is on how to merge the institutional logics and cultures in order to create and nurture a new institutional logic able to support the triple mission of delivering on faith, fiscal, and social needs. This systematic review was bounded by the questions, “How do organizational characteristics influence the development of a hybrid social entrepreneurial business model in faith-based nonprofits?” and “What characteristics support or detract from increased effectiveness when business models are merged in hybrid organizations?” To address these questions, a systematic review of the existing literature was conducted. This review was performed to provide actionable evidence to practitioners in faith-based nonprofits.

An Evidence-Based Approach

Since organizations differ significantly in size, form, and age it is risky to presume that an intervention that worked in one situation will be effective elsewhere (Pfeffer and Sutton, 2006, p. 2). Ideally, managers should inform their decisions using evidence that demonstrates not only what has worked in the past but in what situations. This research effort is grounded in the concept that management is best served when scientific knowledge is incorporated into the decision-making process (Rousseau, 2012). Evidence-based research seeks to do just that, by
gathering the existing primary research on a topic in order to collect, organize, and create sense out of what has already been learned (Rousseau, Manning, & Denyer, 2008). Further, evidence-based research incorporates not only the data but also the stakeholders in an effort to ensure the knowledge gathering answers a need and facilitates practical application of the research by decision makers (Denyer & Tranfield, 2006; Gough et al., 2012).

The concept of bringing evidence-based research into decision making is defined as evidence-based management (EBM), a methodology for bridging the gap between scientific knowledge and practical application for managers. The application of EBM offers practitioners a way to increase their knowledge by leveraging what has been discovered through research to inform their decisions and refine their judgments (Rousseau, 2012).

Initially employed in the healthcare field, the early EBM efforts focused on ensuring medical professionals had access to all of the available research in order to best inform healthcare decisions and create uniformity of practice (Rousseau, 2012). These informed decisions formed the basis of evidence-based practice (EBP). The success of EBM and EBP in healthcare gradually began to influence the field of social science and gained acceptance as a way of informing management decisions (Denyer & Tranfield, 2006).

EBM is not designed to limit or replace practitioner experience, but rather to augment and incorporate what is already known into the practitioner’s decision-making process (Rousseau, 2012). The ability to draw on knowledge from disparate disciplines to inform management decisions expands the utility of EBM to the practitioner, but requires the appropriate academic inquiry and resulting research. To that end, this study uses EBM as a foundation for research, with the intention of providing actionable information for management practitioners within faith-based organizations.
Systematic Review

In order to practice EBM, there must be a pool of evidence underscoring management decisions. Briner and Denyer (2012) contend that the intent of management studies is to “simultaneously advance knowledge and to give insights into the practice of management” (p. 113) and suggest that the effort is hampered unless the evidence can be gathered in a usable fashion for the practitioner. Gough et al. (2017) note that any individual study may have limited relevance to the practitioner, but a systematic review pulls together a “more comprehensive and stronger picture based on many studies and settings” (p. 3).

Practitioners have neither the access nor time to adequately review individual primary research studies, or independently assess their applicability to practice (Gough et al., 2017). To address this challenge, Gough et al. (2017) offer that reviews bring together disparate research, provide a more comprehensive view of the evidence, offer findings, and interpret the results into actionable conclusions. Further, the authors state that when undertaken correctly, a systematic review of the literature provides a way to capture the relevant research, critically appraise the evidence, and synthesize the results.

Thus, a systematic review is “a review of existing research using explicit, accountable rigorous research methods” (Gough et al., 2017, p. 2). This application of a “replicable, scientific and transparent process, that attempts to minimize bias” is what sets systematic reviews apart from literature reviews and makes them valuable to the practitioner (Tranfield, Denyer, & Smart, 2003, p. 209).

Finally, a key element of systematic reviews is their ability to draw conclusions based on the evidence (Briner & Denyer, 2012). It is these conclusions that provide significant value to practitioners, offering an answer to the often asked “so what?” question. Through the use of
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rigor and transparency, the systematic review can assess the findings, explain and defend the conclusions drawn, and also show how the evidence used to support the conclusions were obtained without bias (Gough et al. 2017). This research effort uses the steps outlined by Gough et al. (2017) to develop a systematic review of the evidence in order to offer a rigorous, transparent look at what is known on the subject, and to draw evidence-based conclusions that can inform management practitioners (Figure 4).

Stages of the Review

Gough et al. (2017) offer six stages to the systematic review process, with the first step designed to identify the problem to be resolved and the appropriate question to address. In this stage, the stakeholders should be engaged to offer their insights on what is known and what questions need to be answered. This stage also requires a thorough review of the historical progression of research on the topic to understand the context in which the situation must be addressed (Gough et al., 2017). Much of that literature was captured in the review offered in Chapter 2, demonstrating the evolution of FBOs, the similarities and differences with their NPO counterparts, and the development of the SE organizational construct. Discussions with stakeholders in this stage revealed their desire to understand the challenges and opportunities involved with pursuing an SE venture to augment their donation-based revenue stream. Based on this understanding of the historical construct and the problems practitioners faced, the review question and scope were established. Additionally, the contextual framework was developed, specifically to use a realist synthesis approach to configure the data and answer the question of what mechanisms work in the context of FBOs with the intervention of an SE venture and a desired outcome of establishing a sustainable FBSE (Pawson et al., 2005).
Adapted from Gough, et al. (2017) Stages of the review process

*Figure 4. Stages of the systematic review process (Gough et al., 2017).*

It is also in this first stage of the review process that a decision on scope must be considered. In this particular review, an early question on scope involved whether to broaden and consider SE in the context of NPOs in general, or a refine and narrow the scope to focus on faith-based NPOs. Ultimately the decision to refine the scope was guided by the exploration of the problem, which suggested that while FBOs have many commonalities with NPOs, they also have unique organizational cultures, donors with distinct giving patterns, and social capital issues that
are specific to their organizations (Bielefeld & Cleavland, 2013; Ebaugh et al., 2003). These findings in the early stages drove the scoping of the problem to be addressed.

The second stage of the systematic review process involves finding or identifying studies within the identified scope that will provide a basis for allowing “sufficient concepts for coherent configuration,” and may be conducted in iterative searches to ensure maximum possible coverage of the topic (Gough et al., 2017, p. 96). This second step involves not only conducting database searches but also “purposive searching,” such as reviewing reference lists of bullseye studies to identify additional sources (Gough et al., 2017, p. 101, 114). There is not an expectation that all the available studies can or will be located; rather, the intent is to seek a sufficient number of studies to allow for topic saturation. This saturation can be achieved when subsequent searches do not reveal new ideas or concepts (Gough et al., 2017, p. 101). As Gough points out, the configuration approach acknowledges that in some cases it is necessary to draw data from various topical areas in order to answer the question at hand. In this case, the data suggests that assembling a coherent configuration of the data requires relevant information on FBOs, FBSEs and hybrid organizations. This second step in the process is described in further detail within this chapter.

The third stage in the systematic review process involves describing the data and aligning it within the conceptual framework. In this stage of the review the data is coded in such a way as to identify key terms, ideas, contexts, and themes to allow for some initial mapping (Gough et al., 2017, p. 125). This coding and mapping stage provides a basis for synthesis by offering a map to the reviewer showing where the data is pointing (Gough et al., 2017). This step of describing the evidence helps the review configure a more complete picture by identifying the
ways in which the disparate evidence comes into focus. This coding and mapping portion of the review is also contained in chapter 2 and offers a basis for the findings discussed in chapter 4.

The fourth stage in the review process entails the synthesis of the findings within the conceptual framework. This step involves “a transformation of the data from the primary studies included in a systematic review to build a connected whole” (Gough et al., 2017, p. 182). It is in this stage that new knowledge is generated, grounded in the research but “more than simply the sum of its parts” (Gough et al., 2017, p. 182). This stage in the review process is done using a realist synthesis framework to identify the range of mechanisms that work and under what circumstances they are effective. Employing a realist review methodology to conduct a qualitative synthesis allows for consideration of what it is about the introduction of SE into FBOs that works in some circumstances and to some degree, and to consider why it works (Bearman & Dawson, 2013). The framework employed for this methodology considers the evidence in terms of the context, intervention, mechanism, and outcome (CIMO). This can be accomplished by considering the context of FBOs, the intervention of SE, the mechanism of merging institutional logic and cultures, and the desired outcome of a sustainable organization (Figure 8).

Finally, the findings were placed within the context of the Business Model Canvas (BMC), a conceptual framework designed to support reimagining standard business plans and approaches and thus ideally suited to the design of new and innovative organizational constructs (Osterwalder & Pigneur, 2010). As this research looks to understand the development and operation of a new hybrid business model, the BMC offers a way to break down the core functions and requirements and isolate out the areas that are impacted by the intervention of SE into the existing model (Osterwalder & Pigneur, 2010).
Appraising the relevance and quality of the evidence is the fifth stage in the systematic review process. In this stage, the reviewer must develop and justify evidence claims by providing evidence of the rational used in deciding on the methodological framework and selection of studies included in the review (Gough et al., 2017). When justifying the use of the methodological framework, Gough et al. (2017) notes that there must be transparency regarding the methods or tools used to determine the framework for the review, the suitability of methods used to answer the question, and the relevance of the focus taken for the review (p. 253). This review considered a realist framework and qualitative synthesis methodology to be suitable for answering the research question, while the focus remained on operationalizing an SE effort within an existing FBO. Qualitative synthesis allows the research to focus on developing a contextually rich picture and offers a broad understanding of the phenomenon being studied (Bearman & Dawson, 2013). After a review of the evidence demonstrated a lack of quantitative data available on FBOs or FBSEs, a qualitative methodology and framework were selected to configure the disparate evidence within the literature and acknowledge the qualitative nature of the data.

Further, in considering which studies to include, there must be transparency regarding the methodological standards, the suitability of the methods, and the relevance of the focus (Gough et al., 2017, p. 253). This study employs the weight of evidence quality appraisal tool to evaluate what studies to include and what significance each study is afforded in contributing to the findings (Gough, 2007). These methodological standards are addressed in more detail as they are used in this study.

The sixth and final stage is addressed in the last chapter of this text where the practical and academic application of the research is discussed. It is in the final stage that the value of the
findings is articulated and the contributions to the existing body of knowledge are offered in an effort to make the evidence of use to the practitioner. These six steps or stages create the framework for the execution of an effective systematic review. Their use in this study is further clarified in the sections that follow.

A Systematic Review of Integrating SE into FBOs

Stage 1: Clarifying the problem and question. The primary purpose of this research is to determine the relevant organizational characteristics that contribute to the development and successful integration of a not-for-profit and for-profit business model into one hybrid organization in such a way as to increase the effectiveness of the faith-based organization. This research problem came to light through initial discussions with practitioners and stakeholders who articulated a need for evidence to understand the challenges and possibilities of incorporating entrepreneurial activities into their FBOs in order to offset declining donations. As further discussions were conducted, these practitioners offered organizational and user knowledge based on first-hand experience as well as knowledge on the faith-based policies in place and their impacts on the organizational culture (Gough et al., 2017).

Specifically, data was collected through a series of unstructured interviews in order to understand the existing practice of subject matter experts (SMEs). These discussions occurred with five SMEs and stakeholders representing a variety of FBOs (Pawson & Tilley, 1997). Pawson and Tilley (1997) note that practitioners understand what works, and in what circumstances, and can therefore offer examples of success or failures (p. 161). This additional data was collected as a way to gather rich qualitative information into how and why these SMEs make choices in relation to considering the integration of SE into their existing FBO. Questions posed to each of these SMEs were designed to allow for open-ended introspective responses that
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could help provide insight into their decision-making process regarding the integration of cultures and institutional logics (Appendix A). These interviews were extensive—with some lasting up to three hours—and offered diverse insights into their needs, knowledge gaps, future directions, and challenges. The results helped not only to explore the problem and understand how research might help in stage 1, but also to create a topical framework for developing a coding strategy in reviewing the research evidence in stage 2 (Gough et al., 2017; Pawson & Tilly, 1997). Ultimately, this first stage of the review resulted in the following formulated review questions and proposition.

RQ1: How do organizational characteristics influence the development of a hybrid social entrepreneurial business model in faith-based nonprofits?

RQ2: What characteristics support or detract from increased effectiveness when business models are merged in hybrid organizations?

Proposition: The use of innovative management practices will have a positive effect on the cultivation and integration of social entrepreneurship in faith-based nonprofits.

The scope of the study was limited to preexisting faith-based nonprofits seeking to integrate a revenue generating social entrepreneurial venture into their organization. The goal was to determine how to manage the integration of a for-profit mission into a pre-established nonprofit operating model. To that end, FBOs such as Salvation Army or parochial schools, that were established with revenue generating models from the outset were not included in the study, although applicable lessons learned were incorporated as examples.

Stage 2: Identification of the evidence. With the research question and scope established, the next phase in the systematic review process involved identifying studies that would offer relevant evidence. As part of a configurative review, the goal was to ensure
sufficient data in each area to allow for a coherent configuration (Gough & Thomas, 2012). This necessitated a multi-source search strategy and the use of SMEs to help guide the discovery of evidence. The process included iterative searches using the University of Maryland University College (UMUC) electronic library, the electronic library of Saint Mary’s University of Minnesota, grey literature publications on the faith-based business movement, and the use of snowball sampling to draw additional sources from the reference lists of relevant studies. This methodology proved to be effective in compiling a solid sampling of peer reviewed scholarly studies as well as uncovering new sources of data on emerging faith-based social entrepreneurial efforts. These collection efforts were conducted over a period of eight months until it was clear that topic saturation had been achieved, as evidenced by the lack of new information in subsequent searches.

**Search strategy.** Gough et al. (2017) point out that the search strategy and criteria for inclusion and exclusion can include the topic focus and methods employed. The initial searches of the UMUC Library OneSearch database revealed that several FBO studies included references from journals that were not appearing in the search results. In other words, while the individual articles or journals could be requested, the titles were not appearing in the database searches. The risk was that the topic focus of faith-based organizations and businesses was not adequately addressed in the UMUC database searches. In an effort to cast a wider net, subsequent searches were conducted in Saint Mary’s University of Minnesota’s SuperSearch electronic library revealing more results from peer-reviewed journals addressing the faith-based topics. These two series of searches are consolidated in the PRISMA flow diagram (Figure 6).

**Inclusion and exclusion criteria.** Using the UMUC Library OneSearch and Saint Mary’s University of Minnesota’s SuperSearch, the initial search string was entered (Table 1), and the
search was restricted to full text documents from scholarly peer-reviewed journals published since 1980. The date was selected to limit the findings to more current results.

Table 1
Final Search Strings

| Set 1 | ("social entrepreneurship" OR "social* entrepreneurship*" "social enterprise" OR "social entrepreneur" OR "social business" OR "social* business") |
| Set 2 | ("faith-based" OR "faith based" AND ("social entrepreneurship" OR "social* entrepreneurship*" "social enterprise" OR "social entrepreneur" OR "social business" OR "social* business ") AND ("non profit" OR "not for profit" OR non-profit)) |
| Set 3 | ("faith-based" OR "faith based" AND ("social entrepreneurship" OR "social* entrepreneurship*" "social enterprise" OR "social entrepreneur" OR "social business" OR "social* business ") AND ("hybrid" OR "merged organization” OR “merged* organization*”) |

The two university libraries were searched to broaden the available articles and the results were cross checked to eliminate duplicate findings before the numbers from each search were determined.

Selecting only peer reviewed academic journals in the disciplines of business and management, social sciences and humanities, religion and philosophy, and sociology as sources, and English as the publication language, further refined the findings (Table 2). Exact duplicates were subsequently eliminated, and the process resulted in a dataset of 501 articles.

