



**University of
Reading**

**CEO–BOARD DYNAMICS IN UK-BASED SOCIAL
ENTERPRISES AND ITS INFLUENCE ON VALUE DELIVERY**

Nitzan Linden

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Declaration

“I confirm that this is my own work and the use of all the material from other sources has been properly and fully acknowledged.”

Nitzan Linden

Abstract

This exploratory, qualitative study utilises twenty-eight interviews with Chief Executive Officers (CEOs), board members and chairs of UK-based social enterprises (SEs) to explore governance dynamics and its influence on value delivery and organisational performance. The thematic analysis undertaken in this study uses the stewardship theory to identify the CEO–board dynamics, the unique nature and roles of CEOs and boards in an SE context, as well as complexities and tensions that impact the value that is delivered. The findings of this thesis advance the knowledge of how CEO–board dynamics in SEs influence value delivery, making important contributions to both stewardship theory and SEs’ governance literature. The findings emphasise the importance of the role of the CEO and board in SEs, the type of relationship they establish from the very beginning, their collaboration, and how critical their partnership is, as it has a major impact on value delivery and performance. Moreover, this thesis finds no empirical support for the idea of major governance tensions in SEs, which can be seen in other types of organisations. Instead, evidence suggests that the little tensions that were reported in this thesis are mostly healthy and lead to growth or are being solved quickly by the relevant people. Finally, this thesis contributes to practice by providing an emerging model that is based on stewardship theory and emphasises the importance of positive CEO–board dynamics in order to increase organisational performance and deliver value in SEs.

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Table of Contents

CHAPTER 1: INTRODUCTION	1
1.1 CHAPTER INTRODUCTION	1
1.2 RESEARCH RATIONALE	1
1.3 RESEARCH SCOPE, AIM AND OBJECTIVES	3
1.4 RESEARCH CONTRIBUTIONS	4
1.4.1 <i>Contribution to theory</i>	4
1.4.2 <i>Contribution to practice</i>	5
1.5 THESIS STRUCTURE	7
1.6 CHAPTER SUMMARY.....	8
CHAPTER 2: LITERATURE REVIEW	9
2.1 CHAPTER INTRODUCTION	9
2.2 THE THIRD SECTOR.....	10
2.2.1 <i>Mapping the third sector</i>	11
2.2.2 <i>Defining the third sector</i>	12
2.2.3 <i>Components and complexities of the third sector</i>	15
2.2.4 <i>The third sector in international perspective: US, EU and UK</i>	20
2.2.4.1 United States (US).....	22
2.2.4.2 Europe (EU).....	24
2.2.4.3 United Kingdom (UK).....	25
2.2.5 <i>Types of organisations within the third sector</i>	29
2.2.5.1 Social enterprises	30
2.2.5.2 NGOs.....	33
2.2.5.3 Foundations	35
2.2.5.4 Philanthropic organisations	37
2.2.5.5 Charities.....	39
2.2.5.6 Comparison between the different types of organisations	42
2.2.6 <i>Conclusions</i>	46
2.3 GOVERNANCE OF THE THIRD SECTOR	47
2.3.1 <i>Background of third sector governance</i>	47
2.3.2 <i>Defining governance</i>	48
2.3.3 <i>The complex governance roles: CEO–chair–board</i>	49
2.3.4 <i>Governance comparison: For-Profit, Non-Profit, Social Enterprises</i>	52
2.3.4.1 Theories Comparison.....	57
2.3.5 <i>Social enterprises' governance in the UK</i>	61
2.3.6 <i>Governance theories in the academic literature</i>	66
2.3.6.1 Introduction to governance theories.....	67
2.3.6.1.1 Agency theory.....	67
2.3.6.1.2 Stewardship theory	68
2.3.6.1.3 Resource dependence theory.....	68
2.3.6.1.4 Institutional theory	69
2.3.6.1.5 Stakeholder theory	70
2.3.6.1.6 Theory of power	71
2.3.6.1.7 Role theory	72
2.3.6.1.8 Democratic theory.....	73
2.3.6.1.9 Leadership theory	74
2.3.6.1.10 Behavioural theory.....	75
2.3.6.1.11 Legitimacy theory	76
2.3.6.2 Five main governance theories in the non-profit literature	77
2.3.6.2.1 CEO–chair relationship.....	81
2.3.6.2.2 CEO–board relationship.....	82
2.3.6.2.3 Theories pros and cons	84
2.3.7 <i>Conclusions</i>	90

2.4 VALUE DELIVERY OF BOARDS	91
2.4.1 <i>What is value delivery?</i>	91
2.4.2 <i>Roles and responsibilities of the board</i>	92
2.4.3 <i>Board level issues for third sector</i>	94
2.4.4 <i>CEO–board–chair: Tensions and relationship patterns</i>	98
2.4.5 <i>What is an effective board?</i>	102
2.4.6 <i>Value delivery in social enterprises context</i>	103
2.4.7 <i>Conclusions</i>	105
2.5 RESEARCH GAP	106
2.6 RESEARCH QUESTION	107
2.7 GUIDING THEORY: STEWARDSHIP THEORY	108
2.8 CHAPTER SUMMARY.....	110
CHAPTER 3: RESEARCH METHODOLOGY.....	112
3.1 CHAPTER INTRODUCTION	112
3.2 RESEARCH QUESTION	112
3.3 PHILOSOPHICAL PERSPECTIVE	113
3.3.1 <i>Ontology and epistemology</i>	113
3.4 RESEARCH DESIGN	116
3.4.1 <i>Research purpose</i>	116
3.4.2 <i>Inquiry logic</i>	117
3.4.3 <i>Guiding theory</i>	119
3.4.4 <i>Research context</i>	120
3.4.5 <i>Level of analysis</i>	122
3.4.6 <i>Unit of analysis</i>	122
3.4.7 <i>Time horizon</i>	122
3.4.8 <i>Sample selection</i>	124
3.4.9 <i>Methods for data collection</i>	129
3.4.10 <i>Methods for data analysis</i>	133
3.4.11 <i>Data coding</i>	135
3.4.12 <i>Researcher involvement and bias</i>	137
3.4.13 <i>Ethical issues</i>	138
3.4.14 <i>Conclusions of research design</i>	139
3.5 PILOT STUDY	140
3.5.1 <i>Purpose of the pilot study</i>	141
3.5.2 <i>Pilot-study sample</i>	141
3.5.3 <i>Pilot-study data collection</i>	142
3.5.4 <i>Pilot-study data analysis</i>	144
3.5.5 <i>Pilot-study findings</i>	145
3.5.5.1 <i>The unique nature of the CEO, Board and Chair</i>	146
3.5.5.2 <i>The CEO–Board dynamics in a social enterprise context</i>	148
3.5.5.3 <i>The influence of CEO–Board relationship on performance</i>	150
3.5.5.4 <i>The future challenges of social enterprises</i>	151
3.5.6 <i>Learning points from the pilot study</i>	152
3.6 RESEARCH METHODS: THE MAIN STUDY	154
3.6.1 <i>Gaining access</i>	154
3.6.2 <i>Main-study sample</i>	156
3.6.3 <i>Main-study interviewing process</i>	160
3.6.4 <i>Data analysis</i>	163
3.6.4.1 <i>Transcription of interviews</i>	163
3.6.4.2 <i>Thematic analysis</i>	164
3.7 CHAPTER SUMMARY.....	168

CHAPTER 4: ANALYSIS AND DISCUSSION	169
4.1 CHAPTER INTRODUCTION	169
4.2 THEME DEVELOPMENT	169
4.3 THEME I. THE NATURE OF GOVERNANCE: CEO AND BOARD.....	172
4.3.1 <i>The unique nature of the Board in social enterprises</i>	173
4.3.1.1 Becoming a Board Member or Chair in a social enterprise	175
4.3.1.2 Personal motivation – why am I doing this?.....	178
4.3.2 <i>The unique nature of the CEO in social enterprises</i>	181
4.3.2.1 Becoming a CEO in a social enterprise	183
4.3.3 <i>Summary of Theme I</i>	187
4.4 THEME II. DIFFERENT GOVERNANCE ROLES: HOW DO THEY WORK IN SOCIAL ENTERPRISES?	188
4.4.1 <i>The role of the CEO</i>	189
4.4.1.1 The role of the management	192
4.4.2 <i>The role of the Board</i>	195
4.4.2.1 The role of the Chair.....	198
4.4.3 <i>Differences between management and Board in social enterprises</i>	201
4.4.4 <i>Summary of Theme II</i>	204
4.5 THEME III. GOVERNANCE DYNAMICS AND ITS IMPACT ON VALUE DELIVERY IN SOCIAL ENTERPRISES.....	205
4.5.1 <i>Decision-making dynamics in social enterprises</i>	206
4.5.1.1 CEO–Board dynamics	210
4.5.1.2 CEO–Chair dynamics.....	213
4.5.1.3 Tensions in social enterprise governance.....	216
4.5.1.3.1 Sources and causes of tensions	216
4.5.1.3.2 Solution approach to tensions	219
4.5.2 <i>The influence on value delivery</i>	223
4.5.3 <i>Summary of Theme III</i>	226
4.6 CHAPTER SUMMARY.....	227
CHAPTER 5: RESEARCH CONCLUSIONS	229
5.1 CHAPTER INTRODUCTION.....	229
5.2 SUMMARY OF KEY FINDINGS	229
5.3 EMERGENT MODEL OF GOVERNANCE DYNAMICS AND THEIR INFLUENCE ON VALUE DELIVERY ..	235
5.3.1 <i>Developing propositions</i>	236
5.4 EVALUATION OF RESEARCH QUALITY	241
5.5 ACHIEVEMENT OF RESEARCH AIMS AND OBJECTIVES	244
5.6 CONTRIBUTION TO KNOWLEDGE	246
5.6.1 <i>Contribution to stewardship theory</i>	247
5.6.2 <i>Contribution to practice</i>	250
5.7 RESEARCH LIMITATIONS	253
5.8 FURTHER RESEARCH	255
5.9 PERSONAL REFLECTION.....	257
5.10 CHAPTER SUMMARY.....	258
REFERENCES	259
APPENDIX 1: THIRD SECTOR DEFINITIONS	298
APPENDIX 2: INTERVIEW GUIDE	304
APPENDIX 3: RESEARCH INVITE LETTER	306
APPENDIX 4: EXAMPLE OF AN INTERVIEW TRANSCRIPT	308
APPENDIX 5: NVIVO-12 CODING STRUCTURE	345

List of figures

Figure 1: Overview of the literature review structure.....	10
Figure 2: Thematic analysis process.....	162
Figure 3: Example of Theme I formation – “The nature of governance: CEO and board”	165
Figure 4: Emergent model of the influence of CEO–board dynamics on value delivery.....	235

List of tables

Table 1: Comparison between the US, EU and UK.....	29
Table 2: Comparison between this sector organisations.....	43
Table 3: Comparison between for-profits, non-profits and social enterprises..	53
Table 4: Five main governance theories.....	78
Table 5: Contact and interviews process.....	124
Table 6: Characteristics of interviewees.....	126
Table 7: Pilot-study sample.....	140
Table 8: Main-study sample.....	156
Table 9: Summary of themes.....	170
Table 10: Criteria of research quality.....	241
Table 11: Contribution to stewardship theory.....	247

Abbreviations

CBF – central bureau on fundraising

CEO – chief executive officer

CIC – community interest company

EU – European Union

LID – lead independent director

NED – non-executive director

NGO – non-governmental organisation

NPO – non-profit organisation

SWW – second world war

SID – senior independent director

SE – social enterprise

UK – United Kingdom

US – United States

Chapter 1: Introduction

1.1 Chapter introduction

This chapter introduces the PhD thesis, which aims to explore how the dynamics between the Chief Executive Officer (CEO) and the board of UK-based social enterprises (SEs) shape the value delivered.

The chapter starts with the research rationale, emphasising the theoretical as well as the practical reasons motivating the author to conduct this research. The next section presents the research scope, aim and objectives that led to the evolution of the research question. The chapter proceeds with a brief outline of the main contributions of this thesis to both theory and practice and closes with a presentation of the thesis structure and a short summary.

1.2 Research rationale

In this thesis, SEs are broadly defined as businesses that have a double or triple bottom line. They always have a social and financial goal and sometimes even an environmental one. They aim to deliver value to a local community or general society by providing their services or products. As SEs are still growing in number around the world, few studies have been conducted so far that examine the interesting governance dynamics in these types of businesses. What is less well understood and studied is how the dynamics between the CEO and board influence value delivery in SEs. When the governance dynamics are negative and communication is poor, the consequences can be bad for value delivery and organisational performance, meaning the social, financial and environmental goals are not achieved. When referring to ‘dynamics’ in this study,

it means the relationship patterns and interactions, between the CEO and board (including chair), that are influenced by social processes in the context they occur, i.e. in SEs (Forsyth, 2014; Lahelle et al., 2020; Myers et al., 2014).

The rationale for this research emerged from theoretical, practical and personal motives. From a theoretical perspective, research on governance dynamics in SEs is expanding, but remains relatively scarce and in many cases focuses on the CEO–chair dynamics rather than CEO–board. Many studies can be found on governance dynamics and governance theories, though most of them focus on cases from the business sector that involve strategic tensions (Banerjee et al., 2020; Kakabadse et al., 2006; Kakabadse et al., 2010; Kakabadse & Kakabadse, 2007a; Kakabadse & Kakabadse, 2007b; Kakabadse & Kakabadse, 2008; McNulty & Pettigrew, 1999; Morais et al., 2018; Roberts, 2002) and some focus on the public or social sectors. However, very few studies discuss governance theories in an SE context, especially with regard to stewardship theory, which presents positive dynamics that are based on trust and partnership (Davis et al., 1997; Donaldson, 1990; Donaldson and Davis, 1991). In an era when SEs are establishing and developing around the world, changing perceptions of ‘regular’ businesses or ‘pure’ social organisations, the importance and interest in governance dynamics have grown immensely. It is therefore important to study the CEO–board dynamics in SEs and the influence of these dynamics on value delivery. This research addresses this problem. The focus of this thesis is of considerable interest to academics who wish to investigate and better understand the unique governance dynamics in SEs, especially between CEO and board, and the influence on value delivery in order to increase organisational performance.