A review of the articles by subject showed that the top results included the subjects of social entrepreneurship, social enterprises, nonprofit organizations, entrepreneurship, nonprofit sector and social innovation. The list was refined to include only these subjects, resulting in 94 articles to review. After eliminating remaining duplicates, the list was reduced to 89 results and a
quick review of the abstracts indicated that 81 articles were not relevant to the research question as they involved topic areas such as social housing, social services, teaching and learning of social entrepreneurship, the role of family business in social entrepreneurship, and an investment analysis. It was determined that the high rate of non-relevant returns was the result of the word ‘social’ in social entrepreneurship. This required more extensive reviews to refine the results, and with the articles subsequently excluded, there remained 8 articles for this review.

Table 2

<table>
<thead>
<tr>
<th>Scholarly Focus</th>
<th>Publication Dates</th>
<th>Language</th>
<th>Disciplines</th>
</tr>
</thead>
</table>

A similar effort was undertaken with a second search string incorporating the term “faith based” (Table 1), and the resulting 142 articles were similarly reviewed to exclude articles that met the exclusion criteria from the first search, and to eliminate duplicate articles. Ultimately, 45 articles were reviewed and only 10 articles met the inclusion criteria listed earlier to answer the research question. Finally, the third search string was used, incorporating the terms “hybrid” and “merged organization;” the resulting articles were narrowed down from 26 initially to 15 for review, with 11 articles ultimately meeting the inclusion criteria.

After this initial set of searches was conducted, a more thorough review of the articles revealed four additional sources in the reference lists that were directly pertinent to this systematic review and were therefore included. The final data set included 33 peer-reviewed
academic articles and through an iterative process two grey literature sources were also identified and included, for a total data set of 35. The combined 35 sources from the three search strings and the subsequent iterative process provided the basis for this systematic review.

While Cooper (2010) warns against publication bias through overrepresenting published research, this study has chosen to garner the preponderance of evidence from peer-reviewed journals available through the two academic databases identified in an effort to establish rigor in data collection. Faith and its resulting activity is often considered a personal choice that is difficult to qualify or measure (Hale et al., 2012). Thus, a purposive choice was made to reduce the opportunity for a faith-based bias that was not supported through evidence-based research and peer-review to ensure academic rigor. The use of two grey literature sources as well as the data gleaned from diverse stakeholders is considered adequate to offset any potential publication bias.

The final document process flow is depicted in Figure 6 and a summary of the data set is provided in Table 3. Additionally, each of the titles in Table 3 has been assigned a number for use in the discussions on weight of evidence and coding.
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Figure 5. PRISMA diagram of document search flow.
## Table 3

### Final Data Set

Stage 3: A Conceptual Framework. The evidence collection and analysis in this study was initiated to answer the following question: what relevant factors contribute to the successful integration of a not-for-profit and for-profit business model into one hybrid organization in such a way as to benefit the mission of the faith-based organization? In other words, where do the supporting mechanisms (or relevant factors) for integration fit in the organizational business model? Asking this question requires a conceptual framework for capturing, evaluating, and ultimately operationalizing the answers gleaned from the data.

The Business Model Canvas (BMC) offers a conceptual framework for designing an innovative business model and is thus well suited to this endeavor of creating a new hybrid organizational model that can integrate disparate business logics (Osterwalder & Pigneur, 2010). The BMC was proposed by Osterwalder and Pigneur (2010) and offers nine building blocks for designing a business model that entrepreneurs can use to operationalize a new organizational vision. The canvas is a way to unbundle existing business models and break down the basic components in order to identify opportunities and rethink the strategy, subsequently redesigning the operating model as needed (Osterwalder & Pigneur, 2010). These nine building blocks address the four main areas of a business: customers, product, infrastructure, and financial viability (Osterwalder & Pigneur, 2010, p. 15).

The BMC lays out the framework for identifying the desired customer segment, the value proposition, channels for communication, sales and distribution, as well as establishing and maintaining customer relationships. Further, the BMC breaks down the revenue streams, key resources, activities, partnerships, and the resulting cost structure (Osterwalder & Pigneur, 2010). By identifying the basic blocks and unbundling the different types of businesses into separate entities, the opportunity arises to identify potential conflicts and tradeoffs and avoid these pitfalls.
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(Osterwalder & Pigneur, 2010). The authors note, for example, that there are three fundamentally different types of businesses—customer relationship businesses, product innovation businesses, and infrastructure businesses—and that each type has different economic, competitive, and cultural imperatives (Osterwalder & Pigneur, 2010, p. 57). Yet these three types may co-exist within a single business and, if the business is to avoid any undesirable tradeoffs, the types must be unbundled to be understood effectively (Osterwalder & Pigneur, 2010, p. 57).

Figure 6. Conceptualizing the hybrid organization problem set within the Business Model Canvas (BMC) framework.

The BMC proposes five phases in the organizational life-cycle: mobilize, understand, design, implement, and manage (Osterwalder & Pigneur, 2010). In the mobilize phase, businesses create an awareness and need for a new business model, while in the understand phase the knowledge base is acquired to clarify the customer, technology, and environment (Osterwalder & Pigneur, 2010). From there the design phase allows for prototyping and testing, while the implementation and management phase discuss the execution and monitoring of the new model (Osterwalder & Pigneur, 2010). This process aligns effectively with the CIMO approach, in that the unpacking allows an identification and separation of the context, intervention, mechanisms, and outcomes. The design, implement, and manage process of BMC also provides the adaptable platform for understanding what works and in what circumstances, and then adjusting the model as needed to create the desired outcomes.

**Stage 4: Synthesis of the Findings.**

**Realist synthesis.** After consideration of the research question and the type of data to be considered, realist synthesis was chosen as the appropriate methodological framework for this review. Thematic analysis and meta-ethnography were also considered as alternate potential methodologies as both provide an effective basis for qualitative synthesis (Bearman & Dawson, 2013). After review, thematic analysis was not considered the ideal methodology, as the research in this study was less focused on isolating themes and more on identifying contexts in which hybrid integration can be successful (Bearman & Dawson, 2013). Further, meta-ethnography was also considered less ideal, as the research was not conducted primarily to resolve contradictions, or interpret data (Bearman & Dawson, 2013).

Specifically, the choice of realist synthesis was driven by the fact that the research question is an explanatory question. The goal was to attempt to answer the question of *why* and
how some combinations of factors contribute to the successful integration of SE into existing FBOs, by evaluating what works, and what doesn’t work, and in what circumstances (Pawson & Bellamy, 2006). Additionally, the heterogeneity of the data regarding faith-based nonprofits, social entrepreneurship, and hybrid organizations all tie back to the idea that the context drives the outcome (Pawson & Bellamy, 2006).

Pawson and Bellamy (2006) point out that these factors are best addressed through the lens of realist synthesis, especially when evaluating the push-pull of competing values and disparate operating logics that occur when the blending of faith, charity and problem-solving cultures cause the context factors to change in each instance. As an early thought-leader in the field, Dees (2012) identified that the blending of cultures will only work in specific situations when certain types of values or character traits are present in specific combinations. Thus, identifying the underlying mechanisms that drive positive outcomes in ever-changing social and organizational contexts, is the goal of this research (Pawson & Bellamy, 2006). With that in mind, using the realist synthesis approach allows a better look at when the factors converge to create the right environment for a successful integration of the two organizational constructs.
Specifically, using a realist synthesis approach, the data can be considered in a configurative manner that allows for an assembling of the heterogeneous data (Gough et al. 2017). In the case of cultural and organizational integration, it becomes necessary to “unpack the black box” in order to identify the causal mechanisms behind successful integration events (Astbury & Leeuw, 2010, p. 364) and figure out why integration works in certain situations. It is only through such a process that the middle-range theories and the needed underlying mechanisms that trigger the desired integration outcomes can be identified and thus allow for generalizability of the data (Pawson & Bellamy, 2006). Once the findings can be generalized, the information becomes useful for practitioners.

**Stage 5: Quality Appraisal of the Evidence.**
**Weight of evidence.** Just as in primary research, the evaluation of methodology and rigor contribute to the appropriateness of included research and the weigh afforded to their findings (Gough et al., 2017). Here the collected evidence was considered using Gough’s (2007) Weight-of-Evidence (WoE) quality appraisal tool. This approach calls for the articles to be evaluated in relation to “the extent that each piece of the evidence contributes to answering the review question” (Gough, 2007, p. 7).

As part of this process, the assessment considered the quality of the article and the relevance of the findings to the research question (Gough, 2007; Gough et al., 2017). Since the evidence was evaluated using the realist synthesis approach, it was considered as emergent criteria in light of what it could contribute to the final synthesis, and was therefore weighted accordingly (Gough, 2007, p. 8). Specifically, the articles were evaluated using WoE A, B, C, and D (as outlined in Table 3) using a full text screening of each article. WoE A addresses the overall coherence and integrity of the evidence, meaning that the research must be viable and usable in a general sense—dependent of this review (Gough, 2007, p. 11). WoE B considers the appropriateness of the form of evidence to answer the specific review question (Gough, 2007, p. 11). Further, WoE C delves into the relevance of the evidence to the review question regarding the integration of a for-profit mission and considers issues such as the sample or context of the analysis to determine if the results can be generalized to this review (Gough, 2007, p. 11). Finally, WoE D is simply the integration of each of these evaluations into an overall assessment of the value and how the study contributes to answering the review question (Gough, 2007, p. 11).

For example, in the data set article, #25 is titled *Organizational hybridization: A business model to integrate best practices of for-profit and non-profit organizations.* Using the WoE
approach, a full text screening revealed the article contained a high level of coherence and integrity of the evidence (WoE A). The description of data collection using the Delphi Study method and the analysis using grounded theory are considered appropriate to answer their review question (WoE B). Next, the evidence from this study was considered in light of whether their findings could be generalized to this review and the answer was yes. While the study was done for a different purpose, the findings have high relevance to this review (WoE C). Based on these considerations, the overall assessment was that this study had a significant ability to contribute to answering the review question (WoE D). Thus, for article #25 of the data set, the WoE table would show it to be high in all four columns. It would be considered a significant data source and the findings would be weighted heavily in this study.

In summary, the full text screening revealed that articles #1-#11, which all addressed factors related to FBOs in general were relevant but narrow in focus, and in one case the coherence of the evidence was not as high. Articles #12-#23, which addressed factors relating to entrepreneurship in FBOs, and articles #24–#35 which addressed hybrid organizations were primarily weighted more significantly in their ability to offer coherent evidence for the review. Ultimately, it was clear that all of the articles in the data set had the ability to contribute to answering the research question and were therefore retained in the review.

Table 4

*Weight of Evidence*

<table>
<thead>
<tr>
<th>Articles</th>
<th>WoE A</th>
<th>WoE B</th>
<th>WoE C</th>
<th>WoE D</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Viable and Useful</td>
<td>Correct Methodology</td>
<td>Relevance to this Study</td>
<td>Overall Value</td>
</tr>
<tr>
<td>High</td>
<td>#1, #2, #3, #4, #5, #11, #13, #14, #15,</td>
<td>#1, #2, #5, #6, #7, #8, #9, #11, #12,</td>
<td>#5, #6, #7, #11, #13, #15, #17,</td>
<td>#13, #15, #17,</td>
</tr>
</tbody>
</table>


**Coding and Mapping of the Evidence.** The final articles were imported into an excel spreadsheet for coding purposes and then individually reviewed to capture the key elements of each document. These elements included identifying data for each article such as author, title, year, and publication source. The articles were then put through a first round of coding to capture key terms regarding the organizational construct being studied, the mission of the organization, and the focus of the research. This allowed for the development of an initial map of the data set to evaluate the level of topic coverage (Table 4). The map demonstrated a fairly equitable distribution of the evidence, with 27% of the data focusing on FBSEs, 22% on FBOs, 22% on social ventures and social enterprises and 21% on hybrid or umbrella organizations. An additional 8% focused on NPOs in general but had a research focus that was directly relevant to this study.
Figure 8. Distribution of organizational constructs included in the study.

At that point, additional data extraction was done to identify the purpose of each article, the type and focus of the research study conducted, and the mission of the organizations being studied. Based on this first round of coding it was clear that the data set contained a sufficient depth and breadth of sample size. A second round of coding and data analysis was subsequently conducted in iterations, as is appropriate when used in conjunction with a realist synthesis approach (Pawson & Bellamy, 2006).

Table 5

Summary of First and Second Round Coding of the Data
This second round of codes revealed that the data addressed elements of institutional logic, motivations and values, organizational resources, decision-making, and culture. Sub codes were
used to identify and capture the multiple facets within each of these areas in a manner that allowed for easy retrieval and comparison.

The picture that emerged from this initial coding and data analysis suggested that in order to answer the research question, the intervention efforts needed to be considered in light of the mechanisms noted in the second round of coding in order to understand the resulting outcome.

The complexity of the data indicated that nuances of the mechanisms captured in the sub codes had the potential to impact the outcome. In other words, a different outcome might result if a for-profit model was introduced into an FBO that had a coupling institutional logic versus a bridging logic (Figure 10). This data analysis was then taken further to identify the situations in which the desired outcomes would result. These findings are discussed in further detail in Chapter 4.

Figure 9. CIMO model demonstrating divergent outcomes.

**Step 6: Engaging Stakeholders.** Gough et al. (2017) note that the relevance of a study increases when stakeholders are brought into the process to help clarify the problem and identify the information needed by the practitioner. Additionally, the stakeholders can offer perspectives about the issues and how the information could be used in an effort to ensure the research is
valuable (Gough et al., 2017). Finally, stakeholders must be engaged at the end of the process to present the findings and ensure that the data is available to the practitioner so that the review serves its primary purpose (Gough et al., 2017). To that end, this review included stakeholder involvement in Step 1 of this review process, during which the problem was discussed and refined in order to arrive at a relevant research question. Further, using unstructured interviews stakeholders were asked to share information about what had worked in their organizations, why they had made certain choices regarding SE ventures, and how it had influenced their cultures and institutional logics (Gough et al., 2017; Pawson & Tilley, 1997). Stakeholder involvement as part of Step 6 of the review process, will occur through the publication and dissemination of this study. Specifically, the final two chapters of this document will create a roadmap that can be presented and discussed with practitioners.

Chapter Summary

This chapter has described the systematic review process used to identify evidence-based findings regarding the integration of a for-profit model into a pre-existing FBO. Using the systematic review framework provided by Gough et al. (2017), the six-stage process offers a framework for identifying and managing the data used to form the evidence presented in the subsequent findings section. The details provided here offer a candid view into the process and methodology employed in this study.

The use of not only a systematic review, but also conceptualizing the data in terms of how the organizational FBO context is impacted by the intervention of SE and the influence of various mechanism like culture on the outcomes (CIMO), allows for a deep dive into the evidence. Rebuilding the new business model using the BMC provides a framework for designing a new, innovative and sustainable business model.
The final step in the systematic review process calls for engaging stakeholders to interpret and make use of the evidence. Chapter 4 will provide the findings and Chapter 5 will discuss their relevance to practitioners. These two chapters will offer a summary of the findings that can be used by practitioners, thereby completing the systematic review process. It is through the publication of this study, and the subsequent engagement with the practitioner community that the real value of a systematic review is realized.
CHAPTER 4: FINDINGS

“The biggest problem with hybrid companies is that they are inherently confused organizations, buffeted by all sorts of contradictory pressures. This means that their internal operations can be hard to understand and their behavior may be hard to predict.” —Economist, 2009

Introduction

This systematic review was conducted to examine which organizational characteristics of a pre-existing FBO impact the later development and integration of a hybrid social entrepreneurial business model. Specifically, this review was conducted to answer questions regarding the influence of organizational characteristics on the development of a hybrid social entrepreneurial business model in faith-based nonprofits. Additionally, the review sought to identify the characteristics of hybrid organizations that influenced effectiveness when the business models were merged.