This thesis is also motivated by a more practical element for the subjects of the study. Most CEOs, board members and chairs reported positive dynamics and good

relationships in the boardroom, which has a great influence on value delivery. They described a collaborative relationship that is based on trust, honesty and partnership. Practising CEOs and board members have an interest in understanding how to create this type of governance dynamic in order to increase organisational performance and deliver value. It is important for the SEs they serve as well as for their own personal reputation and professional success. Therefore, every study that can provide them with knowledge on developing positive governance dynamics is of great value.

Lastly, from a personal perspective, the growing trend of SEs has always interested the author. Approximately 10 years ago the author started working in an SE in Israel and during the BA and MBA she conducted a few studies on the different aspects of SEs. People who stand at the top of the SE structure – i.e. CEOs, board members and chairs – were always seen to the author as highly capable leaders, who have superpowers and knowledge on how to do good while also creating a financially sustainable business. These people create enormous value for others via the products or services they provide. Being in a management position in an SE and other social organisations, the author knows how important it is to have strong and positive governance dynamics and the consequences on value delivery and performance when the relationship is strained. In this sense, the thesis topic is motivated by the author's personal career as a manager in an SE.

1.3 Research scope, aim and objectives

The aim of this study is *to explore the CEO–board dynamics and its influence on value delivery in UK-based social enterprises*. This study is positioned within the growing trend of SEs around the world on the one hand, and very little research on SE governance and its impact on the other. There is a need to better understand governance

dynamics in this hybrid type of organisation – which is not a regular business nor ‘pure’ social organisation – as well as the influence of positive dynamics on value delivery and organisational performance. From all of the above, this study pursues the following five objectives:

- a) To examine the nature of CEOs and boards in a social enterprise context.
- b) To identify governance roles (CEO, management, board and chair) in a social enterprise context.
- c) To explore the CEO–board and CEO–chair dynamics in social enterprises.
- d) To explore governance tensions in social enterprises.
- e) To propose a model of the influence of governance dynamics on value delivery.

The research question that arose after the author reviewed the relevant literature is: “How do the dynamics between the CEO and the board of UK-based social enterprises shape the value that is to be delivered?”.

1.4 Research contributions

This study makes contributions to stewardship theory and research. It also serves as a resource for practising and aspiring CEOs, board members and chairs in the SE field.

The next two sections – contribution to theory and contribution to practice – provide a summary of the research contributions, which are further detailed and discussed in **Chapter 5, section 5.6**.

1.4.1 Contribution to theory

This study contributes mainly to stewardship theory, particularly to studies that examine CEO and board dynamics and relationships. This thesis adds knowledge and

value to the SE field, as previous studies examined governance dynamics mostly in the business sector. It also confirms previous research that demonstrates the importance of positive governance dynamics and their influence.

This study identifies the influence of governance dynamics on value delivery in an SE context, the importance of a professional, skilled board in this type of organisation, and the impact on organisational performance of collaboration and trust between the CEO and board. The latter is also found to be related to the shared interests and goals of CEOs and boards in SEs that lead to better relationships and a close partnership. A critical contribution to the application of stewardship theory, particularly in the emerging field of SEs, is the discovery that good dynamics and close relationships between CEO and board have a significant positive influence on value delivery. These dynamics, that sometimes might be taken for granted among governance researchers, include: a) setting expectations between both sides from the very beginning, b) deep understanding of the reasons they are there, c) acknowledging the double/triple bottom line – the challenges and complexities of SEs, and d) identifying the inner passion and motivation for the mutual goal. This thesis found that stewardship theory is the most common among governance structures in the SE field, which provides a fertile ground for further exploration of additional aspects of this theory in this context.

1.4.2 Contribution to practice

This thesis contributes to practice by clarifying the governance dynamics and their influence on value delivery in SEs. Moreover, it identifies the unique nature of CEOs and boards in SEs, their roles and responsibilities, as well as their decision-making processes and common tensions. Specifically, this study found that CEOs and boards with good dynamics and close relationships have a positive influence on value delivery

and organisational performance for SEs. This finding may serve new SEs, as well as well-established ones, that are working on team-building and establishing working relationships in their governance team, as they all want to deliver value, and reach social and financial goals in order to achieve growth and sustainability.

As mentioned, this study advances our understanding of the unique nature of CEOs and boards in SEs. Most of the CEOs in this study have entrepreneurial and creative minds, and although the majority of them had previous experience in either the social or business sector, they were able to learn and acquire the relevant skills in order to manage the SE. Moreover, SE board members come from diverse backgrounds so they can contribute in different areas from their professional and personal experience. The board members in this study are highly engaged in the SE and feel committed to its mission and goals. They truly care about the success of the enterprise and want to contribute as much as possible from their skills and expertise in order to improve the SE and support the CEO. These findings can be valuable to CEOs so they can ask for mentoring, support and advice from their boards. It is also valuable for boards that recruit CEOs in SEs and need to decide what to look for in candidates, how to build the relationship with them and provide the CEOs with all the support and knowledge they need for the position.

Practising CEOs, board members and chairs may benefit from the findings and insights regarding governance tensions. There was scant evidence of tensions in this study, and some participants even report they experienced healthy tensions that help the SE to grow. However, the few tensions that were mentioned are mainly due to the need to balance social and financial goals. Open and honest discussion in the boardroom was the main approach to resolution in order to solve tensions, reach an agreement and continue working effectively in partnership. Practitioners can benefit from these

findings as they always need to be mindful of the challenges SEs are facing that might lead to tensions (e.g. knowing how to balance between social and financial goals). Furthermore, they shouldn't ignore tensions or challenges in governance, but keep an open conversation and raise issues on time in order to sort it and maintain good working relationships.

In summary, this thesis provides practising CEOs and boards with an opportunity to reflect on the dynamics in their SE contexts, contributing to leadership development, value delivery and organisational performance.

1.5 Thesis structure

This thesis is structured as follows. Chapter 2 presents a critical literature review and discussion of stewardship theory and research. It starts with reviewing the three main fields of this research: the third sector, governance and value delivery. The first section focuses mainly on the different definitions and key components, provides an international perspective and compares the five different types of third sector organisations. The governance section reviews the history of governance in the third sector, presents the main governance roles (i.e. CEO, board and chair), compares governance features, discusses governance in UK-based SEs and briefly presents the main governance theories, with a focus on the five most common. The last section, which reviews the value delivery of boards, starts by defining value delivery and continues with a discussion of the roles of the board, tensions and relationship patterns in governance, characteristics of an effective board and value delivery in an SE context. This chapter closes with a presentation of the research gap, which leads to the research question and the reasons for choosing stewardship theory as the guiding theory for this study.

Chapter 3 focuses on the methodology that was followed in this research, including philosophical background and research design, and comprises the following sub-sections: research approach, inquiry logic, guiding theory, research context, level of analysis, unit of analysis, time horizon, sample selection, methods for data collection, methods for data analysis, researcher involvement and ethical issues. The pilot study is then presented, before concluding with a focus and discussion on the main study.

Chapter 4 combines the analysis and discussion of the main study. It presents the research findings which are organised into three overarching themes and discusses them in relation to the extant literature and research.

Chapter 5, the final chapter, concludes and summarises the findings and proposes a model that reflects governance dynamics and its influence on value delivery in SEs. The model offers nine propositions for future testing. It continues by evaluating the quality of the research and discusses the achievement of the study's aim and objectives. It then outlines the study's contribution to both theory and practice. The chapter ends by presenting the study's limitations, suggesting future research and offering a personal reflection about the journey of the author.

1.6 Chapter Summary

This chapter introduced the thesis by outlining the research rationale and the aim and objectives. It has also provided a brief overview of the contributions of this study to both theory and practice. The next chapter reviews the academic literature, focusing on the third sector, governance and value delivery. It also presents the research gap, research question and guiding theory selected for this study – stewardship theory (Davis et al., 1997; Donaldson, 1990; Donaldson and Davis, 1991).

Chapter 2: Literature Review

2.1 Chapter introduction

This chapter critically reviews the academic literature in three fields: the third sector, governance of the third sector, and value delivery of boards. The first section offers a review of the first stream of literature in this research: the third sector. It maps out the third sector, comparing its multiple definitions (see **Appendix 1**). There is a discussion of the third sector's main components and complexities, then it continues with presenting the third sector from an international perspective, covering the United States (US), European Union (EU), and United Kingdom (UK). It finishes with an introduction to and comparison of the five different types of third sector organisations.

The next section reviews the governance of the third sector. It starts with a definition of governance and its history in the third sector. After presenting the complex governance roles of the Chief Executive Officer (CEO), board, and chair a comparison is drawn between governance features in three types of organisations: for-profit, non-profit, and social enterprises (SEs). This is followed by a discussion of the governance of SEs in the UK, as this is the focus of the research. Then there is a brief presentation of the main governance theories in academic literature; the five most common governance theories in the non-profit literature are compared and discussed.

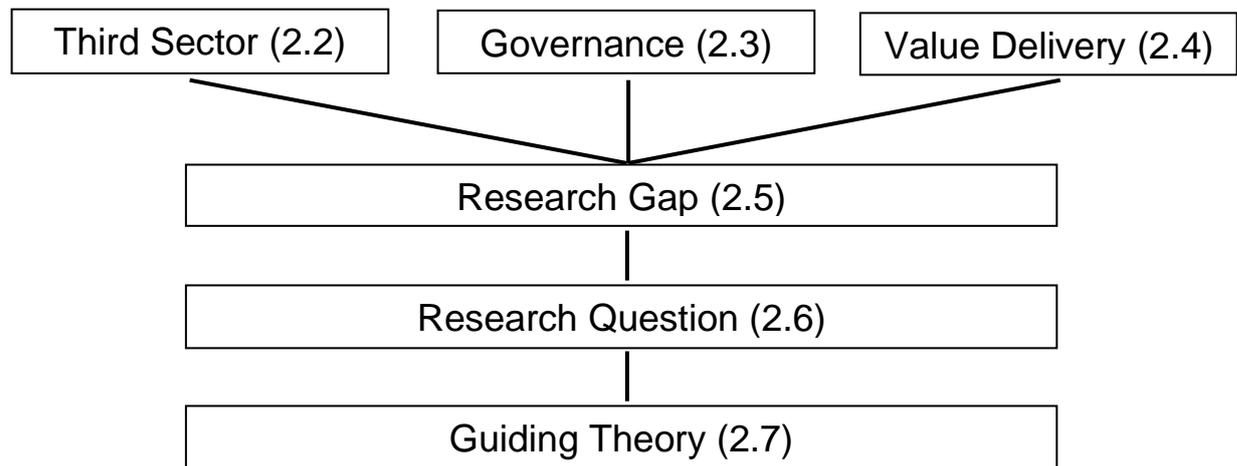
The following section reviews the value delivery of boards. It starts with the definition of value delivery, then continues with a description of the roles and responsibilities of boards. After presenting the board-level issues for the third sector, the tensions and relationship patterns between the CEO, board, and chair are discussed. This section closes with a review of the characteristics of an effective board, and a

presentation of value delivery in the SEs context, as this will also be the focus of this research.

After reviewing the third sector, governance and value delivery, the next sections discuss the research gap, which led to the research question and the reasons for selecting this specific research question. The chapter closes with a description of the reasons for choosing the stewardship theory to guide this research and a summary.

Figure 1 shows the structure of the chapter.

Figure 1: Overview of the literature review structure



Source: developed by the author.

2.2 The third sector

This sub-chapter reviews the third sector. It starts with mapping the third sector and comparing its multiple definitions (see **Appendix 1**). Then, there is a discussion on its main components and complexities, which continues to present the third sector from an international perspective, including the US, EU, and UK. This sub-chapter closes with an introduction to and comparison of the five different types of third sector organisations.

2.2.1 Mapping the third sector

‘Third sector’ is a term that is very difficult to define due to its blurred boundaries that are constantly changing (Brandsen et al., 2005; Carmel and Harlock, 2008; Ferris, 1998; Salamon and Sokolowski, 2016). This sector does not have shareholders (Fyfe, 2005; Salamon and Sokolowski, 2016) or investors that can profit from it, its organisations are independent and combine free choice elements (Salamon and Sokolowski, 2016) and it has voluntary boards (Fyfe, 2005). Brandsen et al. (2005) stated that researchers should focus on the cases at the fringes of this field in order to understand what can be included in the definition of the third sector.

The third sector emerged a few decades ago, due to the “crisis of the welfare state” (Evers and Laville, 2004a; Kramer, 2000). Mertens (1999) added that the term ‘third sector’ became known at the end of the 1970s in France when researchers referred to it as a separate sector along with the state sector and the commercial sector.

The third sector has several names, such as the ‘social economy’, the ‘voluntary sector’, ‘civil society’, and the ‘non-profit sector’ (Brandsen and Pestoff, 2006; Brandsen et al., 2005; Moulaert and Ailenei, 2005; Pestoff and Brandsen, 2009), each with many similarities, but with a slight difference in the definition of its characteristics (Brandsen and Pestoff, 2006; Pestoff and Brandsen, 2009). Additionally, Etzioni (1973) suggested that the third sector should be called the ‘public sector’, as it is significantly different from the two other dominant sectors – the ‘private sector’ (commercial) and the ‘governmental sector’ (can also refer as ‘state’).