The evidence from the systematic review identified five significant organizational characteristics (OCs) that influenced effectiveness. Additionally, management practices (MPs) were considered to answer the proposition and five relevant practices emerged from the evidence.

In this chapter, the results of the systematic review are summarized, the research question is answered, the research proposition is addressed, and the findings surrounding the five organizational characteristics and five management practices are explained. These findings are then placed in the context of the BMC conceptual framework to increase their usability to the practitioner. Subsequently, the conceptual framework is revisited in light of the findings, before the chapter concludes with a summary of the findings.

Evidence Synthesis Results
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Ultimately, in this systematic review thirty-five sources comprised the data set used to identify the five OCs that either support or deter successful integration efforts, including 1) institutional logic, 2) motivations and values, 3) resources, 4) decision-making practices, and 5) culture. Additionally, five MPs were identified that had a significant influence on the cultivation, integration, and success of a hybrid FBSE. These practices involved the 1) focus on launching an FBSE, 2) cultivation of staff and board capacity, 3) timing of new culture integration, 4) addressing unstable structures by developing a new organizational identity, and 5) view towards generating profit.

Through a qualitative synthesis process, transparency, rigor, and judgement were used to isolate the findings, put them in context, and articulate the meaning of these results (Bearman & Dawson, 2013). Described in detail within the methodology section, these results were considered using a realist synthesis methodology, both in the context of the CIMO framework to answer the question of what combinations work in what circumstances, as well as the BMC framework to effectively link the results to specific aspects of business management (Pawson & Bellamy, 2006).

Research Question Answered

As stated earlier, the primary purpose of this research is to determine the relevant factors contributing to the successful integration of a not-for-profit with a for-profit business model, creating a single hybrid organization in such a way as to benefit the mission of the pre-existing FBO. This generated the following RQ: “How do organizational characteristics influence the development of a hybrid social entrepreneurial business model in faith-based nonprofits?” Additionally, a second RQ was posed: “What characteristics support or detract from increased effectiveness when business models are merged in hybrid organizations?”
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In short, the answer is that there are many ways in which the organizational characteristics influence the development of hybrids, and it is not a simple prescriptive that allows for a step-by-step approach. Rather, as the CIMO model (Figure 9) demonstrates, it is more akin to identifying what characteristics are present in a particular circumstance, and then understanding how and why certain combinations will specifically influence the outcomes. This suggests that rather than a step-by-step plan for practitioners, this evidence can support a map that identifies areas of solid ground for the development of a FBSE. For example, if an FBO looks at their organizational value proposition and sees that they are driven by longstanding norms and traditions, then they can see that the corresponding approach is to focus on culture integration and *merge* or use *coupling* rather than *bridge* as they seek to create a new culture (Pache & Santos, 2013).

This approach to the findings aligns with Pawson et al. (2005), who tell us to think of the research process as a way to produce a road map with warning signs to alert practitioners when to proceed with caution in places where organizational challenges may occur. There is not a single correct path for FBOs to design a hybrid FBSE, but rather multiple options with a need to navigate with an eye towards avoiding identified pitfalls.

Organizational Characteristic Findings

In an effort to isolate the characteristics, the evidence was reviewed to identify the overarching characteristics that appeared repeatedly throughout the findings. Five OCs emerged as influential in the integration of an SE into an FBO to create a sustainable FBSE. These five included, 1) institutional logic, 2) motivations and values, 3) resources, 4) decision-making practices, and 5) culture. As modeled in the BMC (Figure 10), these areas each influenced multiple facets of the business model and thus had significant sway in the ultimate success of the
new FBSE. Each characteristic is discussed in detail in this section, addressing the associated challenges, opportunities, and context within the new FBSE business model.

**OC 1 - Institutional logic.** Institutional logic can be defined as the guiding principles by which an organization operates, the underlying belief systems that influence employees’ actions and thoughts, or simply as a way to understand why employees behave a certain way (Smink, Negro, Niesten & Hekkert, 2015, p. 226). According to Thornton and Ocasio (1999, p. 806), institutional logic guides “what answers and solutions are available and appropriate in controlling economic and political activity in organizations” (as cited in Smink et al., 2015, p. 226). Organizations operate using a unique institutional logic that drives both the culture and what is perceived as acceptable operational practices (Tracey et al., 2011).

![Figure 10. Organizational characteristics in the BMC framework.](image-url)
The challenge with merging organizations lies in the fact that the preexisting organization had an identity, one that defined them and established members’ understanding of what was central and continuous over time and this identity is resistant to change (Clark, Gioia, Ketchen & Thomas, 2010; Tracey et al., 2011). This understanding and identity is at the core of the organizations’ institutional logic. As a result, the institutional logics in hybrid organizations are not always compatible, and when the organizations have distinct ways of defining themselves—perhaps one as a faith-based organization and one as a social venture—then the merging of these identities is disruptive. In FBSEs there is a foundational merging of religion, market, and profession logics—three of the six identified types of logic models that create the basis for institutions (Smink et al., 2015). Smink et al. (2015) further clarify that the integration of these logics also must address the tension that exists between “niche and regime behaviors” (p. 226). In the case of FBSEs, the niche behaviors are those that arise from faith-based logic, while the regime behaviors that create the operational infrastructure come from the capitalism-based economy that drive market behaviors.

In fact, in the face of these competing logics, hybrid organizations often adopt “antagonistic practices” that cause coalitions to form within the organization and fight against each other (Pache & Santos, 2013, p. 973; Tracey et al., 2011). In order to anticipate and avoid this situation, FBSEs must understand the diverse logics present in their organization and determine which methodology and what advocates are needed for combining the logics to serve their situation.

Further, when the institutional logic is considered in the context of the BMC framework, the evidence shows that the logic drives the guiding principles and therefore the corresponding actions in the areas of Value Propositions, Customer Segments, and Relationships. Since these
business building blocks cover both internal operations and external engagement with customers, the significance of creating a common logic model cannot be understated (Osterwalder & Pigneur, 2010). Thus, as FBOs choose how to approach the issue of merging logics, it is important to understand how the internal and external stakeholders will view the legitimacy of a new logic and how that may impact the use of key elements from the pre-existing model (Pache & Santos, 2013). In other words, how will the newly-integrated logic impact the delivery of the underlying value proposition? Will the new and old customer segments see value in the newly-merged logic? In that same vein, how will it drive service delivery? How will they integrate or separate the delivery of differing value propositions?

**Logic integration.** In the face of these questions, FBSEs can consider the following methods for addressing competing institutional logics: 1) Coupling or Decoupling, 2) Bridging versus Merging and 3) Synergy. Essentially, organizations must decide how they want to approach the idea of third-order change—changes that “transcend the boundaries of a single organization” and transform the underlying logic model (Clark et al., 2010, p. 398). Osterwalder and Pigneur (2010) describe a process that can be used to identify and reconfigure the competing logic models as an “unbundling” of the business models. The idea offers that there are three fundamental elements in each business: customer relationship, product innovation, and the infrastructure element that drives how business is conducted (Osterwalder & Pigneur, 2010). These elements each have unique cultural imperatives that result in employee, customer, or cost centered cultures. The unbundling process does not resolve the conflict, instead it allows leaders to isolate and address the logic model conflicts with a view towards the specific set of problems that the logic solves and where and how they can blend. Thus, this research considers the discussion regarding how to approach institutional logic integration as first requiring an

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unbundling of the logics involved and then a reconfiguring using one of the approaches listed below.

**Coupling and Decoupling.** Coupling institutional logics involves the joining or blending of the supporting practices and goals. Coupling can be performed as a holistic activity that links all aspects of the two institutional logics, or it can be performed by coupling intact elements dictated by each independent logic (Pache & Santos, 2013).

In contrast, decoupling logics can be a “process through which organizations separate their normative or prescriptive structures from their operational structures” (Pache & Santos, 2013, p. 974). It implies that organizations symbolically endorse one practice while implementing different practices tied to a competing logic model (Pache & Santos, 2013, p. 974). This type of approach requires the members of the organization to be complicit and for the organization to avoid external scrutiny, a practice that does not lend itself to long-term sustainability (Pache & Santos, 2013). When organizations decouple their institutional logics, they essentially “create and maintain gaps between symbolically adopted practices and actual organizational behavior” (Pache & Santos, 2013, p. 974). As a result, coupling supports sustained hybrid capacity, while decoupling does not appear sustainable.

**Bridging versus Merging.** Organizations looking for ways to couple their logic models to bridge a divide between two separate institutional logics can consider creating a “collective bridge” or decentralized multifaceted set of connections between the two organizations to share expertise and knowledge (Zhao & Anand, 2013, p. 1514). For example, mentoring networks can be designed to connect formal and informal networks within the two organizations (Chen & Krauskopf, 2013). This type of arrangement acknowledges the distinct cultures and logics as it attempts to focus on translating the resulting decisions and actions for the alternate group. It
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requires “counterfactual thinking” to find ways to think beyond standing institutional arrangements and find opportunity in new combinations of existing logics (Tracey et al., 2011). It does not eliminate the gap between organizations, thereby allowing for the retention of individual logic models, especially in regard to value propositions and key activities, focusing instead on ways to benefit from shared customer segments and channels. This is the path of least resistance, and is often the result of prior failed integration efforts. This methodology essentially results in two separate organizations with a partnership approach to operations, not a fully integrated hybrid organization.

Alternatively, merging institutional logics requires commitment to creating a new common organizational identity that balances the two preexisting logics and finds a way to navigate the tensions (Battilana & Dorado, 2010). Focus should be placed on hiring policies and socialization efforts that support the new integrated logic model, as well as training initiatives that make it sustainable. Rather than hiring experts in a narrow field which can increase the emergence of subgroup identities, the research suggests hiring with an apprenticeship approach that sets a tone for learning a new and novel way to approach the job at hand. (Battilana & Dorado, 2010). In this approach, leaders must be wary of the emergence of subgroup identities that increase tensions between the two logics and promote institutional pluralism (Battilana & Dorado, 2010).

**Synergy.** Whether the FBSE uses a bridging or merging approach to create a new institutional logic model, the goal is to gain a level of synergy that facilitates the adoption of the appropriate best practices housed within each logic model. The operating logic of a preexisting FBO drives their focus and has influence on their ability to create synergy between competing logics. Previous research has shown, for example, that FBOs commonly operate from a base
focused either in bettering this world or preparing for the next, and they place emphasis on faith for personal salvation or on bringing faith to the community (Hayes & Robinson, 2011). These focus areas of “this world or the next” and “private versus communal” faith drive the way the organization sees faith-based entrepreneurship (Hayes & Robinson, 2011). As a result, FBOs that have a focus on this world and feel a communal calling will be more likely to embrace the idea of creating a synergy between the FBO and SE institutional logics (Hayes & Robinson, 2011). Leaders of organizations with next world or private faith logics will face increased resistance to adopting the best practices of differing institutional logics (Hayes & Robinson, 2011).

Choosing an approach. How organizations approach the unbundling and reconfiguring of options depends greatly on the level of intermingling between the paying clients and the beneficiaries of the organization’s mission (Alberti & Varon Garrido, 2017). In other words, if the paying clients and beneficiaries are different but have value spillover, the efforts should gear towards bridging and coupling the logics. However, if the clients and beneficiaries are from the same groups and see value in the same actions, a blending or merging approach is more effective in combining the institutional logics (Alberti & Varon Garrido, 2017). An example of this can be seen in an FBO that has a core group of volunteers and participants. If that FBO makes a decision to start an SE venture—a faith-based bookstore, for instance—the paying clients have great overlap with the FBO stakeholders, who will purchase materials from the store. In such a case, a blending approach is more effective. Alternatively, if an FBO starts an ice cream shop, the goal is to have a much broader customer base and as such, there may be more value in bridging the retail and nonprofit logic models.

Boundary spanners as a mechanism. While the methodology for merging logics may differ from organization to organization, the advocates best suited to manage the integration of
logics are identified as boundary spanners within the newly merged organization. Effective boundary spanners are those who have the authority and technical expertise to translate or interpret the value of ideas into differing logic models (Zhao & Anand, 2013). As indicated in the name, boundary spanners imply a way to cross boundaries or to bridge two entities, for sharing knowledge or creating a common framework (Zhao & Anand, 2013). They are most effective, therefore, at bridging or decoupling logics, and less so at merging or coupling logics. They can be employed to ensure a shared knowledge base across organizations, but not with the task of creating a merged organization. That task falls to the organizational leadership and their ability to move towards common goals and language that creates a framework for a sustainable FBSE. The evidence supports the use of boundary spanners as a good first step, but not as a long-term solution if the desired end state is for an integrated FBSE. As Smink et al. (2015) point out, boundary spanners are invaluable in addressing challenges that rise from mismatched logics and helping to span the gaps they create, yet they are not able to unify the underlying cultural values that create the divergent logics.

**OC 2 - Motivations and values.** Dees (2012) notes that values “drive, shape and constrain behavior” (p. 321) in an organization, and in hybrids the risk is that the values may conflict instead of complement each other. The motivations and values of an organization create the basis for the value that the organization provides, how it sees itself, and what customers it chooses to serve (Osterwalder & Pigneur, 2010). If an organization is founded in a culture motivated by virtue-based charity, the later integration of a skill-based problem-solving culture creates a challenge that must be managed carefully to ensure the legacy values of charity are acknowledged and sustained (Dees, 2012).
Common Ground. For-profit and nonprofits both seek long-term sustainability and relevance in meeting the needs of people, thus there is an opportunity to use this basis of common goals to develop an integrated foundation of motivations and values (Burton & Brister, 2012). Dodd and Seaman (1998) discuss this interwoven nature of the value structures involved with religion and entrepreneurship, noting that religion “supports power structures, gives meaning and shape to a society’s ethical structures, rewards and punishes certain kinds of behaviors” (p. 71). This is evident in the various ways that the FBO perceives meaning and allots values to business practices. A newly formed FBSE will need to evaluate the value structures inherent in the preexisting FBO and evaluate how the legacy power structures and ethical standards will integrate with the new SE mission (Dodd & Seaman, 1998). This may change based on the faith context, as some faiths emphasize the power of social networks and family ties (Forster & Fenwick, 2015), while others emphasize ethnic networks or individual work ethic (Alderson, 2012; Dodd & Seaman, 1998; Hayes & Robinson, 2011). These inherent values will shape the context in which the FBSE operates.

Regardless of faith affiliation, motivation to serve in an FBO can be viewed as the mechanism that ignites commitment to the organization and is grounded in one of three ways: affective, normative and continuance commitment (Winston et al., 2012). Essentially, affective commitment speaks to their love of the organization, normative addresses how invested they are in the norms and value of the organization, and continuance commitment measures likelihood to remain with the organization (Meyer & Allen, 1991; Winston et al., 2012). In an FBO, this creates the outcome of a workforce motivated to serve because they agree with the mission and believe the organization makes a difference and improves their community. Thus, when merging with an SE venture, leaders must work to ensure the commitment to the organization remains
high. This means identifying an SE venture that the stakeholders can also love, value, and invest in. If that common ground can be established, motivation to serve will be grounded in a continuing person-organization fit with acceptance of the new FBSE construct (Winston et al., 2012).