Researchers define the third sector in different ways, as can be seen in **Appendix 1**. The next sub-section will compare the definitions presented in **Appendix 1** and conclude with the most suitable definition for this research.

2.2.2 Defining the third sector

Researchers have many definitions for the third sector, which will be discussed in this sub-section. Some comparisons will be drawn between the definitions, and at the end of this section, one definition will be chosen, that best suits this research.

As can be seen in **Appendix 1**, each definition can be associated with one of the five following options: ‘Characteristics of the sector’ (ten definitions), ‘The role of the sector’ (nine definitions), ‘Characteristics of organisations’ (six definitions), ‘Comparison to other sectors’ (six definitions) and ‘Types of organisations’ (four definitions).

When the definition focused on the characteristics of the sector, most researchers emphasised the fact that this is a separate private sector (Brandsen et al., 2005; Ferris, 1998; Rifkin, 1995, cited in Moulaert and Ailenei, 2005; Salamon and Sokolowski, 2016), that it is not profit-oriented (Brandsen et al., 2005; Ferris, 1998; Moulaert and Ailenei, 2005) and that its activities serve the public (Evers and Laville, 2004a; Ferris, 1998; Salamon and Sokolowski, 2016). Brandsen and Pestoff (2006) give a slightly different definition, as they claim that the third sector has some state and commercial characteristics, making it not 100% pure.

According to the majority of the definitions, the role of the third sector is mainly to fill the gap between the other two sectors (Etzioni, 1973; Evers and Laville, 2004b; Mertens, 1999; Nałęcz et al., 2015), to develop and improve the social and public services (Boris and Steuerle, 2006; Brandsen and Pestoff, 2006; Evers and Laville, 2004b; Kramer, 2000; Nałęcz et al., 2015) and to increase engagement in civil society (Boris and Steuerle, 2006; Fyfe, 2005; Kramer, 2000). Brandsen and Pestoff (2006) also added to their definition citizens' involvement in the service provision. In contrast

to all the definitions above, Goodin (2003) emphasises, in his definition, politicians' involvement in controlling corporate power as the main role of the sector.

Characteristics of third sector organisations usually include non-profit activities which serve both groups and individuals (Brandsen et al., 2005; Etzioni, 1973; Fletcher et al., 2003; Fyfe, 2005; Salamon and Sokolowski, 2016), improve society (Brandsen et al., 2005; Etzioni, 1973; Fletcher et al., 2003; Fyfe, 2005), are self-governing (Fyfe, 2005; Salamon and Sokolowski, 2016) and include a degree of volunteer work (Brandsen et al., 2005; Fletcher et al., 2003; Fyfe, 2005). Unlike the other characteristics presented above, Mertens (1999) claims that the main criterion for a third sector organisation is not to belong to the commercial or the state.

It can be seen that there are some differences of opinions regarding the definition among researchers who focused on comparison with other sectors. Brandsen et al. (2005) and Goodin (2003) stated that the third sector completes or replaces the activities of the other two sectors. Moreover, Brandsen and Pestoff (2006) added that the third sector combines characteristics from the other two sectors and that is why there are no 'pure' sectors anymore. Fletcher et al. (2003) claimed that the third sector focuses more on abstract results, in contrast to the commercial sector which focuses on profit and surplus (Desai, 2016; Madhani, 2017; Fletcher et al., 2003). Gaiger (2000, cited in Moulaert and Ailenei, 2005) argued that the existence of the third sector means that there is no duality between the state and the commercial. The last opinion emphasises the co-existence of the third sector along with the other two sectors and the differences between the three (Moulaert and Ailenei, 2005).

Very few definitions focus on the different types of third sector organisations and distinguish instead between the forms of those organisations. Under the umbrella of the third sector we can find cooperatives, public associations (in contrast to private),

religious institutions, museums, organisations, hospitals, universities, employees' unions, volunteer groups, community movements, non-profits, civil groups etc. (Boris and Steuerle, 2006; Brandsen et al., 2005; Etzioni, 1973; Salamon and Sokolowski, 2016). According to Etzioni (1973) none of these organisations is private or governmental, though some of them include features of the commercial and the state.

In this research, the definition of the third sector will be a combination of three definitions, mentioned in **Appendix 1**, which mostly focus on the role of the sector. The third sector's role can be seen as balancing between the state and the commercial (Etzioni, 1973), filling gaps in social and public services (Evers and Laville, 2004b) and offering innovative ideas in order to improve the welfare system and increase the sense of civil society (Fyfe, 2005). It is important to notice that there are blurred boundaries between the third sector and civil society, as people usually use these terms synonymously, though some researchers refer to civil society as being part of the third sector (Salamon and Sokolowski, 2016).

In order to generally describe civil society organisations Jünemann (2002) used several characteristics: "participation in the political and social development of the country; tolerance and a rejection of violence; democratic internal structures" (p. 89). Moreover, she claimed that the format of civil society can change from country to country due to the differences in their state, commercial, and social structures (Jünemann, 2002). Evers (2005) added that civil society means the activism of citizens in shaping their community in all aspects of life.

In the US, civil society is synonymous with voluntary actions, non-profit activities etc. leading to the fact that there is no difference between its organisations and third sector organisations; though civil society is usually used to emphasise political actions and social movements of US citizens, in contrast to third sector organisations

which represent all kinds of social and public actions (Foley and Edwards, 1996). In most parts of Europe, there used to be a separation between civil society organisations and third sector organisations, though both of them served social and public needs. Civil society in Europe is now seen as part of the whole concept of the third sector and not as a separate supplier of services. In the UK, similarly to the US, there is no coherence regarding the boundaries of the third sector, leading to the usage of the term 'civil society' as synonymous with 'third sector' (Salamon and Sokolowski, 2016).

As has been noted, there are multiple definitions for the third sector, and it is important for every researcher to decide which is the most suitable definition for his/her own research. Some focus on the different organisations within the third sector, others adopt a broader definition, which includes the social value and the activities of groups and individuals, and some try to define the boundaries of the third sector in order to make clear what separates it from the other sectors (Salamon and Sokolowski, 2016). For this research, a combination of the three definitions given that focus on the role of the third sector is the most suitable.

2.2.3 Components and complexities of the third sector

The third sector has many components, which separate it from the other two sectors and, even though people refer to it as the most social sector, it has some complexities. Both the components and complexities will be presented in this sub-section.

Salamon and Sokolowski (2016) claim that the concept of the third sector includes three main ideas: (1) 'Privateness' – the groups and individuals operate outside of government control, (2) 'Public purpose' – the activities are for the common good and serve the community and/or disadvantaged groups in society, and (3) 'Free choice' – it is not a compulsory activity.

The involvement of the third sector in the provision of public and social services is one of the main reasons for the growing interest in it (Kramer, 2000; Salamon and Sokolowski, 2016), as well as solving different types of problems in local communities (Fyfe, 2005). As Rein (1989, in Kramer, 2000, p. 3) predicted three decades ago, ‘the future of the welfare state is the invention of institutions that are not public and not private’. According to studies conducted in Europe, in some countries, the third sector took shape in the context of outsourcing; while in other countries, it has been an important part of the construction of the welfare state. In addition, organised initiatives started to grow rapidly in the last few decades in which citizens play a major role in service production (Brandsen and Pestoff, 2006).

Another reason for the growing interest is due to the fact that the third sector has been losing a part of its singularity (Kramer, 2000). The boundaries between the state, commercial and third sectors have been blurred, as a result of privatisation, commercialisation, contracting out and performance measurement (Brandsen et al., 2005; Evers and Laville, 2004b; Kramer, 2000; Valentinov, 2012), leading to the emergence of hybrid organisations (Brandsen et al., 2005; Evers and Laville, 2004b; Kramer, 2000; Pestoff and Brandsen, 2009). In other words, it can be said that the third sector has taken on some commercial characteristics and some state characteristics (Brandsen and Pestoff, 2006; Brandsen et al., 2005; Pestoff and Brandsen, 2009).

Due to these blurred boundaries, the term ‘mixed social economy’, for third sector organisations, became popular among professionals, both in Europe and North America (Ferris, 1998). Some researchers argued that the boundaries are blurred between the three sectors because of the fact that any organisation is able to provide social services, as long as the funds are separated from the services (Billis, 1993).

In contrast to Billis (1993) claim, regarding the provision of social services, Brandsen et al. (2005), Ferris (1998) and Fyfe (2005) argued that third sector organisations provide alternative public and social services, whereas the other two sectors found it impossible or difficult to do so. Goodin (2003) and Valentinov (2012) supported this argument and stated that the third sector fills the gap left by the other two sectors. Furthermore, the reason for this disparity between the third sector and the other two sectors lies in the organisational and motivational differences between them (Goodin, 2003).

The third sector can be associated with numerous fields, such as welfare services, advocacy, education, employment integration, cooperatives, social movements and different kinds of health services (Brandsen et al., 2005; Kramer, 2000). Furthermore, it has many different stakeholders with different interests (Fletcher et al., 2003; Kramer, 2000), making it very difficult to solve strategic problems (Fletcher et al., 2003). It is even more complex when taking into account hybrid organisations, which integrate both non-profit and for-profit characteristics. As a result of these blurred boundaries, it seems that third sector organisations have become more professional, commercial and bureaucratic (Kramer, 2000).

Shoham et al. (2006) stated in their meta-analysis that one of the growing research fields is the managerial-administrative perspective, which highlights management diversity among third sector organisations and their closeness to different stakeholders, as well as the aims and targets of the organisation. According to several studies, the management in third sector organisations should adopt some business models and 'marketing-based' strategies in order to improve their relationships with the community, gain more funds and increase their number of volunteers, employees and professional managers. As can be seen, there is some criticism towards the management

of third sector organisations, as they mainly focus on the social mission and do not pay enough attention to the implementation of commercial orientation, which can lead to a positive performance (Shoham et al., 2006).

In contrast to Shoham et al. (2006), Goodin (2003) argues that organisations benefit when the manager has an *altruistic inclination* and is more focused on the social aims, rather than on how to *gain profit* or how to be *more efficient*. In addition, it makes the third sector more trustworthy to the public, as the public tends to trust an organisation that focuses more on benevolence than on gaining profit for its shareholders (Anheier and Daly, 2007; Goodin, 2003). Furthermore, the public finds third sector employees more trustworthy than commercial or state sector employees (Fyfe, 2005), due to the fact that they are independent and represent the side of the recipients (Fyfe, 2005; Salamon and Sokolowski, 2016), in contrast to the other two sectors who usually represent some authorities (Fyfe, 2005).

Although the intention is the main feature for accountability and trust among third sector organisations, according to Goodin (2003), he also stated that these organisations are accountable for other things, such as their actions and the results of those actions. Moreover, they are accountable for good performance, as determined by agents from both the private and the public sectors, otherwise third sector managers will be accused of not accomplishing the goals and objectives of the organisation, no matter how good their intentions (Goodin, 2003).

Networking between the three sectors plays a significant role and is usually based on trust. When organisations from different sectors trust each other they can cooperate more effectively (Goodin, 2003). Furthermore, it has been claimed that the third sector is one of the three cornerstones, along with the commercial and the state; however, there is tension between those three, as each of them is trying to influence the

others (Fyfe, 2005). Brandsen et al. (2005) suggest that third sector organisations should be defined by the way they deal with contradictions and tensions instead of motivations and formal features, such as company structure, governance etc.

When looking at relations with the commercial sector, which is known for being competitive, it seems that the third sector needs to be competitive as well. Organisations from both sectors compete with each other in a few domains, such as support from the community and the government's, client's and community's trust (Fletcher et al., 2003). In addition, there is massive competition between third sector organisations and for-profit businesses over service provision (Moeller and Valentinov, 2012). Therefore, it is important for every third sector organisation to have some unique advantages (Fletcher et al., 2003). Moeller and Valentinov (2012) added that third sector organisations operate in an insecure resource environment, where public funds decrease and the need for social services increases.

Regarding the relations with the state, there are some partnerships and collaborations between the government and third sector organisations, though client satisfaction for services provided by the third sector is greater than for those provided by the government (Ferris, 1998). Furthermore, although it is problematic that many governments all over the world hold most of the information on third sector organisations and activities, as it decreases the autonomy of the organisations, there are some benefits to this. The benefits are particularly increasing the credibility of the sector, attracting donors, monitoring volunteers and employees, amplifying its legitimacy among important stakeholders, extending its power in the political sphere and increasing the validity of its activities (Salamon and Sokolowski, 2016).

In summary, third sector organisations need to be critical regarding their internal boundaries, in order to separate themselves from the other two sectors and to fully focus

on their social missions (Valentinov, 2012). Moreover, it seems that components of the third sector cause some of the difficulties that need to be addressed, like its relationship with the commercial and the state; though there will always be some complexity in this sector due to its different, and sometimes contrasting, features.

The next section will discuss the development of the third sector from a global perspective, focusing on the US, EU, and UK.

2.2.4 The third sector in international perspective: US, EU and UK

When looking at the development of the welfare and the third sector in the US, EU and UK it seems that they have more in common than policymakers and researchers think (Alber, 2010).

According to Korpi (2003), after the Second World War (SWW) it seemed that European countries, including the UK, had become welfare states due to the fact that social parties (left wings) became the dominant parties in most of these countries. This change was evident in a few important areas, such as improving social security for citizens and developing more job opportunities. Although the EU and UK enjoyed economic prosperity in the post-war years, in the 1970s began a process of retrenchment and regression from the welfare states, especially in the UK (Korpi, 2003).