**Ethics, Faith, and Social Drivers.** Beyond commonalities within the FBSE, the faith component also drives the ethical standards, and the design of the hybrid organization must explicitly address those standards. As Dodd and Seaman (1998) note “given that a religion provides its adherents with a set of principles by which to live, it is reasonable to argue that believers will be strongly influenced in their economic activity by the religion in which they have faith” (p. 73). This means that FBOs will need to consider how the faith-based ethics of their organization will support any economically focused endeavor. Further, since SE ventures have inherent risk involved, it is important to consider the level of risk tolerance that is considered ethical for organizations that receive faith-driven donations. This involves also understanding what is considered an appropriate mix of faith and business, and when they should remain separate. These ethical considerations are not only faith-based, but can vary widely within a given faith culture. For example, Forster and Fenwick (2015) found that within Islamic communities the integration of faith and business was pervasive and that differing level of “traditionalism” in faith practice define appropriate business ventures. Pivoting a bit, Gordis (2009) notes that risk taking and innovation in business is valued in the Jewish faith culture, which dictates a level of comfort with entrepreneurial ventures. Finally, Catholics and Protestants have historically used umbrella organizations to manage business efforts within a faith context and ensure that faith and business objectives are both addressed equally (Bielefeld & Cleveland, 2013). When seeking to integrate faith and business, an FBSE must evaluate the
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specific faith culture and the underlying values and ethics to determine what faith drivers will influence the acceptance of an entrepreneurial business effort.

Approaching faith as a unifying force, it is important to recognize the influence it has on creating not only common ground, but also on defining shared values and beliefs. McFarlane (2010) discusses the significant influence that faith has on the social entrepreneurial community, noting that religion involves searching for meaning and social entrepreneurs also seek to find business solutions with a deeper purpose and meaning, making the combination in an FBSE a good cultural fit. Morals grounded in religion are often the meditators that cause faith-based entrepreneurs to see a moral solution to a societal problem.

Societal groups, whether ethnic, racial, or age associated, each seek out commonalities to build on and unify around. Within the faith communities, this dynamic propels groups to come together through common faith beliefs as well as societal commonalities (Hayes & Robinson, 2011). Their motivations and values are shaped by their faith and their societal environment, some of which have a more entrepreneurial approach to problem solving. This results in an environment that will either support or detract from a faith groups’ efforts to establish an FBSE. In other words, if the FBO exists within a faith and societal group that is more entrepreneurial in nature, the initial acceptance of the model is higher as the effort aligns with the existing motivations and values. If instead, the faith group is less entrepreneurial—perhaps more focused on next world versus this world efforts—the acceptance of the entrepreneurial venture is more difficult and must be approached more intentionally.

Hayes and Robinson (2011) looked at the societal drive by African American communities in the United States to be entrepreneurial in their efforts to improve their communities. They found that this drive resulted not only in an acceptance of FBSE ventures,
but a drive towards support for such efforts as they were viewed as a way to improve the quality of life for their communities (Hayes & Robinson, 2011). Other studies concluded that Jewish communities had a similar approach to supporting entrepreneurship for their faith community in times of hardship (Gordis, 2009). Yet in each of these cases, the focus on FBSEs was in response to a perceived challenge in having their needs met by the broader society, suggesting that acceptance of FBSEs is most common when the faith group, or subset within the faith group, believes their efforts will open up new opportunities within their community. In these cases, the acceptance is high, but cannot be considered indicative of their larger faith communities.

In view of the potential that FBSE acceptance is isolated to marginalized portions of the faith communities, it is important to consider the broader religious context that defines faith-based motivations and values. Bielefeld and Cleveland (2013) discuss the moral imperative that exists across each of the large faith communities (Christian, Jewish, and Muslim) to serve others and to be accountable to God. These underlying principles drive traditional FBOs in these faith groups, yet the challenge becomes their differing views regarding FBSEs. For example, the Catholic church has made a point to design FBSEs in an effort to improve literacy, taking the form of diverse school options, with the belief that the faith component adds to the organizations ethics, values, and mission effectiveness (Bielefeld & Cleveland, 2013). Conversely, for many years the Protestant church shunned educational FBSEs, favoring instead to support the public educational options as a way to bring education to a broader spectrum of society. This came about as a result of the protestant investment in government and society, especially within England and the United States (Pally, 2008). A similar approach can be seen in healthcare, with Jews and Catholics establishing hospitals, while the Protestants chose to participate in establishing public institutions without faith affiliations. (Rubenfire, 2017). The rational ranged
from seeking to create an environment which demonstrated respect for their beliefs, to a venue for proselytizing through service provision. Yet in much of the Arab world, Muslims have taken a different path, choosing to retain a faith-based government system which in essence ensures that government-backed education and healthcare are in fact faith-based ventures. This approach is similar to the Protestant backing of government in England and the United States in the early 20th century, and the Catholic approach to government in Europe in the 19th century.

More contemporary approaches across all large faith communities in the United States, is to participate in secular government-sponsored education and healthcare, addressing their faith concerns in the context of accommodations (Pally, 2008). This broader acceptance of faith accommodation has resulted in a more current perception that faith-based ventures are designed to serve their insular community or to gain converts through the offering of services to the broader community. Such viewpoints can be an internal motivator but external deterrent to growth and acceptance of the FBSE. Yet each of these diverse approaches offers a framework for how the motivations and values of the larger faith communities support or discourage FBSEs. Within each of these faith groups exists subsets who may have differing or evolving views of FBSE. This can be seen in the earlier support by the Jewish community to provide healthcare facilities that catered to faith traditions and offered employment to Jewish physicians (Rubenfire, 2017). This support began to wane over time as employment discrimination faded and accommodations for kosher food were made in outside facilities (Rubenfire, 2017).

These findings suggest that FBSEs will engender the most support if they evolve out of a faith group subset that is perceived to have discriminatory barriers to overcome, or if they address the challenges faced by one such group. Further, if they are able to demonstrate value in addressing the challenge, the venture will gain broader social acceptance outside of the narrower
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faith community. The classic example is Habitat for Humanity and their ReStore efforts. This organization is perceived as addressing the challenges of homelessness and affordable housing, while their efforts to provide housing and low-cost housing items to people regardless of faith background show an ability to reach outside of their own faith community. These factors have resulted in broad social acceptance of this longstanding FBSE.

However, to remain a sustainable FBSE, social acceptance cannot come at the price of internal acceptance by faith-related stakeholders (Wittberg, 2012). While some FBSEs chose to minimize their faith-based identity to either attract customers or gain federal funding, this can result in a further strain between the preexisting FBO values and the self-identity that drives worker motivation (Bassous, 2014; Ebaugh et al., 2003). Since most FBOs rely heavily on a volunteer workforce and donations from members, that strain can manifest itself as a values-based decision to withdraw support for the FBSE (Bassous, 2015; Moyer et al., 2012). Ultimately, when integrating the FBSE mission, managers must consider the faith-driven contextual support for entrepreneurship, the impact their venture may have on a marginalized group as a mechanism for change, and the level of internal and external social acceptance they can engender and maintain as an outcome for the organization.

**Economic Value (Profit).** The economic value of the organization both to society and to the FBO are foundational motivations behind the establishment of a social venture. SE ventures as a whole are inclined to undertake business ventures with lower profit margins, and this holds true on the faith realm as well (DiZhang & Swanson, 2013; Jacobs & Polito, 2012) This offers FBSEs a way to enter the market in a manner that benefits both them and their communities and is not in direct competition with other types of for profit ventures. Instead they offer a complementary service that fills a niche need and offers economic value.
Indee, the World Bank demonstrated its recognition of the value of faith-based entrepreneurship in its formation of the World Faiths Development Dialog (WFDD) group to acknowledge that “religious organizations are often the most trusted institutions in developing countries and some of the most important social groups in civil society” (Thomas, 2004, p. 21). This effort is a nod to the role that faith plays in creating sustainable, culturally integrated development by operating within the moral base of society while creating economic value (Thomas, 2004). In countries with developing infrastructures, FBSEs create a backbone of support to the economy, operating fair trade enterprises, seeking innovative solutions to environmental problems and providing employment while increasing economic development (Corbett & Fikkert, 2012; Dodd & Seaman, 1998; Moyer et al., 2012). In developed regions, FBSEs offer a path to address emerging needs, similar to the earlier example of Jewish communities establishing hospitals to fit a niche need for faith-based care while providing employment for Jewish physicians and generating revenue (Rubenfire, 2017).

Yet FBOs should not approach the idea of a social venture as the panacea to their fiscal needs. Even the most successful FBSEs secure less than 25% of their operating revenue from the venture (Sherman & Green, 2006). Weerawardena and Mort (2012) argue for considering capital development to include “donor contributions, earned income streams, and goodwill relationships in social capital networks” (p. 95). Simply put, the SE venture should be considered as only one of multiple revenue streams for an FBSE and while the venture may provide an economic value to the community, the motivation to launch an FBSE should not be entirely fiscal.

**Social Value.** Social value is a construct through which people and societies “give meaning to the world and their existence in it, and to the ways in which they order their societies and run their economies” (Thomas, 2004, p. 27). When we consider the value of faith-based
Institutions in meeting social needs, it is important to remember that faith is the motivator that drives a desire to care for the marginalized and gives meaning to their work. Since SE creates social value through effecting positive change and developing social constructs to support the broader community, faith as an inseparable component of spiritual well-being is an integral part of building social value (Thomas, 2004; Townsend & Hart, 2008). Thus, FBSEs are uniquely equipped to bring social value and meet not only the physical needs, but also the spiritual needs of their communities. As such, FBSEs contain multiple components of well-being to create a holistic sense of self-worth that brings value in society.

As SE ventures seek to enact social change through innovation, their willingness to pursue ventures that improve society, even if not for a significant fiscal return, make them well suited to provide social value. (DiZhang & Swanson, 2013). Yet there is a balance to seek regarding strategic choices of what societal problems are best addressed in the context of a particular organizational construct (DiZhang & Swanson, 2013; Townsend & Hart, 2008). In other words, during the planning phase, FBOs must be strategic in assessing their suitability to meet the need and their ability to do so within the FBSE construct.

There is a biblical mandate that drives many FBOs, that is to care for the poor and meet their spiritual and physical needs (Bible, NIV). This is a foundational motivator and creates a value structure for FBOs that emphasizes the need to create social value. This same fundamental structure remains in FBSEs and is bolstered by the knowledge that the venture seeks to address not only the needs of the poor, but also the underlying issues that drive poverty or create the need (Hill, 2005; Thomas, 2004). In addressing the underlying issues, FBSEs face an ethical obligation to use their ventures to strategically work towards eradicating the root cause of the problem (Hill, 2005). This requires implementing a strategic approach to problem solving, a key...
element of social entrepreneurship. Further, as FBOs adopt an SE mission, they must remember that when they are able to solve social problems through faith-based actions, they model the faith values they espouse and serve the communities in which they live.

Hill (2005) notes that when FBOs begin to operate across differing faith communities and in cooperation with society to improve their broader social environment, they manifest what is best about their faith. That is the context that creates success for sustainable FBSEs. When FBSEs can integrate that thought process into their organization, one that recognizes and values the purpose and motivations of the SE venture—not only does it serve as a mechanism to fund their mission but also to provide for the needs of their environment, then they will create the outcome of a sustainable FBSE. Such an approach will embed the integrated motivations and values of the FBSE into the foundational value proposition of the organization and will drive how they view those they serve as customers (Osterwalder & Pigneur, 2010).

Ultimately, in the context of integrating an SE venture into the preexisting FBO, the mechanism of motivations and values provides a platform for assessing the needs, values, constraints, and methods involved in meeting social needs and fulfilling the faith-based mission concurrently. The appropriateness of an FBSE is linked to the perceived need for a faith-based solution, either to address a marginalized group or meet an emerging need. Profit goals must be balanced with social value and not pursued at the expense of the internal stakeholder social capital. This guides the process by which an FBSE can work to gain legitimacy and societal approval for their construct.

**OC 3 - Organizational resources.** Resource-dependency theory argues that organizations require a consistent flow of resources to operate and that the environmental conditions that drive resources affect how the organization operates (Burton & Bristor, 2012;
Mosley, 2010). Simply put, the need to obtain and retain resources drives organizational behavior. Thus, FBSEs must consider how their integration efforts will influence the resources available to the organization. Specifically, how the merger will increase fiscal resources while retaining the existing human capital resources of board members, volunteers, and staff and also acquiring new intellectual capital through hiring and retention practices.

**A resource value proposition.** In considering the best way to integrate the organizational resources of the nonprofit and for-profit business models, a key question is: how does the integrated organization serve different customer segments in a way that leverages synergies between existing channels and activities? Osterwalder and Pigneur (2010) contend that the answer lies in knowing how the different customer segments evolve out of fundamental ways in which the organization offers value. In other words, if an FBSE offers the value proposition of faith-focused resources to their existing FBO customer base and then integrates an SE venture that offers similar resources to a broader segment of the population, they can have customer segments with synergistic resources. As long as the customer segments align, then there is a great chance of having a synergistic approach to communicating and delivering value to the customers.

An example is an FBO that offers faith-based programing using their facility. When this FBO decides to use a portion of their facility to operate a day care, they have the potential to maximize use of their resources, meet a social need in their community, and serve a broader segment of the population. However, for this operation to be a sustainable FBSE, the preexisting faith community has to decide how they perceive value in their facility. If the value is in a sense of place and a desire to have continuous use, or only allow members to use the facility, a day care will be seen as an intrusion and the original customer segment will not be
able to each see value in the new use. This will create conflict and instability in the new organizational model. If, however, the FBO sees the value of the facility as a place to serve others, then the introduction of a day care that serves a wider community base would be welcomed. Osterwalder and Pigneur (2010) rightly point out that it is through dialog and identification that the underlying value propositions can be ascertained and used to determine viable paths and opportunities.

*Resource misfit.* Hybrid organizations combine deliberate resource misfits to use antagonistic assets as a competitive advantage, and create value in creating a complement of the merged resources (Alberti & Varon Garrido, 2017, p. 8). This combining of disparate resources allows FBSEs to be innovative in how they approach and solve social problems. For example, FBSEs can create an advantage in the marketplace by bringing the social capital of the faith organization to a contemporary issue. One organization that has been successful in this effort is Thrivent Financial. While merging faith and fund investing might seem counter cultural, their tag line, “Connecting Faith and Finances for Good,” has helped lead them to a position on the Fortune 500 list and a client base managing over $116 Billion in assets (Thrivent, n.d.). This company gave over $203 million away in 2015 to charitable causes identified by their members (Thrivent.com).

Certainly, this demonstrates the advantage of merging misfit resources resulting in innovative ways to approach complex problems, yet this approach requires a “strong storytelling capability” to capture and retain the social capital of the stakeholders (Alberti & Varon Garrido, 2017, p. 8). Thrivent, a Lutheran organization, has masterfully managed the storytelling angle, successfully retaining their internal social capital with the Lutheran church, even when they broadened their focus to Christians of all denominations.
**Outside resources.** Since FBOs often start their hybrid ventures with donations or subsidies from their stakeholders, the transition period between not-profitable and profitable can be hard to forecast. Initially, the hybrid must operate as a for-profit entity while still relying on donations. Ultimately, to become sustainable, it must become a self-sufficient for-profit entity and yet still retain a donation base to cover the gap between the SE revenue and the FBSE operating costs. Habitat for Humanity’s ReStore offers a model of this transition, noting that as each Habitat location chooses to open a ReStore, it must adapt a volunteer construction-based culture to a retail model and create a sustainable store front. Yet at the same time the organization must retain their pool of donors and manage the need for continued donations while retaining their faith-based mission. Thus, the initial hiring of retail staff to manage the stores can initiate a transition period where the introduction of outside resources creates instability in the operating model, and the staff must adapt continuously to the shifting model (Albreight, 2014).