The reason for the welfare states regression is controversial according to Korpi (2003). On the one hand, Pierson (1996; 2001, in Korpi, 2003) claims that the change in the EU and UK is a result of the post-industrial period. In his opinion, the globalization of the industry was the main pressure for the retrenchment of the welfare states, as the economic growth decreased, and the social expenditures of the governments increased. On the other hand, there are scholars like Esping-Andersen (1985; 1990, in Korpi, 2003) and Huber and Stephe (2001, in Korpi, 2003) who argued

that conflicts between political parties and interest groups regard the source of power of the welfare states were the main reason for this change (Korpi, 2003).

Although Korpi (2003) argues that both the EU and the UK had significant changes in their social policies, which affect the welfare states, the European nations are still very proud of their social model, which in their opinion combines social values and economic welfare. According to Alber (2010), European scholars believe that they have some strong, stable welfare states, which distinguish them from the US and the UK.

Regarding the welfare system in the US, Alber (2010) found that it combines services that are usually provided by private companies, such as health-care and social security, and services that are more universal and usually provided by public companies, such as pensions. Due to the fact that important services like health care are not provided by the government, people tend to see the US as a non-social and non-welfare country (Wickham, 2002 in Alber, 2010). Moreover, Skocpol (1992, in Alber, 2010) who studied the history of the American welfare state claims that the US was never close to be a 'modern welfare state', not even after the SWW or other important events. However, Alber (2010) states that in the last couple of decades the US is becoming more and more similar to the EU especially in the area of health care, but also in other social services.

In contrast to the claim that the US never had a welfare state policy (Wickham, 2002 in Alber, 2010), some other scholars (Glazer, 1988; Howard, 1997; Marmor et al., 1990) argued that the system in the US is misunderstood and that there is a welfare state policy which is different from the EU and the UK. This includes mostly tax benefits and private social programs, which are not very known by European scholars. It seems

that in the US the social programs are usually related to work, as the government tries to improve the unemployment situation by offering benefits to workers (Alber, 2010).

The evidence above suggests that scholars have various opinions on the developments and changes of the US, EU, and UK in regard to the welfare states' policy. As continents and countries have different structures and role definitions for the third sector and its governance, the next sections will demonstrate the development of the third sector in each of the followings: US, EU, and UK.

2.2.4.1 United States (US)

The US third sector is usually referred in the literature as 'non-profit sector' (Bromley et al., 2013; Defourny and Nyssens, 2010; Ferris, 1998; Shoham et al., 2006) or 'voluntary sector' (Shoham et al., 2006). However, the term chosen for this section is the 'third sector', as this term is widely accepted among scholars (Fyfe, 2005) and in order for it to be compatible with the other parts of the literature. When looking at the third sector in the US, it can be seen that the third sector has changed in the last few decades. Bromley et al. (2013) argue that it became much more professional as a result of pressure from different sources. The organisations in the third sector started to use management tools and business principles, which are well known in the for-profit sector, in order to gain their accountability and efficiency among shareholders, such as donors and board members (Bromley et al., 2013).

Until a few decades ago the government was involved in the provision of social services. However, due to the privatization (Bromley et al., 2013), the US government had to reconstruct its welfare system, thereby giving the responsibility of welfare to local organisations, especially non-profit and voluntary, which increased their importance in society (Fyfe, 2005). These local non-profits and voluntary organisations

receive benefits, such as tax-exempt from the Internal Revenue Service (IRS) for donations and charities (Bromley et al., 2013).

Bromley et al. (2013) found that the popular management approach among US third sector organisations is strategic planning, as non-executive directors (NEDs) define clear goals and a timetable for achieving these goals. Although, there are differences between them regarding plan implementation, for some organisations it is very easy to do and some experience it as a difficult mission (Bromley et al., 2013).

In the US, the role of the board in third sector organisations is extremely important, according to Herman et al. (1996), and can be seen in two ways: by law and by moral assumption. When looking at the role in legal perspective, the board is responsible "for the affairs and conduct of the organization" (Herman et al., 1996, p. 373). In addition, according to the moral assumption, the main role of the board is to "conduct the affairs of the organization as a public steward, ensuring that the organizations serves the interests of the larger community" (Herman et al., 1996, p. 373-374).

Following these two definitions of the board's role, it seems that the board in the US has multiple leadership and governance responsibilities. The responsibilities include decision-making, setting the organisation's goals and missions, dealing with finance issues, developing programs and implementing them among the staff, guiding and monitoring the management team and supervising the performance of the organisation (Herman et al., 1996; Ingley et al., 2017).

Bromley et al. (2013) also found that measurement and evaluation became important requirements in third sector organisations in the US, among donors and government officers, as well as focusing on goals achievements, sustainability and efficiency, rather than fellowship, social mission and harmony. The main criticism on

the US approach is that third sector organisations are doing things *for* the recipients instead of doing *with* them (Bromley et al., 2013).

2.2.4.2 Europe (EU)

According to Evers (2005), at the end of the 1960s, most of European countries had a professional, stable, high-standard social services in multiple fields, such as education, health and insurance. These services were governed by people who worked hard to develop more universal services in other fields, in the same format as the successful latter ones. In those years, the governments were very active in the field of social services, providing most of the services and monitoring the governance of them. Furthermore, until recent decades there was a total separation between the guiding principles of the commercial (for-profit) sector and the state (public) sector and a complete difference between the management techniques of these sectors (Evers, 2005).

Until the end of 1970s, it seemed that the welfare states in Europe had both weaknesses and strengths, which influenced the governance of the social services. Evers (2005) claims that the main strength was the citizens' representation in the boards of social services, who express the interests of the community. On the other hand, the main weakness was that this representation made a significant change in the services provision and governance structure, leading to interest conflicts and political struggles, rather than the contribution and participation of citizens in the provision and development of social services (Evers, 2005).

Evers (2005) argues that due to the difficulties in the past, the governance of social services in Europe should involve more citizens in structuring and developing processes, in order to achieve higher organisational performance and effective

governance. Furthermore, Cornforth (2004) suggests that in order to achieve effectiveness among governance in third sector organisations in Europe, board members should be more involved, which includes participation in meetings more often, increasing the level of supervision and monitoring and protecting the stakeholders' interests.

Defourny and Nyssens (2010) stated that at the beginning of 1990s, a new type of social organisation emerged in Europe. It was the emergence of SEs, which affect the third sector all over the continent. The main type of SEs was 'work integration social enterprises' (WISEs), which means integrating disadvantaged populations in the enterprises in order to give them qualifications and proper employment opportunities (Defourny and Nyssens, 2010).

During the 1990s the EMES European Research Network was the first institute that set the criteria defining SEs in Europe (Defourny and Nyssens, 2010). These criteria were very basic and did not include all the conditions SEs should meet. Some criteria referred to the economic aspect, such as: providing services or producing goods, high autonomy degree and minimum paid workers (more volunteers) and some referred to the social aspect, such as: benefit the society/community, citizen's involvement and limitation of profit distribution (Defourny and Nyssens, 2010). From all the above it can be said that the social sector in Europe developed greatly from the 1960s until today, both in the type of organisations and in the governance structure.

2.2.4.3 United Kingdom (UK)

The third sector in the UK, which is also known as the 'charity sector' (Cornforth and Edwards, 1998; Sargeant and Lee, 2004) or the 'voluntary sector' according to some scholars (Barman, 2007; Cornforth and Edwards, 1998; Cornforth and Simpson, 2002;

Defourny and Nyssens, 2010; Evers and Laville, 2004a; Fyfe, 2005), emerged separately from the state sector, in the middle of the 19th century in a shape of multiple types of cooperatives and especially the community cooperatives (Davis and Worthington, 1993; Mori, 2014). These cooperatives aspired to achieve financial independence, based on democratic values and collaborative ownership. They supported small businesses and enterprises, especially by selling retail, and hoped to increase their capital. The cooperative movements developed and increased during the years (Davis and Worthington, 1993; Mori, 2014): while in the past they focused on specific professional or social groups, in the last few decades they started to look at the society or the community as a whole that has multiple needs (Mori, 2014).

Fyfe (2005) claims that the integration of the third sector into the state sector and the public policy emerged in 1997 due to two main reasons: the political agenda of Prime Minister Blair's ('Third Way' policy) combined with the welfare reforms programme (called 'New Labour's') (Fyfe, 2005).

It all started in the 'quiet revolution' that occurred in the 1980s and the 1990s against the bureaucratic state that repressed social and community ventures (Defourny and Nyssens, 2010; Fyfe, 2005). As a result, voluntary organisations started to grow, providing services to the public in a number of areas, such as health, housing and social welfare (Cornforth and Edwards, 1998; Fyfe, 2005). These organisations received money from the state through contracts, which helped them to increase the amount of services. This change, of decentralising the services to these organisations, led to double the amount of revenues from government funds within a decade (Fyfe, 2005).

In 1997 the Labour government was elected in the UK and decided to increase the importance of the third sector (Fyfe, 2005; Teasdale, 2011), thus creating the 'Third Way Politics Philosophy', which balances neo-liberalism and neo-communitarianism

approaches. According to Fyfe (2005), the Labour government had two overlapping targets: increase the importance of third sector organisations in providing public services and integrate them with civil society. It can be said that the government saw the third sector role as crucial for the cohesion of the society, solving local problems and improving the activeness and responsibility of citizens within their community (Fyfe, 2005). As Putnam (1993, in Fyfe, 2005, p. 542) argued "the third sector is a key site for the production and reproduction of social capital, those norms and networks that can improve economic efficiency and social cohesion".

Some researchers such as Cornforth (2014) and Defourny and Nyssens (2010) claimed that since third sector organisations have not really become part of the public sector they started being dependent on governmental funds. One of the consequences was that many of them became the main providers of important public services, instead of the state (Cornforth, 2014; Defourny and Nyssens, 2010). Meanwhile, the government decreased the amount of grants and started to use more contracts for funding social and public services, while increasing supervision, regulation and monitoring (Cornforth, 2014).

Another change in the UK according to Cornforth and Simpson (2002), was the growing trend of training and developing programs for board members in third sector organisations in the last few decades. It seems that there was a better understanding of the need for this practical training, in order to improve the board's efficiency and performance, as they are accountable to all of the stakeholders (Cornforth and Simpson, 2002). Therefore, the National Council for Voluntary Organizations (NCVO) developed a few handbooks of 'code of practice' for third sector boards (Cornforth and Edwards, 1998; Cornforth and Simpson, 2002), though it is hard to say if it has made any impact on their performance so far (Cornforth and Simpson, 2002).

When looking at the third sector in the UK it can be said that altruism is the leading feature of this sector, as charities and voluntary organisations emphasize the commitment to the recipient's interests (Evers and Laville, 2004a). However, it seems that cooperatives, which emerged in the 19th century (Davis and Worthington, 1993) and community SEs, which emerged in the last few decades, provide social services in important fields and try to create a different economy, therefore they replace part of the charities and voluntary organisations (Evers and Laville, 2004a). Nevertheless, the latter organisations are still keeping their significant role in providing some services instead of local municipals (Evers and Laville, 2004a).

From all the above, it can be said that the process of modernization of public services in the UK led to an increase in the need for third sector organisations and strengthen the relationships with government administrators, service recipients and suppliers (Fletcher et al., 2003).

To summarize, there are some differences and similarities between the third sector in the US, EU and the UK, which will be presented in **Table 1**.

Table 1: Comparison between the US, EU and UK

Characteristics	US	EU	UK
Social welfare	Welfare state never implemented	Welfare emerged after SWW (still exists in most countries)	Welfare emerged after SWW (decreasing)
Governance focus	Shareholders	Stakeholders	Stakeholders
Role of government	Not involved	Involved	Mixed- Involvement decreasing

Source: Compiled by the author.

The next section will present the five different types of organisations within the third sector: SEs, non-governmental organisations (NGOs), foundations, philanthropic organisations and charities.

2.2.5 Types of organisations within the third sector

The discourse among scholars regarding the third sector as a separate sector has only recently been the subject of further research, even though this sector includes multiple organisations with unique features (Salamon and Sokolowski, 2016).

Van de Donk (2000, cited in Brandsen et al., 2005) claimed that the third sector includes three areas in society: public organisations, non-profit organisations (NPOs) and private organisations, which makes it a hybrid domain. Additionally, the third sector can divide its organisations into five main types: SEs (a mix of private business and governmental elements), NGOs, foundations, philanthropic organisations and charities (Etzioni, 1973). In general, it can be said that the third sector even includes all types of organisations, small or large, which are neither part of the public sector nor the

private sector, such as community groups, leisure groups, and social and sports clubs (Moulaert and Ailenei, 2005).

In order to better understand the differences between the five main types of organisations, each one of them will be presented separately, followed by a comparison between them.

2.2.5.1 Social enterprises

SEs are one type of organisation within the third sector. The definition, goals, features and complexities of this organisation type will be presented in this section.

According to Salamon and Sokolowski (2016), SEs have become part of the third sector only in recent years. Geurtsen et al. (2010, p. 6) define a SE as ‘a private organisation with a certain amount of autonomy used for realizing a societal goal in the most efficient and effective way by making strategic choices’. However, the authors claim it is difficult to classify SEs, due to the differences in their origin, thereby their definition cannot be accurate (Geurtsen et al., 2010).