Across the wide spectrum of FBSEs, the availability of organizational resources is further impacted by the willingness of the preexisting FBO to take federal grants (Sinha, 2012). Typically, the faith-focus is more pronounced in organizations that do not accept federal funding, as these organizations historically place a high value on their ability to exercise their faith without restrictions. In the case of an FBO with no federal subsidies, the reliance on donations is higher and thus the drive to initiate an SE venture is more significant, suggesting that the more faith-infused the FBOs culture is, the more likely they will be to start FBSEs (Albreight, 2014; Ebaugh et al., 2003). Thus, the potential exists that an FBO choosing to start an FBSE will do so with fewer outside funding resources.

Conversely, FBOs that are tightly coupled with a religious authority may be able to access resources from that umbrella organization (Bielefeld & Cleveland, 2013; Smith & Sosin,
Additional resources may also arise from donors who are closely aligned with that faith culture and seek to support faith-related organizations. These funding sources rely on a common spiritual capital and may be available to assist the FBSE, particularly in the absence of federal funding (Neubert, Bradley, Ardianti & Simiyu, 2017).

Whether outside fiscal resources are used to support the initial launch of the FBSE, realistic expectations of community support as a resource must be considered and factored into the operational model (Sherman & Green, 2006). Obtaining that support and leveraging the community as a resource requires attainment of legitimacy, retention of political and social capital, and the ability to advocate for the new hybrid and the associated costs. The value of this outside community resource is critical to the success of the new venture (Sherman & Green, 2006), and will be secured through the use of socially accepted practices and outcomes (Wilburn & Wilburn, 2014). While each type of outside resource obtained in support of FBSE integration shapes the organization and defines its character, the active management and constant adjustment needed is the focus of a management practice that is addressed more at a later point in the context of generating profit. Ultimately, how an FBSE seeks to secure fiscal, social, spiritual, and political capital from the surrounding community, shapes the character and reputation of the organization.

**Human resources.** People are the acknowledged core resource of any organization. As the organization’s greatest resource, their support for the FBSE structure is foundational to its success. Hybrids require board members and stakeholders who can get behind the FBSE vision and actively sell the value of the new organization to the staff and volunteers while building goodwill with others through compelling storytelling (Alberti & Varon Garrido, 2017, p. 8). The board, staff, and volunteers must be able to see value in merging missions and not approach the
challenge as a burden, but rather as a competitive advantage for their organization (Netting, 2005; Townsend & Hart, 2008). The concept of stakeholder alignment behind the formation of the FBSE is critical to success of the new venture, and may need to be obtained through a process of demonstrating both social and economic value to all stakeholders (Townsend & Hart, 2008).

Staff will place their emphasis and efforts towards the actions and outcomes they deem as important, while organizational stakeholders will evaluate the firms’ effectiveness based on what they decide is important (Jacobs & Polito, 2012). Thus, the goal of an FBSE is to have staff and stakeholders with a complementary view of what is important. Staff are undoubtedly the backbone of the organization, the face to the clients served, and a valuable resource for executing the mission (Winston et al., 2012). Their view of the importance of the FBSE will influence success of the venture.

Further, as an organizational resource, the importance of high quality staff is significant. These high-quality staff must be convinced of the value that comes from integrating the SE venture into the FBO. It is by ensuring their buy-in that organizations can address the challenges of integrating an SE mission and retain a high level of internal motivation among staff and volunteers (Bassous, 2015). Since faith-based workers cite internal job satisfaction as a primary motivator, leaders must ensure that areas such as achievement, recognition, autonomy and responsibility are proactively addressed to ensure that both staff and volunteers are motivated (Netting, 2005; Bassous, 2015). This will require acknowledging and valuing both the measurable and non-measurable outcomes achieved by the FBSE (Hale et al., 2012). FBSEs that place undue emphasis on one set of outcomes over the other, or that fail to recognize the transformational experiences that may create social goodwill and thus bring a different value,
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will create rifts between the two sides of the organization and fail to create a sustainable hybrid (Bassous, 2015; Hale et al., 2012; Winston et al., 2012).

An additional Human Resource element to consider in FBSEs is a shifting compensation structure. Historically, FBOs have operated with low compensation models. As FBOs begin to establish healthcare FBSEs and other types of SE ventures with high-compensation skill sets, the misfit of salary structures can be an organizational challenge. Organizations must recognize that hiring staff with new skill sets to manage the for-profit venture may result in differing salary structures, and this creates an opportunity for challenges to arise regarding funding priorities and the long-term health of staff relationships. (Albreight, 2014).

**OC 4- Decision-making.** As the new FBSE takes form and addresses issues of legitimacy, authority with respect to decision-making must be considered and managed as part of a systematic approach to an established authority structure (Smith & Sosin, 2001). Historically, decision-making in a charitable context has been driven by compassion without regard to the efficient or effective use of resources (Dees, 2012), yet an emerging focus on good stewardship has given rise to the study of metrics within FBOs (Hale et al., 2012; Jacobs & Polito, 2012). That has in turn encouraged FBSEs to support outcome-focused decision-making, creating a need to define commonly desired outcomes as a precursor to shifting to this model of decision-making.

As part of defining desired outcomes, in newly created FBSEs there is a need to recognize and understand the differing views on key items such as efficiency, professionalism, and commitment (Malloy & Heath, 2014). In an FBO, for example, efficiency might not be a valued metric used to measure the faith mission; in the SE venture, however, efficiency is likely to be valued as a way to increase effectiveness and lower costs. In a merged FBSE these
differing views will require significant discourse to come to a mutual definition and understanding of the value associated with the term (Malloy & Heath, 2014).

Sider & Unruh (2004) note that rarely do organizations fit into one model; this certainly holds true of FBSEs. Not only do they fail to fall into a single organization model with broadly accepted outcomes, but they may exhibit a range of characteristics representing the both NPO and for-profit approaches to resources. This means how they acquire, maintain, and manage their resources may demonstrate a split-base of decision making. Hybrid organizations must recognize this situation and begin to view decision-making through a new lens that recognizes the need for decentralized processes to ensure that outcomes are linked to appropriate activities throughout the organization.

Not only will desired outcomes in an FBSE be viewed differently, they may not be as faith-centered as the original FBO outcome model (Sider & Unruh, 2004). For example, consider an FBO that originally offers free weekend faith-based programing for children and then decides to launch an FBSE and offer full time summer art and science programs. These programs are designed to fill a need in the community for educational summer programming and generate revenue for the FBO. In advertising these programs, the focus is on the need for summer day camps—not the faith aspect. The measure of a successful outcome, and thus the decision-making process to support the effort, may be the number of children served, as opposed to the number of children whose families are becoming church members. This shift in focus changes how decisions are made within the organization, and may require a corresponding shift in leadership styles.

**Leadership styles.** The evidence suggests that participatory and transformational styles of leadership are most successful in hybrid organizations, a finding that recognizes the need to
create social acceptance and buy-in for the new organizational model by engaging the staff in the decision-making process (Alberti & Varon Garrido, 2017). Further, the challenges associated with attempting to bridge institutional logics requires a dynamic personality in the leadership role, typically associated with transformational leadership (Alberti & Varon Garrido, 2017).

In faith-based organizations, the leaders are expected to look after the emotional well-being of the members, even when that comes at the price of failed change (Brown, 2009). If the preexisting FBO has a strong faith-permeated culture, then the leadership is expected to model a lifestyle and leadership style aligned with that faith-culture (Sider & Unruh, 2004). This poses a leadership challenge for FBSEs, as they encounter staff whose emotional well-being is tied to the historical FBO model of decision making and priority setting. Leaders must work to manage the emotional transition for their staff to adapt and embrace a new FBSE structure. Yet the effectiveness of integrating the organization lies to a great extent with the willingness of the leadership to own and lead the grass-roots change needed (Brown, 2009). This means leaders will be the face of change, and in that role may encounter great resistance and be seen as neglecting the emotional well-being of their staff or as abandoning the faith-culture of the organization.

Ultimately, entrepreneurial and innovative leadership is a key organizational resource; these qualities alone, however, are not enough to overcome the challenges associated with culture, values, and motivation (Brown, 2009). Winning over hearts and minds in the faith community requires leadership capable of a systematic approach to change, yet the charismatic leaders who are capable of effective storytelling and selling often are the same leaders who fail to approach challenges in a systematic way (Brown, 2009). This disconnect between what is
needed and what is typically available is noteworthy and may require a new leadership structure to support the new decision-making requirements.

**Staff and volunteers.** Since FBOs maintain small staffs and rely on volunteers, the integration of an SE effort results in two immediate changes. First, the ratio of volunteer versus paid staff shifts, with more staff and fewer volunteers in the organization. This increase in employees versus volunteers introduces a new dynamic in the decision-making process (Netting, 2005). Managers who have excelled at encouraging and empowering volunteers may now find themselves focused instead on performance reviews and the need to critically evaluate the efficiency of the staff (Winston et al., 2012). This emerges as an issue when cash-strapped FBSEs invest in skilled staff while maintaining their heavy reliance on volunteers, whose performance expectations are often lower than their paid counterparts. When these staff and volunteers work side-by-side, it is difficult for a manager to set widely divergent expectations. Further, it is difficult for staff and volunteers with differing motivators and desires to pursue a common goal (Netting, 2005; Winston et al., 2012). This shift in personnel resources will have a significant impact on the leadership challenges faced in a merging organization, and managers will need to recognize the emerging dynamic and respond through active dialog and clear policies that help establish standards and expectations (Molloy & Heath, 2014; Moyer et al., 2011).

The second change that occurs as FBSEs merge FBO staff with SE staff, is the introduction of differing personalities. These include the integration of an entrepreneurial spirit and a shift in the dominant gender of the employee base. Gender is a factor to consider in the discussion, as women self-report as having higher levels of motivation to serve in an FBO (Winston et al., 2012), while the SE field has been dominated by men. In fact, despite almost a
45% growth in the number of women launching entrepreneurial ventures, men still outpace women 2:1 in the entrepreneurial business arena (Chapman, 2017). Thus, it is probable that a shift from FBO to FBSE will result in a shift to a larger male presence in the workforce. This will introduce new challenges in decision-making, since female dominated faith-based workplaces will engender different decision-making practices than more gender balanced workplaces, and managers of both sexes tend to make different decisions based on the gender of the employee (Winston et al. 2012).

In introducing an entrepreneurial spirit to the FBSE, social entrepreneurs that can help design and execute the SE venture typically come in one of three forms: social bricoleur, social constructionist, social engineers (Zahra et al., 2009). Characterized by noble motives, a desire to address social issues, small scale, and legitimacy derived from the local community (Zahra et al., 2009), the bricoleur is most likely to be found in an FBO. The constructionist is a builder of social equilibrium, with a vision for change and novel solutions; yet their solutions often come with an unmanageable price tag. The engineer is a driven personality, a champion for change regardless of social norms and values, and is willing to break rules to achieve their goals (Zahra et al., 2009). The constructionist is also found in FBSEs, as they are more likely to be effective in building new social ventures, yet their introduction can be a strain on existing resources (Sherman & Green, 2006). However, the engineer is rarely found in faith-based ventures, as FBSEs are more likely to be painfully aware of social norms and how their actions will impact their social capital with donors and constituents (Sherman & Green, 2006). While the bricoleur personality blends best with the FBO culture, their inability to turn a profit on their ventures requires a partnership with a constructionist in order to design a sustainable venture. Yet when FBSEs seek out social bricoleurs or constructionists to help guide and develop the SE venture,
their introduction into the staff environment of an FBO comes with built in challenges. Their motivations differ from those who served in the preexisting FBO because of normative commitment, as SE staff enter the organization motivated to effect social change (Winston et al., 2012; Zahra et al., 2009). Introducing either personality into a new FBSE leads to a management challenge, with leaders acting as mediators between staff focused on diverse goals of creating social innovation, managing fiscal costs, meeting spiritual needs, protecting social capital, and achieving outcomes.

Ultimately, staff and volunteers in FBOs cite an affective or normative commitment to the faith mission of the organization as a driving motivator to serve in that community (Winston et al., 2012), and retaining that commitment through the integration process is a key issue for managers. Staff in the SE venture, however, introduce a further normative commitment to the entrepreneurial venture; retaining their motivation requires a demonstrated value for that SE effort in the decision-making practices of the organization. These diverse approaches require specific skills to manage the competing values, diverse personalities, and differing goals, while nevertheless finding common ground (Molloy & Heath, 2014). Unfortunately, these skills are different than those needed to successfully lead an FBO; thus, the integration requires the identification of leaders and boundary spanners who can guide the change and help identify pitfalls and establish effective decision-making practices that will support staff from both backgrounds.

**Boards and Stakeholders.** At a more strategic level, institutional work is required to confer legitimacy upon the new organizational form and can be done by aligning with legitimized actors internally and externally to the organization (Tracey et al., 2011, p. 73). This requires obtaining the buy-in of significant industry players, or partners, who can further the
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macro-level narrative and shape the societal dialog necessary to legitimatize the goals of the new hybrid organization (Tracey et al., 2001). In order to accomplish this, boards must be ready to make critical decisions regarding which partners to connect with, what narrative to share, and how to communicate with staff, volunteers, donors and the community.

Further, FBSE boards must have a bent towards innovation and embrace change in order to drive the discourse surrounding the integration efforts. While the major source of creativity should lie with the staff, the board must have a capacity for innovation and a desire to create and shape the vision to support the new effort (Jaskyte, 2015). Boards need to be able to evaluate ideas and determine their fit for the organization, both as it exists currently and could exist in the future.

Yet far too often FBO boards are ill-equipped to manage the SE venture. When it comes to decision making, both NPO and FBO boards operate primarily by consensus versus voting, and have cultures that allow dominant personalities to drive that consensus (Jaskyte, 2015). Boards that have been longstanding and have led a successful FBO, may not have the momentum and potential for collaboration necessary to move the organization into this new business arena (Gross, 2009).

For FBSEs to create an integrated decision-making environment, key decisions must be made early in the process and done collaboratively with the board and senior leaders (Pietroburgo, 2016). Further, clear lines of responsibility and authority must be established, achievable goals set with measurable outcomes and progress must be monitored regularly (Jacobs & Polito, 2012; Jaskyte, 2015; Peitroburgo, 2016). This poses a challenge that stand-alone SE ventures do not often face, as unlike FBOs or NPOs, social entrepreneurs most often
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create organizations that do not have boards and thus do not need to gain board approval to move forward.

Ultimately, organizations that succeed in hybrid ventures are those who have learned to move away from path-dependent decision making and towards innovative practices (Weerawardena & Mort, 2012). In other words, when both leaders and staff get past choosing based on what has worked in the past, and instead look towards what will work in the future, the organization has an opportunity to build a new culture driven by staff involvement (Weerawardena & Mort, 2012).

Policies

While all FBOs are not the same, in faith-permeated organizations faith dictates all decision making, while in faith-centered firms faith is more of an underlying driver, and in faith-affiliated or faith-background organizations faith is almost tangential to decision-making (Sider & Unruh, 2004). This means that FBOs moving towards a hybrid FBSE model will have a different approach to the new triple bottom line based on the level of faith-focus in the originating FBO. Additionally, how staff are hired and what faith affiliation they have may shape and change the decision-making process of the organization. Policies may evolve based on a more diverse workforce and faith exclusivity may no longer be a driving consideration (Sider & Unruh, 2004). Yet foundational changes to staff hiring practices, policies regarding faith-affiliation, and how decisions are made will all have notable impact to the organization.