A SE has, at least, two main goals – social and financial (Cornelissen et al., 2021; Geurtsen et al., 2010; Glaveli and Geormas, 2017; Siegner et al., 2018) – where the purpose of the financial one is to serve the social one (Salamon and Sokolowski, 2016). Geurtsen et al. (2010) claim that both of the goals are equally important and the management of the SE needs to know how to balance them (Geurtsen et al., 2010). Moreover, even though these enterprises are part of the third sector, they don't have to be non-profit and they don't always combine voluntary elements (Salamon and Sokolowski, 2016).

There are different types of SEs, one example is a hospitality business that trains disadvantaged people in order to later integrate them into the labour market. In some

countries, like the US and the UK, there is a legal status for these types of enterprises, whereas in others they prefer to be organised as profitable businesses or as third sector organisations (Salamon and Sokolowski, 2016).

Geurtsen et al. (2010) argue that the most important measures of performance of a SE are effectiveness and efficiency in achieving its goals. When a SE claims that it achieves its goals efficiently and effectively, it ultimately gains both its autonomy and legitimacy, because these two important performance indicators are the SE's basic rationale. Furthermore, in order that a SE will keep its autonomy, it has to have legitimacy (Geurtsen et al., 2010) and both of these characteristics are essential to the survival of the SE (Dart, 2004). An important role of SEs is to gain the trust and confidence of their stakeholders. Trust among stakeholders will also raise the legitimacy and autonomy of the SE (Geurtsen et al., 2010).

Although SEs are beneficial to the commercial and the social spheres, they are likely to have a few obstacles to overcome during their foundation, since it is challenging to combine making the right strategic choices and consolidating a mission statement, especially when both should be accountable to the stakeholders. The most challenging factor for SEs is the multi-stakeholder complexity. Every stakeholder has his/her own interests, goals and expectations regarding the SE's operations, strategic choices and mission statement. Moreover, there is a difference in the way each of the stakeholders may prefer the SE to account for its actions, as there are stakeholders from both the social and the business sectors. It can be difficult to determine which way is best and this can change depending on the situation at hand. Considering how these multiple stakeholders have different expectations, goals and interests, which all need to be taken into account, it becomes clear that a SE has to (1) formulate a goal, (2) decide

on a mission statement, and (3) develop strategic and operational plans (Geurtsen et al., 2010).

Another problem that affects autonomy is accountability. SEs find it hard to understand what they should report to the stakeholders on the board regarding their actions and how this should be communicated. Some compare themselves to others and some produce an annual report (Geurtsen et al., 2010). The third problem is related to former scandals that occurred in SEs and led to a loss of confidence among stakeholders (Gibelman and Gelman, 2004).

All of the problems mentioned above emerged due to the privatisation of SEs. Before that happened, SEs were automatically legitimated. The management used to inform the government officials regarding their actions and ask for permission to conduct certain activities; however, this has now changed completely. The involvement of the stakeholders has also changed due to privatisation – they used to have the opportunity to change things through elections, but now they have less power, as SEs need to act according to other criteria, such as market wishes (Geurtsen et al., 2010).

It seems that in the last few years SEs have been receiving criticism not only from a wide variety of stakeholders but also from the media and other interest groups. The public wants to know where the money they donated is invested and this has become a major factor in legitimating the activities of SEs. According to Geurtsen et al. (2010, p. 4) ‘when stakeholders perceive that a SE is not spending its money in a proper manner, the organisation loses its license to operate’, which means, in other words, the enterprise loses its legitimacy among the stakeholders.

2.2.5.2 NGOs

Another type of organisation within the third sector is a non-governmental organisation (NGO). The definition of NGO, according to Willetts (2006), is "an independent voluntary association of people acting together on a continuous basis, for some common purpose, other than achieving government office, making money or illegal activities". Not all NGOs in the world can identify with this definition – it might change according to the circumstances (Willetts, 2006).

The term 'NGO' was first outlined in 1945 in order to separate it from private and/or governmental organisations. NGOs around the world are very different from each other, though they claim that there are some basic common features in all of them, like their ability to represent the people's voice, both groups and individuals, and their complete separation from government control (Willetts, 2006).

NGOs, which are also known as NPOs, play an important role in offering solutions to social problems, and dealing with challenges, within the community (Smith, 2002 cited in Holloway, 2012). According to Trautmann et al. (2007), the number of NGOs is increasing all over the world and they are competing with each other for memberships (Paswan and Troy, 2004), donors, recipients, and professional and committed employees (Blery, Katseli and Tsara, 2010; Trautmann et al., 2007)

Druker (1990) stated that NGOs are different from for-profit organisations in that NGOs have multiple components to take into account when making important decisions, such as the interests of the stakeholders, voluntary board members, clients, donors, and employees. Getting all of those different groups to agree on the aims and objectives of the NGO can be very difficult (Blery et al., 2010; Druker, 1990). Moreover, NGOs provide services, programmes, help, and social security, instead of selling products like for-profit organisations (Blery et al., 2010). In contrast, Goodin

(2003) claims that NGOs are not accountable to anyone, but due to pressure from various stakeholders they usually submit accounts to public funders.

NGOs can be small or large organisations and usually rely on contracts or government funding, despite their designation as being part of the third sector (Moulaert and Ailenei, 2005). In spite of the fact that NGOs rely on government funding, the funds have been reduced in recent years, although these organisations are still expected to provide the same level of social services and even more (McMurray et al., 2010).

The main complexity of NGOs is their relationship with the government. On the one hand, NGOs want to be independent and to operate without government influence in order to receive acknowledgement from other official stakeholders. On the other hand, they rely on donations and grants to fund their programmes and activities, making it hard to completely separate themselves from the government, as the state is still one of the major funders (Willetts, 2006).

For the last few decades, it seems that marketing has become an important role in NGOs in order to raise funds and increase the amount and diversity of revenue (Blery et al., 2010). It can be said that NGOs who run community programmes have to invest time and effort in finding resources – such as fundraising, donation events, and volunteer recruitment – in order to continue operating (Willetts, 2006). Moreover, Laura (2008, cited in Blery et al., 2010) claimed that if an NGO wants to optimise its fundraising capacity it should cooperate with other organisations from different fields: governmental, commercial, social etc. However, there are still many organisations that don't use marketing tools as part of their fundraising activities, as they are either unfamiliar with the concept, or find it manipulative and untrustworthy (Blery et al., 2010).

2.2.5.3 Foundations

According to the literature, there is not one accurate definition for 'foundation' and it varies from country to country. Nevertheless, there are a few common characteristics in all of the foundations around the world: they are private (not controlled by the market or the state), self-governing, asset-based, non-profit (no shareholders) organisations, with public and social purposes and self-organisational identity (Anheier and Daly, 2007).

Although it is difficult to define foundations, Anheier and Daly (2007, p. 3) claim that their common role is "to allocate, on a voluntary basis, private resources for public benefit and status" (p. 3). Moreover, they are one of the oldest types of social institutions that still exist. Even though there are many types of funds contributing to social and public purposes, what is unique about foundations is their ability to manage their activities and resources properly in order to achieve their purpose (Anheier and Daly, 2007).

Researchers categorise the types of foundations in different ways. Anheier and Daly (2007) stated that foundations can be divided into three basic categories: (1) grant-making foundations – their focus is on giving grants for a specific purpose to other social organisations; (2) operating foundations – their focus is on running their own projects and programmes; and (3) mixed foundations – a combination of the two types of foundations mentioned above.

In contrast, Ostrower (2007) claims that foundations should be divided into two main types: private foundations and community foundations. Private foundations usually have one source of income (one dominant donor) and don't deal with fundraising. Furthermore, they give limited grants (typically high amounts) and even though it is not part of their mission statement, in most cases, they focus on one specific

need of the community they serve. In contrast, community foundations, usually known as 'public charities', deal with both grant-making and fundraising from many different donors. Moreover, they typically give more grants in smaller sums, while trying to benefit and meet all of the needs of the community they serve. In addition, they employ more paid staff than private foundations of the same size, though both of them recruit more paid employees than volunteers (Ostrower, 2007).

The similarity between these two types of foundations, according to Blackwood et al. (2012), is that they both rely on private donations. Moreover, it is very important for both of them to involve the board in the foundation's activities and to pursue the donor's interests and wishes. For community foundations, it is also important to publish the work of the foundation in the public sphere, work collaboratively, have a strong, committed staff, and create a powerful organisational infrastructure. Therefore, it is more common to see media activities among community foundations, such as online annual reports, coverage in different newspapers and detailed websites (Ostrower, 2007).

Although being part of the third sector, foundations can be seen as political institutes because they represent a very specific opinion of the donor or donors, they operate independently, they don't rely on market forces, and they can take risky decisions if necessary. Even though foundations can also be considered capitalist institutes, they operate for the public benefit and contribute to social purposes, which is the opposite of economic interest (Anheier and Daly, 2007).

Anheier and Daly (2007) found in their research that foundations usually exist in democratic countries, though their activity is not very democratic. In contrast to other social organisations and institutions, foundations do not have stakeholders or board members who follow their activities and offer advice. They operate according to the

will of the donor(s) and only a small number of trustees are responsible for the decision-making (Anheier and Daly, 2007). In order to make the right decisions for the foundation, the trustees usually require planning strategy documents from third sector organisations to set out their long-term plans and then decide if they are willing to donate money to the programmes (Bromley et al., 2013).

2.2.5.4 Philanthropic organisations

According to Bryant et al. (2003), philanthropic organisations rely on people who "make choices about whether to give their time and money for the benefit of others in light of the resources at their disposal" (p. 45). In addition to income, wealth, and time, there are three basic characteristics that affect people's decision to donate to philanthropic organisations: (1) cultural capital – a combination of social values and philanthropic experiences from childhood; (2) human capital – a combination of education, social skills, volunteering in the past, and general experiences through life; and (3) social capital – a combination of connections to people, friendships, and social networking (Bryant et al., 2003).

For the last few decades, philanthropy has played a significant role in welfare states all over the world. Nevertheless, public managers and government administrators have not yet recognised the huge potential of philanthropy, and are still looking for different ways to fund social services. Moreover, philanthropic incomes could be a very good option to fund the delivery of welfare services, in addition to the commercial market (Schuyt, 2010).

In order to increase philanthropic income, it can be beneficial to perform a donation campaign that focuses on the 'right people': people that will donate the most time and money to the cause. Bryant et al. (2003) claim that the main characteristics of

those people are a high level of education, wealth, and income, strong community networks, religion, and connections with social organisations within the community.

When discussing philanthropy, Schuyt (2010) distinguishes between two periods of philanthropy: traditional and modern. The former was focused on the poor and disadvantaged in society, whereas the latter is broader and focuses on different societal groups. Modern philanthropy operates in two ways: as a sub-sector of the third sector, such as foundations, and as an income provider to other third sector organisations, such as NGOs. However, it is important to note that, "though all philanthropic organisations are non-profit organisations, not all non-profit organisations are philanthropic organisations" (Schuyt, 2010, p. 777). Furthermore, according to research conducted in 34 countries across the world, philanthropy is one of the three main income for third sector organisations, along with market incomes and government funds (Salamon and Sokolowski, 2004 cited in Schuyt, 2010, p.778).

Trustworthiness is one of the most important features among all philanthropic organisations. Most of the time donors are not aware of exactly where their money is invested, how much was spent on social activities and how much on the overhead costs. This lack of transparency can lead to a very difficult, potentially scandalous situation if it is discovered that the contributions do not serve the purpose to which they were allocated. In order to improve trustworthiness, the Central Bureau of Fundraising (CBF) established an accreditation system. Only philanthropic organisations that obey the rules and conditions of this system can be accredited.

Examples of the rules that can increase trustworthiness, according to the CBF, are spending at least 75% of the total funds on the social objectives of the organisation (the rest can be used for other expenses, such as salaries), publishing an annual cost and performance report, selecting voluntary unrelated members to the board, and having an

evaluation report every five years that will be conducted by the CBF (Bekkers, 2003). The importance of accreditation was stated by Bekkers (2003, p. 601): "Accreditation gives charitable organizations the right to use an accreditation seal to signal their trustworthiness to the public".

While philanthropy is largely considered to be beneficial to third sector organisations, it does have some drawbacks. The existence of philanthropy eventually maintains inequality in society, due to the fact that there are people who 'give' and others who 'receive'. Moreover, the boards in philanthropic organisations are completely independent in their choices and policies, which raises the risk of obduracy among them (Schuyt, 2010). There are also some controversial features, as they are free to do whatever they think is good for the organisation and the society, even if it is considered revolutionary, and they do not need to take into account the wishes of policymakers in the government and the market (Anheier and Daly, 2007).

2.2.5.5 Charities

Charities are operating all over the world (van Iwaarden et al., 2009), however, most of the literature focuses on one or two aspects of charities, such as accountability to donors (van Iwaarden et al., 2009), crowdfunding projects (Liu et al., 2017), government grants (Andreoni and Payne, 2003), and branding issues (Hankinson, 2004), and not on the important role of the charities in the community.

Liu et al. (2017) define the term 'charity' as "the giving of monetary aid to the needy" (p. 844). Blackwood et al. (2012) extend the definition to include how charities operate in different fields, such as education, social services, environment, health, and arts. Connolly and Hyndman (2001) claim that charities' activities are mostly known in

big educational institutes, such as colleges and universities, as a large part of those institutions' revenues is raised by charitable donations.

In order to be different from other third sector organisations and to increase access to their values and services, charities started to be involved in branding issues (Hankinson, 2004). An example of this is the increased usage of the internet by charities. In the last decade, as the usage of the internet increased all over the world, donating to charities online became more popular than donating in the traditional way, as it is very simple and accessible (Liu et al., 2017).

Charities usually fulfil at least one of the following goals: relieving poverty, strengthening a religious connection, promoting education, or improving other social needs within the community. There is a diversity in the organisational structure of the charities, as they range from small volunteer groups to big organisations with paid employees (Connolly and Hyndman, 2001).

Boards of charities usually comprise trustees (Connolly and Hyndman, 2001). There is a common belief in charities that low fundraising expenses are related to the members of the board and as more of these members are high profile, the donations will increase without doing a lot of fundraising (van Iwaarden et al., 2009). When discussing fundraising, most charities publicly announce when (and sometimes from whom) they receive large contributions from donors in order to increase the amount of funds (Romano and Yildirim, 2001).

In many countries, it seems that charities replace the work of the government in supplying social services for the citizens. The relationship between charities and the government is usually based on contracts, where the government funds some of the activities. There are some charities that rely mostly on government funds and others that have multiple donation strands and receive only a small amount from the

government. A situation that may occur when depending on the government is ‘mission drift’, meaning that the government intervenes in the charity’s activities and changes the goals and/or the programmes in return for funding (Bennett and Savani, 2011).

Connolly and Hyndman (2001) report that one of the main drawbacks for charities is that a big part of their management team – especially in the finance department and the board – is not very professional, which leads to legal problems with their annual reports. However, the authors claim that this had started to change by the late 1990s.

It can be said that charities have an important role in the social sphere, as they receive multiple donations from both individuals and authorities all over the world. However, many donors claim that they are not sure what the charities do with their money due to the lack of a standardised reporting system. Even though donors are not happy with this situation and want it to change, they continue to donate large sums of money to the charitable causes they believe in (van Iwaarden et al., 2009).

As stated above, donors are not sure what charities are doing with their money, which reduces the level of trust among them; the accreditation system will be able to change that. It has been proved that donors gain confidence and trust when they are familiar with the accreditation system of the charities they donate to, which increases the amount of donations (van Iwaarden et al., 2009). In contrast, some donors don't care about those issues, as the most important thing for them is to receive tax deduction for their donations (Blackwood et al., 2012).

2.2.5.6 Comparison between the different types of organisations

A comparison between the five different types of third sector organisations is presented in **Table 2**.

Table 2: Comparison between third sector organisations

	Social enterprises	NGOs	Foundations	Philanthropic organisations	Charities
Aim	Social & Financial	Social	Social	Social	Social
Governance	Stakeholders from both social and commercial sectors	Voluntary stakeholders	Trustees (donor(s) representatives)	Voluntary, unrelated members	Trustees
Staff	Mainly paid employees	Mostly volunteers but also some paid professionals and employees	Mostly paid employees but also some volunteers	Combination of paid employees and volunteers	Groups of volunteers or combination of both volunteers and paid employees
Source of funding	Business income and donations	Mostly government and some donations	Private donations (sometimes one donor)	Donations	Government and donations
Beneficiary groups	Disadvantaged populations and people who buy the product/service	Disadvantaged populations	Social organisations and/or recipients of services	Foundations and other social organisations	Disadvantaged populations – ‘the needy’
Ownership/Registration	Private	Private (non-governmental) body	Private	Private	Private body (charitable status)

Source: Compiled by the author.

As can be seen in Table 2, there are some common features to all the third sector organisations. All of the organisations have private ownership, though their status differs. SEs have private owners, who were interested in opening a profitable business, and decided to use the profits for social purposes instead of distributing it to shareholders. Foundations and philanthropic organisations have different private ownership, as they usually belong to the donor(s) who established these institutions and financially support the activities. On the other hand, NGOs and charities are private bodies that were established by people who wanted to improve social welfare and services but didn't have the financial resources to do so and this is why they put a lot of effort into fundraising activities.

When looking at the main aim of all five organisations it is clear that the social aim is common to all. All of these organisations were first established in order to fulfil some social needs and this is their basic rationale. The only exception is SEs, which have a 'double bottom line': they aim to gain profit (financial goal) in order to fulfil their social goal. The other four types focus only on social goals and do not combine this with business aspects.

With regard to the source of income, there are some differences among the organisations, as foundations and philanthropic organisations rely on donations, sometimes it can be one donor and sometimes a few. SEs rely mostly on income from the business. NGOs rely mostly on government funds, grants, and some donations and charities rely on both government grants and donations. The revenues of NGOs and charities change from time to time, which affects the staff and the programmes they operate.

Volunteers are important to most of the organisations and hiring them also saves money, though it is not very common in SEs, who operate as regular businesses and

give salaries to their workers. In foundations, it is also less common to recruit volunteers and in philanthropic organisations, it is a combination of both where the number of volunteers may change according to the type of philanthropic activity. NGOs and charities rely mostly on volunteers, as their funds are not always stable, which means they need to try to save as much as possible in order to continue operating their programmes.

The beneficiary groups of the organisations are usually the people who receive/use the service. However, in foundations and philanthropic organisations, other social organisations are also beneficiaries, as they receive grants or donations from them. Moreover, in social businesses, apart from the disadvantaged populations who work in the business, there are clients who enjoy the product or the service of the business.

Lastly, when looking at governance in those organisations, it seems that the board of directors usually comprises volunteers who show an interest in the organisation's activities. In foundations and charities, it is usually trustees who represent the donors' wishes and desires and in SEs there are stakeholders from both sectors, making it a bit more complex, as sometimes they represent conflicting values.

2.2.6 Conclusions

This section serves to introduce the third sector. It opened with information on its history, presenting its main features and analogous terms, all referring to the same sector. Then, there was a discussion on the variety of its definitions among different scholars, focusing on five main criteria. After the most suitable definition for this research was identified, the components and complexities of the third sector were presented, including one meta-analysis. It continued with a discussion on the third

sector in international perspective, focusing on the US, EU and UK. Finally, there was an introduction to the five different types of third sector organisations, including presentations of each one of them separately, a comparison between them, and a discussion on their features.

2.3 Governance of the third sector

This section will map the governance of the third sector. It will start with the background of third sector governance and the definition of governance. After presenting the complex governance roles of the CEO, chair and board there will be a comparison of governance features in three types of organisations: for-profit, non-profit and SEs. Then, continue with a discussion on SEs governance in the UK, as it will be the centre of the research. This sub-chapter will end with introducing the main governance theories in the academic literature, and the five most common governance theories in the non-profit literature will be compared and discussed.

2.3.1 Background of third sector governance

The modern regulation of third sector organisations and their governance started in the middle of the 19th century. The pioneers were mutual group of workers and co-operatives who wanted to secure their social rights and avoid risks by establishing social, non-profit, organisations for that purpose (Moulaert and Ailenei, 2005). The regulation included few main elements, such as voluntarism as the main principle, protection from the state's control on the organisation's assets, unpaid board members or trustees and internal decision-making and policy setting through the promotion of mutual agenda (Kendall, 2005). The regulation continued to develop over the years,

especially after SWW, when NPOs emerged and became part of the welfare system all over the world (Moulaert and Ailenei, 2005).

Although it can be seen in the literature that the regulation of third sector organisations has been developed in the last two centuries, Cornforth and Edwards (1998) argue that until a few decades ago third sector governance was neglected in the literature. However, it seems that there is a growing interest in this field for the last 30 years (Cornforth and Edwards, 1998), especially in the role clarification of boards and the effectiveness of governance in these types of organisations (Cornforth and Edwards, 1998; Hyndman and McDonnell, 2009).

2.3.2 Defining governance

Cornforth and Edwards (1998, p. 8) define governance as: "all the functions performed in organisations by the members of their governing bodies". In contrast to Cornforth and Edwards (1998) who gave a general definition, Hyndman and McDonnell (2009, p.5) argue that the accurate definition of governance in third sector organisations is: "controlling, directing and regulating", though the wider definition focuses more on relationships and contains the involvement of stakeholders within the organisation and their interaction with each other.

Cornforth and Edwards (1998) claim that scholars use many parallel names for governing bodies in third sector organisations, such as 'trustees', 'councils' and 'management committee', though they do not always mean the same thing. In this research, the term for governing body will usually be 'board' when discussing it as a whole, or 'board members' when discussing it as a group of individuals.

As there are different types of board roles, Carmel and Harlock (2008) argue that these roles should be accepted by the employees, the management team in particular, and by

the recipients of the service. They also add that the idea of governance contains two distinct dimensions: "The formal... dimension, which defines what is to be governed and by whom, and the operational dimension, which defines how governing is to be done" (Carmel and Harlock, 2008, p. 157).

2.3.3 The complex governance roles: CEO–chair–board

According to Cornforth and Macmillan (2016) and Iecovich and Bar-Mor (2007), the relationships patterns are influenced by the blurred boundaries between the roles and responsibilities of the CEO and the chair, as sometimes it is hard to say which one of them should do a certain role in the organisation. This blurred may occur because both of them usually have the same skill set, like leadership and management capabilities (Islam, 2011; Srour et al., 2021). Simple role division is not very easy to do, though it is beneficial for the organisation, and there should be some negotiation regarding their responsibilities and duties (Cornforth and Macmillan, 2016; Kakabadse et al., 2010; Morais et al., 2018). Furthermore, their work may change and develop in some circumstances and according to the needs of the organisation, which leads to the importance of flexibility (Cornelissen et al., 2021; Cornforth and Macmillan, 2016).

A study conducted by Kakabadse and Kakabadse (2007b) examined the effects of demographics on the role of the chair in the UK, US and Australia in the for-profit sector. They found more similarities between the UK and Australia, as the main roles of the chair in both of the countries are to be responsible for the entire board, to lead the board, and to mentor and supervise the CEO. In these cases, the CEO deals with the day-to-day tasks and he/she is accountable to the chair, while the other board members can deal with strategy, decision making and performance of the organisation, although the chair has the final say. In the US the roles of the chair and the CEO are usually

combined, which makes the governance structure very different from the UK and Australia (Kakabadse and Kakabadse, 2007b).

As mentioned above, according to two studies conducted by Kakabadse and Kakabadse (2007b) and Kakabadse et al. (2006), in the UK and Australia the roles of the chair and the CEO are separated in most organisations. In contrast, in the US it is common to see in organisations one person who has three roles: CEO, chair and president (Kakabadse and Kakabadse, 2007b; Kakabadse et al., 2006). Due to this situation, this one person holds the power position within the organisation: takes all the important decisions, sets the agenda and shapes and structures the organisation. In difference from the UK and Australia which demonstrate power separation in governance, the governance in the US for-profit sector usually prefers to have one powerful person, who is dominant and demonstrates high leadership skills, which leaves the board members the position of only assisting this person to achieve his/her aims and goals (Kakabadse and Kakabadse, 2007b).

Like the UK, the US and Australia, in for-profit organisations around the world the chair is usually seen as the leader of the board, as he/she is responsible for the training of each of the members and the qualification of the board as a whole (Islam, 2011; Kakabadse and Kakabadse, 2007b; Kakabadse et al., 2010). Therefore, it is expected from the chair to devote the amount of time needed to the board, even if it is more than he/she expected in the first place (Kakabadse et al., 2006). Moreover, the functioning and effectiveness of the board are usually influenced by the chair's capabilities and qualities and the relationship of the chair with the organisation's CEO (Kakabadse and Kakabadse, 2007b; Kakabadse et al., 2006; Kakabadse et al., 2010; Morais et al., 2018).

In addition, Kakabadse et al. (2010) argue that this important CEO–chair relationship also affects the organisation when facing challenges. In order to maintain the sustainability of the board in particular and the organisation in general, the CEO and chair should share their ideas and be committed and respectful to each other (Kakabadse et al., 2010). Otherwise, there can be a threat to the integrity and validity between them, which might damage their performance (Kakabadse et al., 2010; Koskinen and Lämsä, 2017).

Similar to for-profits governance, Iecovich and Bar-Mor (2007) claim that in NPOs, the chair is usually the person with the most power among the board members, and is able to control the power of the CEO within the board. In some cases, the chair is the most powerful person in the organisation, and in other cases, it is the CEO. It usually depends on the CEO's attributes and personality or on the organisational maturity and features (Iecovich and Bar-Mor, 2007).

According to Green and Griesinger (1996) the boards of third sector organisations have a legal responsibility to their organisations, like the board of a for-profit organisation. However, in contrary to for-profit, it operates as a board of trustees and does not need to deal with increasing the surplus for its shareholders. Moreover, it focuses on advocating the services which are most suitable for the recipient's needs and routing resources for more effective service delivery (Green and Griesinger, 1996).

In addition, the board in SEs also operates as a board of trustees, similar to other types of third sector organisations (Mason and Royce, 2007). However, Low (2006) claims that the difference from third sector organisations is that it has to deal with an increasing surplus in order to reinvest it in the social goals of the enterprise. Therefore, the board members should be qualified and experienced in both the social field and

business field in order to maintain the enterprise's sustainable (Ingleby et al., 2017; Low, 2006).

Following the above, it can be said that the board in SEs has dual responsibility. Like NPOs and for-profit organisations it has a legal responsibility to the enterprise in general (Low, 2006) and the management in particular (Low, 2006; Mason and Royce, 2007). The other responsibility is to the enterprise's stakeholders, who show interest and support in its goals (Larner and Mason, 2014; Mason and Royce, 2007).

2.3.4 Governance comparison: For-Profit, Non-Profit, Social Enterprises

It can be seen in the literature that there are some differences and similarities between boards in for-profit organisations, NPOs and SEs. As this research will focus on SEs' governance, a comparison between the main characteristics of for-profit organisations, NPOs and SEs will be shown in **Table 3**, in order to better understand their basic features.