Policies must encourage innovative approaches by promoting an investment in training, encouraging networking and mentoring, as well as investments in research to determine how to deliver value to the stakeholders (Weerawardena & Mort, 2012).
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OC 5 –Culture. While this research has looked at FBSEs from all faith backgrounds, interestingly, again and again in management literature, the Protestant faith culture is discussed and viewed through a “Weberian prism” that links labor, thrift, duty, and self-sufficiency to a Protestant work ethic (Alderson, 2012; Dodd & Seaman, 1998; Hayes & Robinson, 2011). Max Weber and his early work “The Protestant Work Ethic and the Spirit of Capitalism” are often discussed in the FBSE literature and highlighted as a seminal work in the discussion of faith and entrepreneurship. Yet as with all seminal pieces, Weber’s work has the most value through how it has generated a large body of research both supporting and refuting the claim in the literature. The claims range from the consideration that entrepreneurs are by nature independent and less likely to be tied to a faith or belief system, all the way to the idea that entrepreneurs seek economic (not social) independence and that it is their faith-network that supports their entrepreneurial venture (Dodd & Seaman, 1998). The common thread is the influence faith cultures have on the way resources are managed and what value the organization seeks to bring to the community (Forster & Fenwick, 2015; Gordis, 2009; Hayes & Robinson, 2011; Osterwalder & Pigneur, 2010).

Society values both charity and problem solving and each act is considered as contributing to a meaningful and happy life (Dees, 2012). Yet creating a new culture that integrates these ideas requires education on how to focus on solving the underlying problem and channeling empathy in a way that is not demeaning for the recipient (Corbett & Fikkert, 2012; Dees, 2012). This can be encouraged by making outcome information accessible to show what works and what simply perpetuates the problem, data that will likely begin over time to influence board, donor and organizational activity (Dees, 2012). It is in this way that a new integrated culture will emerge. Yet the shape of the culture will also be formed by the organizational
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framework and will be defined by a networked, adaptive, or institutional approach to culture integration.

**A Networked Culture.** Tracey et al. (2011) emphasize the value of “aligning with highly legitimate actors” in order to assist in the acceptance and development of a new organizational construct. This alignment with people and organizations who have established reputations for providing value helps stakeholders begin to recognize the value that the FBSE organization can provide.

Chen and Krauskopf (2013) looked at the networks within merged organizations and determined that there were five intraorganizational networks to consider: workflow, problem solving, mentoring, friendship, and socioemotional support. Further, the authors determined that the level at which these networks exhibit “prior organizational affiliation-based homophily” (Chen & Krauskopf, 2013, p. 341) drives the organizations success at merging. In fact, if FBSEs wish to succeed the evidence indicates that either collaboration or partnerships will be critical to effectively network across constituencies for success in new ventures (Sinha, 2012).

The ability to be innovative and design a sustainable hybrid requires linking to appropriate social networks to leverage key actors and influencers, in order to establish trust across networks (Phillips, Lee, Gobadian, & James, 2015). Entrepreneurship thrives when supported by different external organizations and groups (Phillips et al., 2015), thus an FBSE increases its chances of success by using social networks to build trust, credibility, and support across myriad different social networks. This entails the effective use of cross-sector partnerships where the organization can learn from cooperation and through combining capacity. It is through this process that new norms, values and shared experiences can be gained (Phillips et al., 2015).
Religion can affect networks in two ways: 1) identification with a religious group results in a built-in network or social group, and 2) the network reinforces the behavioral norms and provides a primary source of contacts for the FBSE (Dodd & Seaman, 1998, p. 73). Taking advantage of these built in networks can assist FBSEs in bringing key players to the table and establishing partnerships that can help drive a new FBSE culture. Engaging supporters in solving problems allows an organization to see the power of networks and can act as an energizing force for the new FBSE.

**Adaptive.** An interactive learning environment is at the heart of entrepreneurial and innovative organizations (Phillips et al., 2015), requiring an FBSE to focus on ways in which to learn and adapt to aspects of both the FBO and SE cultures. Entrepreneurship requires an innovative approach, one that places value on accessing a range of resources and competencies (Phillips et al., 2015, p. 452). FBOs may have a longstanding culture tied to a narrow range of competencies. In this case, leaders will be hard-pressed to shift the culture and gain acceptance for outside learning. This is due to the fact that successful FBOs will be more inclined to demonstrate path-dependent decision-making cultures, falling victim to the established patterns of behavior and therefore place less value on learning from new sources (Weerawardena & Mort, 2012). Such organizations are less likely to demonstrate adaptive cultures and will be more challenged to integrate an SE venture.

A truly adaptive culture is able to leverage the strengths of the newly integrated market-oriented mindset within the FBSE and create stronger relationships with donors and beneficiaries through increased credibility, however this credibility is only present when innovation is also a perceived characteristic of the organization (Modi, 2012). This is because perception regarding the organizations’ ability to innovate is what brings the key partners to the table. If an FBO has a
self-perception as innovative yet is not perceived the same way by outside stakeholders, the opportunity to pursue SE ventures with the support of outside funding and partnerships will be limited.

Ultimately, the capacity to adapt and innovate is tied to beliefs (internal and external) regarding overall effectiveness in implementing a new focus (Modi, 2012). In other words, organizations must assess their culture and determine if it is adaptable and able to use this strength to effectively pursue innovation. If so, then they must concurrently ensure that they shape social perception to be viewed publicly as innovative and open to learning from outside sources.

**Institutional.** Maintaining religious institutional identity and culture is a concern for FBOs, one that must be acknowledged and addressed as a for-profit mission is integrated into the organization (Bielefeld & Cleveland, 2013, p. 449). Identity is tied to mission, thus changing the mission fundamentally changes how the institution views its identity and the culture it created (Clark et al. 2010; Jäger & Schröer, 2014; Sinha, 2012; Yip et al. 2010). Also, since religion can be characterized as “one of man’s oldest established institutions” and as having a role in defining a culture’s character, the norms and definitions of right and wrong, as well as the norms and traditions that are tied to the faith-based culture are strong and pervasive (McFarlane, 2010, p. 115). Yet despite this deep-seated institutional culture, faith-based institutions also have a history of adapting to the culture in which they operate (Brown, 2009), suggesting that while faith may be the genesis of cultural norms, it also has the agility to adapt to emerging social constructs. An example of this can be found in the role of women in society and faith institutions, a role that was shaped early on by religious views and has changed over time based on societal influences and a willingness to adapt to the culture (Hargrove, Schmidt, & Davaney, 1985).
While internal religious identity and culture is an embedded aspect of FBOs, equally important, is how the new mission and culture of the FBSE is viewed by external stakeholders. FBSEs have a choice regarding the level of emphasis they wish to place on the faith component of the new culture. That choice will be driven by the institutional culture in which the FBO operates. If the faith culture values entrepreneurial endeavors or faith is viewed as integral to work, then the FBSE is more likely to emphasize the faith aspect (Forster & Fenwick, 2015; Gordis, 2009).

The other important consideration is whether the FBSE seeks to appeal to a wider constituency, as in the case of a FBSE day care center. In that case, the faith emphasis may be less than if the SE venture is a faith-based book store designed to appeal to existing network members. This can be a strategic decision going into the venture, or in response to expressed and perceived concerns. In fact, the evidence shows that FBSEs make an active choice to engage or disengage from their institutional faith-based identity based on motivation. Those that wish to focus on retention of existing stakeholders support a retained faith identity, while those that minimize the faith aspect may do so to bring in new external stakeholders (Sinha, 2012). Thus, FBOs must evaluate the relative value of internal and external stakeholders and determine the level of faith identity they wish to pursue with the FBSE venture. An additional factor to consider in making this determination, is the organization’s ability to retain the right balance of internal and external stakeholders in the long term to support the FBSE. The evidence supports that FBSEs who hold onto their religious identity at the forefront of their culture will retain their organizational distinctiveness and be more likely to succeed in integrating an SE venture and creating a sustainable FBSE (Sinha, 2012).
Despite the challenges that come with de-emphasizing the faith factor, there are examples of FBSEs that have succeeded in gaining widespread support for nominally faith-related endeavors. The Restore effort by Habitat for Humanity (a successful FBSE) is an example of an FBSE that chooses to emphasize the social mission over the faith-based affiliation and has garnered sufficient support and in the process detached from the institutional faith affiliation. This stands in contrast to the Salvation Army, which has chosen to keep faith as a central message. Both FBSEs have a strong public support base, despite approaching the challenge in divergent methods. The ability to retain the preexisting institutional faith culture while embracing the new social mission can be valuable in making this change in message and culture (Sinha, 2012). Ultimately, FBSEs must decide how to proceed and navigate the transition from traditional FBO and a faith-based message, to FBSE and a merged message of faith and social good. This will only be possible when the institutional culture is predisposed to accept the new message and support it to both internal and external stakeholders.

**Proposition Addressed**

This research began by offering a proposition regarding management practices and how they might influence the long-term integration of an FBO and SE venture. Five findings were identified that supported the proposition and identified which management practices had the most influence on the success of the new hybrid venture. This section presents and discusses these findings, and the findings are viewed within the framework of the BMC as a conceptual model. The original proposition and the evidence of support is detailed below.

*Proposition:* Management practices will have a positive effect on the cultivation and integration of social entrepreneurship in faith-based nonprofits.
The evidence supported the proposition that management practices have a positive effect on the cultivation and integration of social entrepreneurship in FBOs. Specifically, five management practices were identified that had a significant influence on the cultivation, integration and success of a hybrid FBSE (Figure 11).

**Figure 11.** Proposition findings in the BMC framework.

These practices involved the 1) focus on launching an FBSE (Netting et al., 2006; Sherman & Green, 2006), 2) cultivation of staff and board capacity (Jacobs & Polito, 2012; Winston et al., 2012), 3) timing of new culture integration (Kistruck & Beamish, 2010), 4) addressing unstable structures by developing a new organizational identity (Battiliana & Dorado, 2010; Smink et al. 2015) and 5) view towards generating profit (Albright, 2014; Cater, Collins & Beal, 2017).
Management Practice Findings

The evidence to support the influence of management practices in each of these areas came from multiple areas within the data set. For example, support for management practice 1 (MP 1), regarding the significance of focus on the new venture came from evidence in hybrid organizations, NPOs, and FBOs. A similar diversity of input drove the identification of each of these management practices.

**MP 1: Focus on launching an FBSE.** The focus on launching a sustainable FBSE is captured as the foundational value proposition in the BMC framework (Osterwalder & Pigneur, 2010). How an organization envisions their value drives how they approach the integration. If an FBO can reach the point of considering the launch of a SE venture as part of their foundational value proposition, then the actions and decisions of management will reflect the commitment to success for the new venture. Yet as noted earlier, creating an environment that encourages staff to embrace the new culture and mission lies to a great extent with the willingness of the leadership to own and lead the grass-roots change needed to launch the FBSE (Brown, 2009).

When managers are able to convey a focus on the spirit and intent behind the launch of the SE venture, the stakeholders (both in terms of staff and community) are more likely to support the integration of the mission (Burton & Bristor, 2012). This requires a level of support for the value creation behind the SE venture and stakeholder alignment behind the perceived value (Townsend & Hart, 2008). The challenge is a perception that the for-profit mission will be threatened or minimized in pursuit of revenue generation, and that the merged organization will place higher value on actions that generate revenue (Townsend & Hart, 2008). Managers must therefore articulate the values that are common and the overarching need to serve the faith-based mission in an effort to create stakeholder alignment behind the launch of the FBSE.
An example of this might be in the aforementioned management of space in FBO facilities. If an FBO decides to rent out their space at a reduced cost for community meetings, filling a need for gathering spots in the community, the launch of this effort can be managed to address perceived threats. Management can articulate to internal stakeholders the ways in which this will support the faith-based mission, perhaps noting the mandate to serve others, or a desire to welcome people of all backgrounds into their midst. Leaders can also design an effective message to the external community to ensure that they are viewed favorably in this endeavor. That might include an article that shares the reduced rate structure and willingness to open their doors to groups with other faith backgrounds. Further, policies can be established to demonstrate a commitment to serve the internal community and offset any concerns that the stakeholders will not be able to secure space for their own needs. Finally, attention can be paid to the mission expansion that could occur with the increase in revenue. In the end, the success of the launch will depend on the willingness of leadership to be the face of the change and cultivate support both internally and externally. If the leadership is focused on the launch of this venture, they will engage as noted to create support both internally and externally in the community.

**MP 2: Cultivation of staff and board capacity.** Before an FBO can launch an FBSE, there must be a deliberate and pervasive effort by management to gain support for the venture and develop stakeholder alignment behind the mission and vision of the new venture (Townsend & Hart, 2008). Frank discussions with staff and board members regarding mission alignment, fiscal resource diversion, and integration of a new workforce are all critical steps to ensure open dialog and future support for the venture (Molloy & Heath 2014; Townsend & Hart, 2008).

Sustainable hybrid ventures have a pattern of incremental, continuous, and radical innovations that are dedicated to actively seeking out new ways to deliver service and meet the
organizational mission (Weerawardena & Mort, 2012). In order to develop this type of organization, staff and board members must be committed to the strategic value of learning from multiple sources as a means of innovation (Weerawardena & Mort, 2012, p. 96). These sources can include markets, networks, and internal institutional knowledge. It is only when staff and board members are willing to focus equally on these diverse sources of knowledge that a culture of innovation is created and fostered.

To ensure staff from all parts of the hybrid organization are focused on the goal of a successful organization, placing an emphasis on excellence is effective way to create dialog that unifies (Molloy & Heath, 2014). To be effective, the term requires a common definition that incorporates the values of both faith and business. Further, what is measured must align with what is valued. Performance measurement within the organization must be redefined in terms of customer service, cost to the organization, and desired outcomes.

As part of cultivating the right focus in staff and board members, another area of emphasis is problem solving as a healthy alternative to pure charity with a challenge to channel their empathy in an effort to drive solutions to underlying problems (Corbett & Fikkert, 2009; Dees, 2012). Empathy must be channeled into purposive passion that will seek solutions. The challenge in embracing this philosophy is more prevalent in the FBO staff than with the SE staff. The evidence shows that it is easier to integrate social and faith metrics into a for-profit mission than to integrate performance metrics into a longstanding nonprofit environment (Kistruck & Beamish, 2010). Thus, the leadership challenge is to bring along the former FBO employees and to cultivate a culture that values problem solving and seeking solutions to societal problems.

A barrier to this effort is a willingness to hold FBO employees accountable and to establish performance metrics (Dees, 2012). Further, in FBSEs the original staff may also be
fiscal stakeholders, since the originating FBO side of the organization was funded through donations, usually those of the FBO members. Dees (2012), acknowledges that when staff have made sacrifices—perhaps taking a lower salary or donating to the organization—it becomes more difficult for leaders to hold them accountable and easier to be charitable with underperforming employees. Weak results are overlooked as it seems an ungrateful response to their sacrifice (Dees, 2012). In order to build a strong FBSE, efforts must be made to counter this attitude and recognize that “when the goal is innovative, cost-effective problem solving with large-scale impact, serious talent and deep expertise are needed” (Dees, 2012, p. 325). Leaders must be able to set standards that are reasonable and achievable and then have the capacity to enforce those standards.

To support innovation, boards collectively should bring broad-based social capital, a diverse set of skills and experiences, and a high level of engagement (Jaskyte, 2015; Zahra et al., 2009). An open board culture, one that embraces dissent and discussion, paired with the ability to get closure and reach decisions is vital to innovation efforts (Jaskyte, 2015). These characteristics of an effective board that embraces innovation are attainable, yet it may require reevaluating the process by which board members of the FBO were selected and how they can function in unison (Nicholson, Newton, & McGregor-Lowndes, 2012). Cultivating a team approach, with each board member bringing commentary skills and networks can maximize the ability to leverage the board for the success of the new organizational model ((Nicholson et al., 2012). In FBOs, board members are often chosen based on their standing in the faith community, their support for the faith-based mission, or their level of fiscal support to the organization. When developing an FBSE, organizations may wish to reevaluate the board structure, with board members selected for a diversity of skill sets and willingness to participate in the launch of the
FBSE endeavor, to include serving in a visioning role and leveraging their social networks and capital to promote the new venture (Jaskyte, 2015, Zahra et al., 2009).

**MP3: Timing of new culture integration.** Sherman & Green (2006) found that FBOs that launch SE ventures tend to be more established, larger organizations, with large annual budgets, and affiliated with other FBOs. These characteristics lead to the challenges of established FBO cultures that will be dominant in efforts to integrate with a new SE-based culture. In established FBOs there is a tendency toward path-dependent decision making and a lack of support for adopting new and innovative ideas from outside the organization (Weerawardena & Mort, 2012). Cognitive, network and cultural embeddedness in existing patterns reduce openness to innovation (Kistruck & Beamish, 2010). As a result, leaders, staff and volunteers are inclined to continue with what has worked, preferring to continue with proven practices over adoption of new innovations. New ideas are received through a filter of cultural embeddedness that has developed support for an existing structure (Kistruck & Beamish, 2010). Variance from the norm requires a higher level of evidence to convince FBO staff to adopt new structure.

Faced with this challenge, leaders of FBOs would be well served to consider ways to overcome this barrier to change. One option is to identify an SE venture that fills a significant and accepted gap in serving society. Acceptance of an SE model is better if the service meets a need that society and governments have failed to address (Modi, 2012). Another option, is to find ways to create acceptance for new ideas and innovation. This could be through the use of well-known and admired transformational leaders who can create support for the endeavor (Burton & Bristor, 2012). A third approach is to consider how to integrate SE from the beginning or at an early stage of the FBO lifecycle. The ability to form a new FBSE from the beginning allows for
an integrated culture to form over time and an organizational identity to grow in tandem with the venture. Since this review has specifically considered how to address the integration of SE into an existing FBO, there is acknowledgement that this avenue may not be an option. Yet the key finding is that the earlier the integration in the organizational lifecycle the better. Further, management practices must be more intentional and specifically focused on ways to overcome the barriers in more established FBOs.

**MP4: Addressing unstable structures and a new organizational identity.** When organizations merge or adopt a new and dramatically different mission there is an initial period when individual members may have different understandings of what this means for the organization’s identity (Clark et al., 2010). Indeed, the organization itself may be unclear how to shift identity and the process may take time, during which period the organizational structure is unstable (Clark et al., 2010). This situation presents a management challenge that FBSE leaders must acknowledge and subsequently work to counter this instability. To manage the instability of a freshly integrated organization, the new identity has to be addressed at the individual level, the organizational level, and the societal level (Tracey et al., 2011). This tiered approach involves not only recognizing the new opportunity and developing the new organizational form, but then focusing efforts on legitimization of the new form (Tracey et al., 2011).

At the individual level, each member of the organization will have a level of commitment to the mission and values of the organization (Winston et al. 2012). Support for the shift to a new and expanded mission will occur if the individuals perceive an alignment between their personal values and the values of the new SE venture (Clark et al. 2010). To move towards this alignment, transformational leadership strategies and effective storytelling of the new mission will be helpful in articulating the connections in the old and new identities (Alberti & Varon Garrido,
MANAGING THE TRANSITION IN FAITH-BASED SOCIAL ENTREPRENEURSHIP

2017; Brown, 2009). Managers can also employ participatory leadership strategies to increase engagement levels and bring a level of stability during the transitional period (Alberti & Varon Garrido, 2017; Winston et al., 2012).

Viewed from the organizational level, the instability can be addressed by staying true to the underlying faith values, in both the faith-based mission and the SE venture to help create stability within the organization (Burton & Bristor, 2012). Part of what institutions offer to their members is a socially rationalized set of rules and remaining tightly coupled to the umbrella faith structure allows members to rely on those rules for a sense of stability (Townsend & Hart, 2008, p. 686-687). This can create structure during the period of transition and help shape the emerging FBSE identity in a way that creates organizational buy in.

A fundamental challenge with the merged FBSE is the development of a new organizational identity and the perception of legitimacy of the new organization at a societal level. Since legitimacy for an organization stems from a societal view that the actions of the firm are proper or appropriate within the social construct of norms, values or beliefs, the new FBSE must ensure that its new culture is able to gain legitimacy (Suchman, 2015; Townsend & Hart, 2008). While the preexisting FBO might have had great legitimacy and societal approval, the new organization risks losing that status as it seeks to merge cultures and create a new value proposition. Leaders must actively work to develop networks and partnerships that will secure the new FBSE as a legitimate entity (Brown, 2009).

The strategic plan to create a new organizational identity and manage through the period of transition must include protecting stabilized relationships and supporting diverse positions while relating future activity to the existing experience within the organization. The ability to frame the future strategy in the context of what is already known offers a recognizable way
forward for the staff (Jager & Beyes, 2010). This can be accomplished in the short term through the creation of a transitional identity as a way to develop legitimacy and gain support for the new identity (Clark et al., 2010). This transitional identity will create structure and allow time for the new emerging FBSE identity to take shape and develop legitimacy (Alberti & Varon Garrido, 2017; Brown, 2009).

**MP5: View towards generating profit.** Not all faith structures hold the same views toward business and profit, however the three dominate faiths (Christianity, Judaism, and Islam) strongly support the view of business as a means to improve society and to create self-supporting economies (Dodd & Seaman, 1998; Forster & Fenwick, 2015; Gordis, 2009; Pally, 2008). As a fundamental component of the economy, entrepreneurship and the launch of new business ventures is one way to further improve society. Meeting social needs through entrepreneurial ventures allows faith-based entrepreneurs to put their religious values into practice (Cater et al., 2017). Thus, managers of FBSEs can work to develop a positive view on profit generation in the organization through the promotion of SE as a way to support a faith-based societal improvement.

Even when managers are able to secure organizational support for profit generation, FBSEs must be realistic in the percentage of income they will be able to generate from their SE venture, and understand the reliance they will continue to have on donations. Completely eliminating a need for donations is unlikely (Dees, 2012), as only 25% of FBSEs generate a surplus from their SE venture, 12% break even, and more than 58% require subsidies to exist (Sherman & Green, 2006). Further, the FBSE stakeholders must recognize that there is a cost to running the business, and that not all profit can be used to support the FBO mission, as it may need to be reinvested in the SE venture to ensure continued success.
There is significant debate in the literature regarding the appropriateness of federal funding in FBOs and how that might apply to FBSEs, specifically if FBSEs should receive any start up grants if they retain a faith component to their efforts (Ebaugh et al., 2003; Sinha, 2012; Smith & Sosin, 2001). While this paper does not attempt to answer that question, it is appropriate to note that FBSEs must recognize the advantages and limitations of outside funding to complement earned revenue. Much like the restrictions imposed by venture capitalists, federal funding comes with restrictions that FBSE leaders must evaluate and determine if all organizational policies align with requirements to receive that funding (Ebaugh et al., 2003; Sinha, 2012). Economic imbalance as a result of not securing either government or venture capital funding can place the FBSE at an insurmountable disadvantage in the marketplace (Burton & Bristor, 2012).

Generating revenue is a principle reason for engaging in an SE venture, however it can also serve to strengthen community relationships by filling an unmet need (Sherman & Green, 2006). Helping to move the organization to financial self-sufficiency and diversifying revenue streams are also significant reasons for launching SE efforts (Sherman & Green, 2006). Since entrepreneurs tend to approach profit as a risk-reward scenario and in general have a high tolerance for risk, managers must understand and balance this entrepreneurial tendency in order to ensure that the core mission of the organization remains at the forefront and that risk is balanced with an eye towards stability and longevity (Zahra et al., 2009).

To summarize, managers are the ones who must take the lead to promote a positive view towards profit generation. They must recognize and embrace the fact that revenue will not be a panacea for the FBO, that the organization will need to reinvest in the SE venture and continue to secure donations and other outside funding. Further, decisions to pursue sources of outside
funding from the government or venture capital require a level of understanding regarding the implications on polices and ownership of the organization. In the end, FBSE managers must remember to balance the monetary and social returns of meeting a community need in a way that honors their faith-based values.

**Chapter Summary**

The purpose of this systematic review was to examine the organizational characteristics that influence the integration of a for-profit business model into a pre-existing FBO to create a sustainable hybrid organization. Specifically, this research looked at the ways in which the organizational environment either supports or deters the integration activities. The goal was to identify and isolate the mechanisms that support successful integration in order to provide a road-map to practitioners seeking to implement this hybrid organizational model. The research was guided by the foundational question, “How do organizational characteristics influence the development of a hybrid social entrepreneurial business model in faith-based nonprofits?” Additionally, “What characteristics support or detract from increased effectiveness when business models are merged in hybrid organizations?” This chapter has presented and discussed the findings and offered a resulting conceptual framework.

Ultimately, thirty-five sources were used to identify the five organizational characteristics of 1) institutional logic, 2) motivations and values, 3) resources, 4) decision-making practices and 5) culture, that either support or deter successful integration efforts. These characteristics were mapped within the BMC framework to better understand their impact on specific business activities and how to address their influence within the organization to achieve the desired outcome. Additionally, five MPs were identified that had a significant influence on the cultivation, integration, and success of a hybrid FBSE. These practices involved the 1) focus on
launching an FBSE, 2) cultivation of staff and board capacity, 3) timing of new culture integration, 4) addressing unstable structures by developing a new organizational identity, and 5) view towards generating profit. These practices were offered in the BMC conceptual model to provide an illustration of the relationship with each aspect of the business activities.

In the final chapter, this paper will present the management implications of this research, address the limitations of the findings, and propose future research opportunities.
CHAPTER 5: IMPLICATIONS AND CONCLUSIONS

“It is one thing to believe that organizations would perform better if leaders knew and applied the best evidence. It is another thing to put that belief into practice.”

—Pfeiffer and Sutton, 2006

Introduction

This research was conducted to examine the challenges associated with integrating an SE venture into an existing FBO. Specifically, the goal was to understand why some FBOs are able to successfully integrate SE, while others are not able to launch and sustain the SE venture. Through a systematic review of the evidence, this research sought to identify the factors that converge to support successful integration, and understand what factors deter the ability of an FBO to integrate an SE venture into the organization. The focus of this study was to identify what works and what does not, in order to offer practical, evidence-based advice to managers who must navigate the challenges associated with SE integration. This identification of the actions that are necessary for successful integration is of great value to managers and stakeholders in FBOs who seek to address future funding shortfalls. Conversely, the recognition of organizational deterrents can assist leaders who must prepare the existing FBO for the changes that will be part of this integration and ultimately manage the new merged organizational identity.

The search for answers evolved from the research question, “How do organizational characteristics influence the development of a hybrid social entrepreneurial business model in faith-based nonprofits?” and further, “What characteristics support or detract from increased effectiveness when business models are merged in hybrid organizations?” It is helpful, with the knowledge obtained through this research, to consider how the evidence can inform an
understanding of the attempts to integrate, allow practitioners to recognize the institutional barriers to integration, and provide a roadmap for navigating those obstacles on the way to a fully integrated and sustainable FBSE organization. This chapter discusses the management implications of the research as part of the final stage in the systematic review process.

**A New Focus for FBSE Discussions**

The relative newness of the integration and management of hybrid organizations, especially within the faith community, lends itself to consideration and discussion with practitioners and academics alike using the BMC. The use of the BMC in this research as a guide for conceptualizing the new business model of a merged SE and FBO organization proved appropriate, as the goal is to move beyond what has been done and strive towards designing a new business model that is able to learn from the past and use the evidence to move towards a new organizational model. The goal of this research was not to be prescriptive, but rather to offer a roadmap—replete with signposts, cautions, and directions—to the desired destination. The BMC is thus effective in creating the framework for discussing this journey towards mission integration, and for offering practitioners a way to design their new organization while considering each of the supporting actions and relationships in the correct context.

**Conceptual Framework Revisited**

Having reviewed the organizational characteristics and management practices, there is value in revisiting them in the context of the BMC as a conceptual framework (Figure 12). This framework demonstrates the practical application of the findings in this chapter and shows how each point relates to different aspects of business practice. For example, an FBSE pursues partnerships through strategic networks in support of organizational resources. This decision to pursue partnerships is an organizational characteristic, focused on acquiring social capital
resources, a quest for legitimacy in the community, or partnerships to extend the scope of the FBSE. This pursuit, along with the resources needed to meet the new mission, both require culture integration, a management practice that seeks to both integrate the culture internally with staff and gain acceptance of the culture externally with partners. Further, the character of the organization defines the value proposition, or how the organization creates value, which is directly ties to the culture and motivations. It is these values that must be addressed through management practices, which in this case require a focus on launching the FBSE and effecting the culture integration. It is in using the BMC that managers can visualize how their partnerships reflect and interact with the core value propositions and activities that drive the acceptance of the new culture (Figure 12).

Figure 12. Conceptual framework revisited with findings.
Similarly, it becomes clear that the institutional logic of the FBSE is interwoven throughout the various aspects of the organization, influencing management practices designed to support the launch of the new venture, drive organizational relationships, define the customer segments, and place value on differing types of revenue. When viewed this way, the importance of the logic model and the scope and significance of its influence is clear.

These key findings partner each organizational characteristic with a corresponding management practice. This allows the framework to present a way to view each aspect of the organization in terms of what it means for the manager. This in effect creates the roadmap for the practitioner, identifying the critical components for successful integration.

Implications for Practitioners

This research identified five organizational characteristics to consider and five management practices to employ in order to support successful integration efforts. From these ten items, six overarching implications for practitioners emerge. Specifically, the implications include reframing all faith-based entrepreneurship as FBSEs, developing a new value proposition for the organization, identifying new partnerships that build legitimacy for the FBSE, evaluating the existing entrepreneurial spirit and attitudes towards change, hiring and integrating new skill sets as needed, and having the long view towards profit generation. These six implications draw on the findings and place them in the context of action. Each implication is detailed below to offer a way forward for practitioners.

Implication 1: The social in faith-based entrepreneurship. Social entrepreneurship is defined as pursuing a social good while generating revenue. Much of the FBSE discussion revolves around the commonalities between SE and faith-based entrepreneurship in general. Alderson (2012) notes the intersection of these concepts of social and faith-based
entrepreneurship and opens the door to discussion on whether all faith-based entrepreneurship can be considered to support the social good and thus all faith-based entrepreneurship is in fact an FBSE venture. In other words, is there faith-based entrepreneurship that is not social entrepreneurship? This paper finds that there is no distinction. Since the pursuit of faith contributes to the holistic well-being of mankind (Thomas, 2004), all entrepreneurial ventures that are designed to support and further the faith-based mission of human well-being are, in this context, FBSEs. FBSEs can take many forms and, even if not directly contributing to the social good as a stand-alone effort, the funds from these efforts do indeed support the social good, making all FBSEs social in nature. The findings from this study, therefore, can be applied to any entrepreneurial venture undertaken by an FBO and further clarifies the framework within which future conversations can take place.