Table 3: Comparison between for-profits, non-profits and social enterprises

Sector Characteristics	Private Sector	Third Sector		References
Type of organisation	For-profit	Non-profit	Social enterprises	
Aim	Financial	Social	Social & financial	(Geurtsen et al., 2010), (Green and Griesinger, 1996), (Salamon and Sokolowski, 2016)
Board remuneration	Paid NED (Non-Executive Directors)	Voluntary NED	Voluntary NED	(Cremers and Palia, 2011), (Defourny and Nyssens, 2010), (Fyfe, 2005), (Larner and Mason, 2014)
Board structure	Leadership separation- Chair, CEO, NED, SID/ LID (Senior/ Lead Independent Directors)	Leadership separation- Chair, CEO, NED	Leadership separation- Chair, CEO, NED	(Iecovich and Bar-Mor, 2007), (Kakabadse and Kakabadse, 2007b), (Kakabadse et al., 2010), (Larner and Mason, 2014), (Low, 2006)
Staff	Paid employees	Paid employees and volunteers	Mainly paid employees	(Markos and Sridevi, 2010), (Salamon and Sokolowski, 2016), (Shoham et al., 2006)
Source of funding	Investors and revenues from product/ service	Government funds and donations	Donations, government funds and revenues from product/ service	(Cornelius et al., 2008), (Cornforth, 2014), (Dart, 2004), (Green and Griesinger, 1996), (Salamon and Sokolowski, 2016), (Teece, 2010)
Beneficiary groups	Shareholders	Community and/ or disadvantaged populations	Community and/ or disadvantaged populations	(Cornelius et al., 2008), (Cornforth, 2014), (Geurtsen et al., 2010), (Green and Griesinger, 1996), (Salamon and Sokolowski, 2016)

Ownership structure	Shareholders	Stakeholders	Stakeholders	(Cornelius et al., 2008), (Geurtsen et al., 2010), (Green and Griesinger, 1996), (Larner and Mason, 2014), (Low, 2006), (Salamon and Sokolowski, 2016)
Main theories	Agency, stewardship, resource dependence, institutional, power, role, stakeholder, democratic	Stewardship, agency, resource dependence, institutional, power, role, stakeholder, democratic	Stewardship, agency, resource dependence, institutional, stakeholder	(Bromley et al., 2013), (Brown, 2005), (Cornforth, 2004), (Cornforth, 2014), (Cornforth and Edwards, 1998), (Cornforth and Macmillan, 2016), (Dart, 2004), (Geurtsen et al., 2010), (Gidron, 1997), (Guo, 2007), (Hyndman and McDonnell, 2009), (Islam, 2011), (Kakabadse and Kakabadse, 2007b), (Kakabadse et al., 2006), (Larner and Mason, 2014), (Low, 2006), (Mason and Royce, 2007), (Mason et al., 2007), (Schuyt, 2010), (Teasdale, 2011), (Van Puyvelde et al., 2012), (Viader and Espina, 2014), (Young et al., 2000)

Source: Compiled by the author.

In **Table 3**, it can be clearly seen that the aim of each organisation is different. The main aim of a for-profit business is to increase profit (Geurtsen et al., 2010), while the main aim of NPOs is to improve the society (Fowler et al., 2019; Green and Griesinger, 1996; Siegner et al., 2018). The SE can be seen as somewhat between both of the other two as it aims to gain profit in order to reinvest it in its social goals (Geurtsen et al., 2010; Salamon and Sokolowski, 2016).

In addition to the main aim of each organisation, the main beneficiary group of for-profit organisations is shareholders (Geurtsen et al., 2010; Green and Griesinger, 1996), who invest their own money in the business, as they believe it will yield them profit in the long term (Cornelius et al., 2008). However, the beneficiary groups in both NPOs and SEs are different from for-profits. Certain communities or disadvantaged populations are the beneficiary groups of NPOs, who provide them products and/or services (Green and Griesinger, 1996). Similar to NPOs, communities or disadvantaged populations are also the beneficiary group of SEs, as they either work in the SE and acquire skills and experience in the labour market or receive products and/or services from it (Cornforth, 2014; Salamon and Sokolowski, 2016).

When it comes to remuneration for the board there is also a similarity between SEs (Defourny and Nyssens, 2010; Larner and Mason, 2014) and NPOs (Fyfe, 2005). The boards in both of these organisations are voluntary, which means that the board members do not get salary, benefits or incentives for their work (Defourny and Nyssens, 2010; Fyfe, 2005; Larner and Mason, 2014). In contrast, board members in for-profit organisations do get payment or other incentives for their work and sometimes they even hold some shares in the organisation they govern (Cremers and Palia, 2011).

It is interesting to see that the structure of the board is almost similar in all three categories: for-profit organisations, NPOs and SEs. Although all three have leadership

separation, it seems that in the first two the chair usually represents the other members, has more responsibilities and is more involved in the organisation (Iecovich and Bar-Mor, 2007; Kakabadse et al., 2010). Nevertheless, in SEs the board members' responsibilities are more equal, due to the multiple stakeholders, and usually there is no one main leader who takes control (Larner and Mason, 2014; Low, 2006). The difference between the three is that only in for-profit organisations it is common to also have senior/ lead independent directors on the board (Kakabadse and Kakabadse, 2007).

The type of staff in each organisation is different, though it seems that SEs are somewhere between for-profits and NPOs. In for-profit organisations, the staff includes only paid employees: all the people who work in this type of organisation get money for the job they are doing and sometimes other benefits as well (Markos and Sridevi, 2010). In contrary, many NPOs rely mostly on volunteers (Salamon and Sokolowski, 2016; Shoham et al., 2006). There is a big range of volunteers reliance in NPOs as some rely only on volunteers and the CEO is the only one who gets paid and some have mostly employees and few volunteers (Salamon and Sokolowski, 2016). In any case, it seems that the voluntary aspect in NPOs is meaningful. As mentioned above, SEs are somewhere in the middle: they hire mainly paid employees, as the enterprises operate as regular businesses, though sometimes they integrate volunteers into their social activities (Salamon and Sokolowski, 2016).

The source of funding varies between for-profits and NPOs and it can be seen that SEs' funding is a combination of both of them. In for-profits the two main sources are investors, who invest their own money in the organisation, and profits from the product/ service the organisation provides (Teece, 2010). NPOs do not have investors or earnings like for-profits organisations and they receive their funding from the government, usually through contracts (Green and Griesinger, 1996; Salamon and

Sokolowski, 2016), and from donors who are interested in the activities of the organisation (Green and Griesinger, 1996). SEs' funding combines government funds (Cornelius et al., 2008; Cornforth, 2014; Dart, 2004) and donations, like NPOs, and profits from the service/ product the enterprise provides, like for-profits (Cornforth, 2014; Dart, 2004). However, in difference from for-profits, the earnings are reinvested in the enterprise and not distributed to shareholders (Cornelius et al., 2008; Cornforth, 2014).

When looking at the ownership structure in all those three types of organisations it can be seen clearly that SEs are more similar to NPOs than for-profits. While for-profits are owned by shareholders who want to gain profit (Geurtsen et al., 2010; Green and Griesinger, 1996), NPOs owned by stakeholders who do not receive profits, but are interested in achieving social goals (Salamon and Sokolowski, 2016) and community benefits (Low, 2006). In addition, SEs, who are also owned by stakeholders like NPOs (Larner and Mason, 2014), do not aim to gain shareholders' wealth, even though they act as businesses and have financial goals (Cornelius et al., 2008). The stakeholders are both from the social and the financial fields but there is no surplus distribution to shareholders (Low, 2006). It is important to note that this ownership structure is very difficult and challenging in SEs due to the fact that they have multiple stakeholders who try to be involved in governance issues, which might damage the governance effectiveness (Larner and Mason, 2014).

2.3.4.1 Theories Comparison

The main theories of each type of organisation will be described here shortly, because a detailed discussion on the theories will be presented later in this chapter (**section 2.3.6**). The most popular theory in governance literature, especially among for-profit

organisations, is agency theory, who examines governance from a perspective of CEO–board relationships (Brown, 2005; Cornforth, 2004; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Van Puyvelde et al., 2012).

According to agency theory, which focuses on CEO–board relationships, there is a conflict between the board and the management. The board is an agent of the shareholders/stakeholders, thus it supervises and controls the behaviour and interests of the management (Bcatty and Zajac, 1994; Beasley, 1996; Cuervo, 2002; Eisenhardt, 1989; Finkelstein and Hambrick, 1989; Jensen, 1993; Jensen and Meckling, 1976; Lan and Heracleous, 2010; Walsh and Seward, 1990). By doing so, the management's behaviour will fit the interests of shareholders in for-profits (Cornforth, 2004; Cornforth and Edwards, 1998; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Islam, 2011; Viader and Espina, 2014; Young et al., 2000) and stakeholders in non-profits (Brown, 2005; Cornforth, 2004; Hyndman and McDonnell, 2009; Van Puyvelde et al., 2012; Viader and Espina, 2014) and SEs (Cornforth, 2004; Cornforth and Edwards, 1998; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Viader and Espina, 2014).

Although stewardship theory also examines governance from a perspective of CEO–board relationships, in opposite to agency theory, it claims that the management acts as stewards of the board (Davis et al., 1997; Donaldson, 1990; Donaldson and Davis, 1991). The board and management share the same interests and work in partnership in all three types of organisations: for-profits (Cornforth, 2004; Cornforth and Edwards, 1998; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Islam, 2011; Low, 2006; Viader and Espina, 2014), NPOs (Cornforth, 2004; Cornforth and Edwards, 1998; Van Puyvelde et al., 2012; Viader and Espina, 2014) and SEs (Low, 2006; Mason and Royce, 2007; Mason et al., 2007).

In difference from agency and stewardship theories who focus on CEO–board relationships (Cornforth, 2004; Van Puyvelde et al., 2012), resource dependence theory examines governance according to the relationships between the board and external resources (Boyd, 1990; Cornforth, 2004; Hillman et al., 2000; Pfeffer, 1972; Pfeffer, 1973). The basic assumption of the theory is that boards are highly connected to important external resources. These resources are crucial for the organisation's survival and include other organisations, shareholders in for-profits (Cornforth, 2004; Viader and Espina, 2014) and stakeholders in NPOs (Brown, 2005; Cornforth, 2004; Cornforth, 2014; Guo, 2007; Hyndman and McDonnell, 2009; Teasdale, 2011; Viader and Espina, 2014) and SEs (Cornforth, 2014; Teasdale, 2011).

Another important theory is the institutional theory who examines governance from a more macro perspective – the relationships between organisations and their environment (Chen and Roberts, 2010). According to this theory, there is pressure from the environment that organisations will be similar to each other in their behaviour and structure in order to be legitimate, whether it is for-profits (Cornforth, 2014; Hyndman and McDonnell, 2009; Teasdale, 2011; Young et al., 2000), NPOs (Bromley et al., 2013; Guo, 2007; Teasdale, 2011) or SEs (Cornforth, 2014; Dart, 2004; Geurtsen et al., 2010; Mason et al., 2007; Teasdale, 2011).

A different approach from the theories above is stakeholder theory, which examines governance from the stakeholders perspective and their relationships with the organisation (Chen and Roberts, 2010; Cornforth, 2004). The theory assumption is that organisations should be accountable and considerable to all types of stakeholders who show interest in the goals of NPOs (Cornforth, 2004; Gidron, 1997; Hyndman and McDonnell, 2009; Van Puyvelde et al., 2012) and SEs (Larner and Mason, 2014; Mason and Royce, 2007; Mason et al., 2007). From the for-profits perspective, the theory is

based on the traditional model of shareholders, who show interest in the organisation's goals (Cornforth, 2004).

The democratic theory examines governance from an internal perspective of the process and dynamics between board members within the boardroom (Cornforth, 2004; Cornforth and Edwards, 1998). Similar to stakeholders theory, the assumption is that all board members have an equal vote and all groups and different interests should be represented on the board, whether it is for-profits organisations (Cornforth, 2004; Cornforth and Edwards, 1998) or NPOs (Cornforth, 2004; Cornforth and Edwards, 1998; Guo, 2007; Low, 2006).

Other two theories that are more popular among for-profits and NPOs are role theory and theory of power. Role theory assumption is that people may carry few different roles in the organisation, which might change according to the circumstances; therefore, the theory examines governance according to the roles of the organisation's leaders (Biddle, 1986; Cornforth and Macmillan, 2016; Kakabadse et al., 2006). These roles are usually influenced by the CEO–chair dynamics in both for-profits (Banerjee et al., 2020; Cornforth and Macmillan, 2016; Kakabadse and Kakabadse, 2007; Kakabadse et al., 2006; Morais et al., 2018) and NPOs (Cornforth and Macmillan, 2016).

In contrast to role theory, theory of power examines governance according to the power of certain people who are involved in the organisation. The assumption is that people who have the most power, especially financial power, are the ones controlling the organisation, regardless of their role. In for-profits, it is usually the shareholders while in NPOs it is usually the donors (Schuyt, 2010).

According to **Table 3**, it seems that there are some similarities between the three types of organisations, but as their aims are different, it affects the other categories as well and determines the organisation's character.

The next section will present the concept of SEs and their governance from a UK perspective, as it will be the focus of this research.

2.3.5 Social enterprises' governance in the UK

There is no one definition for the term 'social enterprise', as scholars see it differently (Cornforth, 2014; Lerner and Mason, 2014; Teasdale, 2011). Cornforth (2014) claims that it can be seen as a 'hybrid organisation', that fills the gap between the traditional business sector and the traditional social sector (Defourney and Nyssens, 2007, 2017). In difference, Alter (2007, in Cornforth, 2014) distinguishes it from a business that has social responsibility but still aims to gain profit for shareholders, and from NPO that raises funds through trading activities.

According to Evers (2005), SEs in the UK, who referred as 'concept of hybridisation' are a symbol of the reality with a vision of a better future, as the existence of them, with their unique features, will improve society and impact the provision of other social services.

As mentioned in the previous section, SEs have two bottom lines - social and business (sometimes even a third one - environmental). They aim to fulfil their social goals by trading activities or business (Cornelius et al., 2008; Cornforth, 2014; Defourney and Nyssens, 2010, 2017; Teasdale, 2011). It means that all of their profits are reinvested in the social purposes and not distributed to shareholders (Cornelius et al., 2008; Teasdale, 2011). They wish to be successful in the market because this is the way their social mission can be achieved (Cornforth, 2014). It can be said that in SEs

the two bottom lines do not contradict each other, but complement one another (Cornelius et al., 2008).

Cornforth (2014) argues that instability in SEs may occur when there is too much emphasis on the business aspect and the social goals are neglected, or when the social goals are more important than the business ones, which might lead to business failure. On the other hand, it is hard to give equal weight to both of the goals all the time, and it is normal that sometimes there will be more emphasis on one of them, according to the development of the enterprise (Cornforth, 2014). In addition, Cornelius et al. (2008, p. 355) stated that within SEs "effective financial management for social purposes is a key feature of sustainability", which means that if the management works effectively it will know how to balance between the two aspects and to keep the organisation stable and sustainable.

In the UK, there are more than fifteen thousand SEs who employ approximately one million people, according to a study conducted by Cornelius et al. (2008). Their contribution to the annual turnover is about eighteen billion pounds (Cornelius et al., 2008; Mason et al., 2007). Although they are located all over the UK, most of them (75%) are based in London (Cornelius et al., 2008).

In contrast to Cornelius et al. (2008), Peattie and Morley (2008a) claim in their research that there are approximately fifty-five thousand SEs in the UK, which contribute twenty-seven billion pounds to the economy every year, which is a big difference from the first argument. As this new area is still developing, the public interest in this field has been increasing over the years (Mason et al., 2007; Peattie and Morley, 2008a), which led also to an increase in the number of investments by the public. However, there is still a lack of research on this field, especially when compared to research on "regular" businesses. In order to develop this research field, Peattie and

Morley (2008a) claim that there is a need for more scholars who show interest in it and believe that SEs have significant and valuable contributions both in the political aspect and the economic aspect.

Cornelius et al. (2008) state that apart from the contribution of SEs to the local economy that was mentioned before, they provide products and services instead of the market and the state, develop skills among individuals and groups, consult and train disadvantaged people, create job opportunities and enhance civil society. Therefore, the Labour government of the UK, like other countries around the world, recognized the potential of SEs to improve the quality of life in society and decided to encourage their development and support them financially (Cornelius et al., 2008).

Cornforth (2014) claims that SEs in the UK usually receive funds through government contracts and grants and from donors, in addition to the revenues from the product they sell or the service they provide to their clients. This situation can lead to tensions, as SEs need to be obligated to the funder's requirements and wishes. In order to decrease the influence of external funders on SEs, there should be a governance mechanism that will secure the organisation's goals (Cornforth, 2014).

In contrast to researchers like Cornforth (2014), who claim that SEs need to be committed to the funders' wishes and requirements, Defourny and Nyssens (2010) argue that one of the characteristics of SEs in the UK is that they have a high degree of freedom and autonomy, due to the support they receive from their governing bodies.

Looking at the role of SEs' governance, Mason (2009, in Larner and Mason, 2014, p. 181) defined it as "strategic and operational board-level leadership, enabling service users, managers, trustees and other defined stakeholders to create and maximise social benefit". According to Larner and Mason (2014), the main distinction between

this definition and other definitions of governing bodies in businesses is the social aspect, which was added to this definition and makes a big meaningful difference.

Additionally, Cornforth (2014) stated that the board of SE has two main responsibilities: to ensure that the business is financially stable and that it achieves its social goals. Therefore, the board needs to manage the tension between the social mission and the business mission (Cornforth, 2014; Glaveli and Geormas, 2017; Siegner et al., 2018). In the UK, it can be seen that multiple SEs that used to be part of the public sector have a large number of stakeholders in their boards, with different backgrounds and interests, such as being more committed to the group they represent, rather than being part of the team and represent the enterprise as a whole (Cornforth, 2014).

Following the above, the involvement of different types of stakeholders, such as donors, employees and beneficiaries in the governance of SEs is a big challenge (Defourny and Nyssens, 2010; Larner and Mason, 2014) and might cause some difficulties. On the one hand, Larner and Mason (2014) state that the enterprise should be democratic and therefore give permission to every person, who has some interest, to participate and be involved. On the other hand, they claim that it is important that people on the board will be experienced and professional, rather than representatives of groups, as this type of enterprise is more complex than NPO or for-profit organisation (Ingleby et al., 2017; Larner and Mason, 2014).

Another governance challenge that Cornforth (2014) identifies is moving towards an enterprising structure and culture, in order to gain business success, in contrast to staying in the public sector structure and bureaucratic culture they are familiar with. In order to solve this challenge, Larner and Mason (2014) suggest to

boards to work in partnership with the management, instead of controlling and supervising them, so they will all decide what is best for the organisation.

When looking at the structure of SEs in the UK, in comparison to other countries, Teasdale (2011) claims that SEs in the UK have the most developed structure in the world. As the government is very involved in the development of them, it will possibly make them similar and even indistinguishable from institutions owned by the state (Teasdale, 2011).

As the structure of SEs is significantly important issue in the UK according to Cornelius et al. (2008) and Cornforth (2014), they claim that another important issue is the legal registration of this type of enterprise. In the UK, there are certain rules regarding the registration of social organisations that combine charitable activities. However, not all the SEs combine this type of activity and there was a need for a new legal form of registration for them (Cornelius et al., 2008; Cornforth, 2014). As a result, the 'Community Interest Company' (CIC) was formed in 2005, in order to regulate businesses and enterprises that were established for the community benefit (Cornelius et al., 2008; Cornforth, 2014; Mason et al., 2007; Ridley-Duff, 2007).

Along with the legal registration, The Social Enterprise Mark was established as an institute that provides accreditation to SEs in the UK (Cornforth, 2014). Due to the fact that there is no one definition for the term 'social enterprise', The Social Enterprise Mark set a number of criteria that SEs must include in order to receive accreditation: (1) social goals and social values; (2) 50% or more of the revenues must come from trading activity; (3) 50% or more of the profits should be used for the social purposes; (4) it should have independent governance and constitution; and (5) if the enterprise goes bankrupt, all the assets should be used for the social purpose (Cornforth, 2014).

In addition to the five criteria, which should be referred to as important goals for SEs in the UK who wish to achieve accreditation, another main goal is to gain legitimacy in both their social and business models (Cornforth, 2014). This means that SEs need to be more engaged in macro strategies and not only focus on micro-level issues. However, there are some micro-level issues that should not be neglected, like the commitment of the people who work in a SE, whether it is staff or governing body, to the values and goals of the enterprise (Cornforth, 2014).

In conclusion, it is important to note that many aspects of SEs have been neglected in the literature (Cornforth, 2014; Larner and Mason, 2014; Low, 2006), such as the tension between the business part and social part (Cornelissen et al., 2021; Cornforth, 2014; Glaveli and Geormas, 2017; Siegner et al., 2018) and governance dynamics, which is crucial for the enterprise's success (Larner and Mason, 2014; Low, 2006). As SEs experience pressures from the state, the society and the market, it is important to better understand the effects of these pressures on their governance dynamics (Cornforth, 2014).

The next section will discuss the eleven main governance theories that are known in the literature and focus on the five most common theories in the non-profit literature.

2.3.6 Governance theories in the academic literature

This section will introduce the eleven main governance theories in the academic literature: agency, stewardship, resource dependence, institutional, stakeholder, power, role, democratic, leadership, behavioural and legitimacy. Following this, the features of the five most common theories for third sector literature will be compared and discussed.

2.3.6.1 Introduction to governance theories

The next sub-sections will present the main features of eleven governance theories: agency, stewardship, resource dependence, institutional, stakeholder, power, role, democratic, leadership, behavioural and legitimacy.

2.3.6.1.1 Agency theory

As mentioned before, agency theory is the most common theory in governance literature (Brown, 2005; Cornforth, 2004; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Van Puyvelde et al., 2012) and it explains the CEO–board dynamics in monitoring and controlling perspectives (Beasley, 1996; Eisenhardt, 1989; Jensen and Meckling, 1976).

Jensen and Meckling (1976, p. 308) define agency theory as "a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent". According to this theory, the board members are the principals who represent the owners (or shareholders) and the management is the agent of the board (Eisenhardt, 1989; Jensen and Meckling, 1976; Lan and Heracleous, 2010; Walsh and Seward, 1990).

Agency theory claims that a conflict of interests may occur between the management and the board, therefore the board's role is to supervise and control the management's actions and decisions so that they are compatible with the wishes of the owners (Bcatty and Zajac, 1994; Beasley, 1996; Cuervo, 2002; Eisenhardt, 1989; Finkelstein and Hambrick, 1989; Jensen, 1993; Jensen and Meckling, 1976; Lan and Heracleous, 2010; Walsh and Seward, 1990). In contrast to the theory perspective, Lan

and Heracleous (2010) argue that the board's real role is not to supervise and monitor the management, but to mediate between the interests and goals of the owners and the management, therefore it holds most of the power and control regarding the assets and the important decisions of the organisation.

2.3.6.1.2 Stewardship theory

As agency theory focuses on control relationships between the board and the management (Beasley, 1996; Eisenhardt, 1989; Jensen and Meckling, 1976), stewardship theory focuses on the opposite pattern of relationships (Donaldson, 1990). Stewardship theory emphasizes the collaboration and partnership of the board and the management. The board and management do not have a conflict of interests, vice-versa, they share their interests and work effectively together (Donaldson, 1990; Donaldson and Davis, 1991).

In contrast to agency theory, the management is seen as good stewards instead of self-centred agents. They are "part of the team" as they try to achieve the owner's interests and to work for the benefit of the organisation (Davis et al., 1997; Donaldson, 1990; Donaldson and Davis, 1991). Therefore, the board is satisfied with the management actions and decisions, which also raises the organisational performance (Davis et al., 1997; Glaveli and Geormas, 2017). It can be said that according to this theory the management work in a collectivist way, as they aim to achieve the organisational goals and objectives (Davis et al., 1997).

2.3.6.1.3 Resource dependence theory

Resource dependence theory is different from agency and stewardship, as its main focus is not on relationship patterns but on the important role of the board as the main contact

to the external resources, such as financial resources, skills and information (Boyd, 1990; Hillman et al., 2000; Pfeffer, 1972; Pfeffer, 1973). Even though agency theory is different from resource dependence theory, Johnson et al. (1996, in Hillman et al., 2000) argue that boards can perform both roles at the same time.

This theory examines the composition of the board and claims that it affects the performance of the organisation (Boyd, 1990; Hillman et al., 2000; Pfeffer, 1972; Pfeffer, 1973) and might include insiders (people who work or worked in the organisation) and outsiders (business experts, specialists from specific areas and community representatives) (Hillman et al., 2000). Another feature that may affect the performance is the board's size, as bigger boards have more connections and therefore more opportunities to reach external resources (Boyd, 1990). In addition, the organisation is dependent on external resources and needs its board to take control over them in order to survive among other similar organisations (Boyd, 1990; Hillman et al., 2000; Pfeffer, 1973). This kind of certainty will help the organisation to feel powerful in the market and work more effectively (Hillman et al., 2000; Pfeffer, 1973).

2.3.6.1.4 Institutional theory

According to Young et al. (2000), institutional theory completes agency theory. While agency theory focuses on the board's independence from the management and its monitoring role (Young et al., 2000), institutional theory looks at the contextual and environmental factors that influence the board's roles and actions (Scott, 1987; Young et al., 2000).

When discussing the institutional theory it can be said that the main argue is that organisations are becoming more and more similar to each other in their structure (DiMmaggio and Powell, 1983; Scott, 1987). Following this, isomorphism is the main

feature of the institutional theory, as organisations are trying to adjust themselves to the norms of the environment and the society (Scott, 1987; Young et al., 2000). This homogeneity increases the governance legitimacy to operate (DiMaggio and Powell, 1983). Moreover, the institutional perspective examines the values and norms of the industry and external environment, which impact the relationship between the board and the management (Young et al., 2000).

A difficulty that may rise according to Young et al. (2000), is when changes in the external environment occur and organisations find it hard to conform themselves to these changes in the same way. This situation might increase or decrease the isomorphism's pressure. In difference, a situation that might be affected by the isomorphism's pressure is the changes in the board's role, as sometimes their linkage role (connecting the organization to the external environment) is more centre than their administrative role (supervising the internal activities), which might result in paying less attention to the performance of the management and the CEO (Young et al., 2000).

2.3.6.1.5 Stakeholder theory

Wang and Dewhirst (1992) claim that until the middle of the 20th century stakeholder theory was not as popular in governance research as agency theory and resource dependence theory, though since the 1960s scholars started to show more interest in this theory, as the importance and influence of stakeholders increased. These stakeholders can be anyone who has some interest in the organisation's activities and goals, and might affect the organisation's performance and outcomes (Donaldson and Preston, 1995; Heath and Norman, 2004; Wang and Dewhirst, 1992).

Freeman (1984, p. 46) defined a stakeholder as "any individual or group who can affect or is affected by, the achievement of the organization's objectives". From this

definition it can be said that organisations have commitments and responsibilities to their stakeholders (Heath and Norman, 2004; Hosseini and