**Implication 2: Embracing a new internal value proposition.** The value proposition is a way of capturing why an organization exists and what problem they are solving. The integration of FBO and SE missions creates a new value proposition for the organization and requires the development of a new organizational culture and identity. Changing “why we do this” in turn changes “who we are” or how the organization defines itself. These are foundational aspects of the organizational culture and identity, and successfully changing them requires wholesale acceptance by all members of the organization in order to form a new common culture. Failure to create a new common identity results in competing business models that thwart long-term sustainable practices. Leaders of these organizations must champion and clearly articulate the new value proposition and foster acceptance of the new operating model. If FBO leaders are not united in their agreement to fundamentally change the organization, the potential for success is greatly reduced.
A rather simple analogy is available in the shift from two people being a couple to the same two people being parents. The value proposition for a couple rests in their desire to be together and in their common goal of continued partnership. When they chose to introduce children into the equation, they must agree to fundamentally change their value proposition, integrating a desire to be together with a desire to have children. Their common goal must now include not only continued partnership, but also effective parenting. If this shift in the value proposition does not occur, effective co-parenting does not result. In the same way, FBOs that do not shift their value proposition and create new common goals are not able to effectively merge the SE mission and work towards a sustainable FBSE. When viewed as part of business model design, the value proposition is a core driver of all actions that an organization takes, the relationships it builds, and the customers it chooses to serve. This research supports the premise that without the establishment of a commonly accepted new value proposition, the integration of an SE mission will not be sustainable and will result in either a split organization or a failed venture.

**Implication 3: A strategic approach to institutional logic and partnerships.** Integration requires more than just aligning values and creating common goals. Leaders must employ a deliberate and strategic effort to develop and execute a new institutional logic around the new value proposition and create buy in with key partners. As a follow-on to accepting a new value proposition, leaders must design and execute a strategic plan of action to support the new focus and identify what key partners are critical to survival of the new effort. In other words, once an FBO has committed to integrating an SE venture, it is imperative that managers at all levels identify what core functions must be changed or adapted to make the SE venture successful. Such actions require a conscious decision to abandon path-dependent decision making and
embrace new options that previously were outside of the traditional operating model. Further, changing these functions changes how the organization is viewed by their external partners, as well as what new partners might be critical to success. Connecting with new partners and communicating the new operating model requires a strategic plan and a clear method of execution in order to gain acceptance and legitimacy.

Legitimacy is interwoven with an FBSE’s social capital. As the new organization seeks to establish itself as an FBSE, it is essentially creating a new organization that must demonstrate its worth and build relationships. The goal for leaders of FBOs is to maintain the legitimacy and existing relationships of the FBO as it seeks to create a new group of relationships in support of the SE venture. These relationships and their social capital are critical to the sustainability of the new FBSE venture.

To continue the analogy, agreeing to co-parent is only a first step, however it is vital to develop a strategic plan of action. This includes being viewed as acceptable parents by those individuals or partners whose support is needed. These new partnerships with doctors, day care centers, babysitters, teachers, and other parents becomes a rational next step, and changing how they act to secure these partnerships and gain their support is critical to the ability to parent successfully over the long term.

To consider the concept through the lens of the BMC, leaders must recognize that they are adding a new group of customers—a new customer segment, and that the success of those relationships will secure the legitimacy of the new merged venture. Further, as the FBSE seeks to identify key partners in this endeavor, it is the legitimacy of the organization—or how credible it is as an FBSE—that will determine whether those partnerships are established and if they are effective. Thus, practitioners must maintain and increase organizational legitimacy and the
corresponding social capital with both the internal and external stakeholders to ensure effective
customer relationships. These actions are critical to the continued sustainability of the
organization.

**Implication 4: Timing matters in entrepreneurship.** As with most organizations, FBOs
develop deeply entrenched norms over time. Yet when these organizations have solid identities
rooted in nonprofit practices, the faith component only increases the challenges associated with
attempting to integrate an SE venture. In fact, when the FBO’s identity is rooted in charity, the
legitimacy of the organization is perceived to be at greater risk if business practices are
introduced late in the organization’s life-cycle. Further, this study found that FBOs were more
likely over time to have nurtured cultures resistant to change.

Conversely, the evidence supported the idea that younger FBOs will have a greater
openness to change and a willingness to adapt the organizational norms to integrate new
processes. Much like young couples who are able to adapt to parenthood easier than those who
wait until later in life to introduce the new dynamic, the time lag between development of the
FBO and integration of the SE has significant effects on the acceptance of the new model by the
customer segments. Leaders must therefore consider the longevity of the organization and the
embedded attitudes towards implementing change before considering the integration of an SE
venture. Additionally, FBO practitioners should note that waiting to implement an SE venture
only increases the difficulties of integration and acceptance.

At the other end of the time spectrum, it was also clear in the evidence that faith cultures
open to SE ventures were more likely to create FBSEs from conception, rather than look to
integrate them at a later date. These organizations face significantly different challenges than do
FBOs who integrate the business component later in the life-cycle, yet it demonstrates that when
entrepreneurship is an accepted faith action it is considered a natural outcropping of the faith life. In fact, the single greatest variable for offsetting the challenge of embedded processes developed over time is the presence of an entrepreneurial spirit within the organization. This spirit is most evident in evolving cultures where the status quo is being questioned and new groups are forming. This entrepreneurial spirit appears to arise in FBOs that are led by and serve marginalized groups, as these groups use the SE ventures to improve their own communities. For example, Protestants in general were highly entrepreneurial in the early years of U.S. history, while a few years later Catholic immigrants to this country demonstrated entrepreneurship in supporting their communities. For centuries, there have been examples of the Jewish community using entrepreneurship to serve one another. More recently, there are examples of diverse ethnic groups using their faith communities as entrepreneurial ecosystems. Yet in each of these faith cultures, there is a drop in FBSEs as the faith community members became less marginalized. This suggests that SE ventures will be more accepted in established FBOs when the community feels the risk of losing legitimacy is outweighed by the value it will provide for their stakeholders.

Therefore, if FBO leaders identify a social need that is wide-spread in their community, they increase the opportunity to gain the support of their stakeholders and offset the challenge of embedded practices. That support is critical to acceptance of change and willingness to adapt practices necessary to integrate the SE venture. This study finds that if the FBO is not willing to own and lead the SE venture as integral to the mission of serving their community, it is unwise to pursue the initiative.

**Implication 5: Capacity of the staff to adapt.** The ability to solve problems, question existing practices, and find efficiencies are hallmarks of successful entrepreneurs; yet these traits
are not always synonymous with those who choose to seek out faith-based careers. FBOs focus on hiring staff who align with the faith mission, have a needed skill set, and demonstrate empathy towards others. In some cases, staff may embody all of these characteristics and have the ability to adapt to the new culture with little adjustment. However, in many cases the existing staff are not equipped to successfully launch a new business venture and attempting to force that fit will result in the failure of the SE venture. This is not unlike couples who are great as a couple yet lack the ability to transition behaviors to become excellent parents. These couples are better off not being asked to be parents. Yet despite this, it is common for FBOs to pursue an SE launch with existing staff and ask them to exhibit the needed behaviors. Often, this approach is taken as a way to explore the idea of venturing and allows the FBO to hedge their bets in case the venture does not work out.

In fact, this study finds that it is this very lack of commitment that is the demise of the new venture. Entrepreneurial efforts require entrepreneurs, either in spirit or in experience, to be successful. Leaders must be willing to recognize the strengths and shortcomings of the existing staff and be open to hiring as a way to bring in needed skills. This requires strong human resource practices, often absent in FBOs who have hired by word of mouth, or only on occasion.

Certainly, the introduction of new staff with differing strengths has the real potential to create subcultures within the organization. These subcultures will inhibit integration and long-term success of the FBSE. The BMC demonstrates the myriad ways that staff touch every aspect of the organization and are therefore critical to its success or failure. It falls to the FBSE leaders to pursue ways to create a common culture across the staff and identify boundary spanners to help during the integration period. Yet the willingness to critically assess the available skills, identify and hire new talent, and manage the integration of cultures itself requires a leadership
team capable of change. Thus, this study finds that the successful launch of an FBSE requires a strong, change-ready leadership team, one that encompasses the board and key leaders within the organization. This team must make a unanimous and public decision to move forward with the SE venture, and all that entails, otherwise the likelihood of success is dramatically reduced.

**Implication 6: Patience and realistic expectations.** As with all new business ventures, revenue generation from the new venture does not materialize overnight but builds over time. For FBOs unfamiliar with entrepreneurial ventures there can be unrealistic expectations. In fact, most FBOs are unprepared for the losses that typically occur in the early stages of business development, as well as for the number of years it can take to turn a profit. As a result, they may either abandon the venture before it has a chance to succeed or be hesitant to integrate the nonprofit and for-profit missions in case the venture does not prove viable.

Even if FBOs are prepared for the time span needed to turn a profit, there are often unrealistic expectations regarding the amount of revenue that can be generated. When well established, the SE ventures in FBSEs contribute to the fiscal stability of the organization and create new revenue streams, though they typically do not provide more than a small percentage of the operating budget. This must be acknowledged from the outset in order to set realistic expectations. This study finds that it is the lack of business acumen, as well as expectations of faster and larger profitability margins that lead FBOs to abandon their SE ventures or become disenchanted with the SE model.

Despite these challenges, when an FBO is able to integrate an SE venture, it becomes more open to subsequent ventures. Successful FBSEs have the necessary skills to integrate additional ventures. Thus, it is clear that the first time is the hardest and will pave the way for subsequent opportunities. To close out the analogy, first time parents may have unrealistic
expectations for their children, but those with multiple children have learned to adapt their practices and expectations. Using the BMC to work through the options for an FBSE business model can help leaders understand the implications and returns involved in creating an initial FBSE.

**Limitations**

The study of integrating social entrepreneurship into existing NPOs and FBOs is still developing. While FBO practitioners are actively integrating the for-profit and FBO models, little scholarly research is available on the topic. The largest body of research on FBOs was conducted in the wake of the Charitable Choice Act, and although that research addressed organizational characteristics of FBOs, it was not designed to consider specifically the integration of for-profit and nonprofit institutional logics. Thus, this research effort was limited by the dearth of available quantitative studies on FBSEs.

As a result of the paucity of FBSE studies, it was sometimes necessary to identify evidence in the area of secular nonprofit integration efforts, particularly in the area of organizational theory and how it might apply to FBOs. Yet it was clear from the research on FBOs that the distinctions between FBOs and NPOs were significant.

This research was able to isolate findings and offer practitioners a guide for developing FBSEs, however, without more quantitative studies on merged FBSEs, there was not sufficient data to quantify the impact of each individual finding. Thus, the study is limited in offering a weight to each finding. For example, this study was not able to offer a quantitative year over year percentage trajectory demonstrating the correlation between years as an FBO and successful merging of an SE venture. While the evidence shows a correlation between longevity and
viability of integration, it would be more helpful to FBOs to view their odds of successful integration based on years in existence.

**Future Research**

In an early study of the topic, Dodd and Seaman (1998) noted, “religion and enterprise enjoy a complex, multi-level, and interdependent relationship” (p. 83). These authors encouraged further study of the connections between faith and entrepreneurship, recognizing that the complex relationship was one that needed to be viewed from many different vantage points. Researchers have primarily chosen to answer this call with studies that focused on the impact of race on establishing FBSEs (Hayes & Robinson, 2011), location (Moyer et al., 2012), differentiation (Ebaugh et al. 2003), and effect on fair trade (Cater et al., 2017). Yet surprisingly, few comprehensive reviews of the topic have been conducted in the subsequent 18 years.

Similarly, this study found limited previous research efforts that specifically focused on the challenges associated with the establishment of SE in longstanding FBOs. Much of the emerging body of literature addresses the growing movement to establish FBSEs as new stand-alone organizations. While this trend of “Business as Mission” is important, and there are many lessons to be learned from that movement, it does not address the challenge faced by FBOs that must learn how to adapt and address a funding shortfall. The challenges associated with developing new SE ventures in these established FBOs requires further research. There is a need for a quantitative study on merged FBSEs to learn more regarding the specific weight of import each of these findings have on the success of integration.

**Conclusion**

This study contributes to the body of evidence on FBSEs by shedding light on how practitioners within this segment of the NPO population can manage SE integration. Having set
out to identify the set of circumstances that contribute or detract from successful integration, this research was able to isolate the common barriers and unique practices that allow FBOs to implement a sustainable FBSE.

It also offers a framework for studying what works and under what circumstances, in order to create a road map for practitioners. By using the BMC and designing a business model that accounts for the needed organizational characteristics identified in this study, FBO leaders can chart a course for success. Further, by reviewing the needed management practices and findings, FBOs can assess their capacity for change, as well as their existing staff capabilities and gaps that must be addressed through effective human resource practices. As noted in the quote at the beginning of this chapter, the final stage of this evidence-based approach requires leaders who are willing not only to believe in evidence-based management but also to put it into practice. It is in the execution that this study contributes to the improvement of FBSE launch efforts.

As long as FBOs wish to pursue their endeavors, the gap between available and needed funding will continue to be a challenge. Using this evidence to improve practice can help to address this funding shortfall and move forward in a way that is beneficial to the faith community.
Appendix A

Questions posed to FBO practitioners and stakeholders:

1. Have you previously, or have you considered in the future, establishing a SE venture in your organization?
2. If you have, or intend to pursue an SE venture, would you integrate the new venture into the existing FBO or start a new separate organization?
3. What barriers might you expect or have you encountered in pursuing the SE venture?
4. What types of SE ventures would you consider appropriate for your existing FBO?
5. How effective would your current staff be at managing a new blended organization?
6. Would effective would your board be at managing a new blended organization?
7. How would the introduction of an SE venture into the organization be viewed by your internal and external stakeholders?

These questions were asked to initiate a free-flowing dialog about what works, what doesn’t, and under what circumstances. Questions regarding staff, boards, and stakeholders were asked primarily as these elements were identified in the literature as potential factors in the integration of the two cultures. Of lesser import, these questions were asked to create a more open dialog wherein the director did not feel the questions applied personally but could consider what works in a broader organizational context.
Appendix B

Request for permission to use Business Model Canvas.

On Jan 21, 2018 at 12:45 PM cbeech <cbeech@smumn.edu> wrote:

Good afternoon,
I am writing to request permission to use the BMC image in the context of my dissertation. This dissertation will be published using ProQuest and available through the university database.

University: University of Maryland University College (UMUC)
Dissertation: Faith-Based Social Entrepreneurship:
A Systematic Review of the Integration of Faith and Business for Sustainable Social Impact
Author: Christine Beech

Thank you for your consideration.
Christine Beech

Response and approval to use the Business Model Canvas.

Strategyzer <support@strategyzer.com> Sun, Jan 21, 2018 at 4:00 PM
To: cbeech <cbeech@smumn.edu>

Hi Christine,

Thank you for reaching out to Strategyzer! My name is Jerry and I will be happy to assist you with this.

Yes! We are honored you would like to use it in your dissertation. Please kindly keep the Strategyzer logo and url/link to strategyzer.com on the canvas when used. That's all!

Thank you very much for using our resources. We wish you all the best on your dissertation.

We hope this clears things up for you. If there is anything else we can assist you with, going forward, please kindly let us know. Thank you very much for contacting Strategyzer and enjoy the rest of your day!

Best regards,

Strategyzer Support Team

Jerry Steele
References


http://dx.doi.org/10.1108002517406106650201


FAITH-BASED SOCIAL ENTREPRENEURSHIP


doi:10.1080/0965254X.2011.628405


doi:10.1177/2329488414525451


FAITH-BASED SOCIAL ENTREPRENEURSHIP


FAITH-BASED SOCIAL ENTREPRENEURSHIP


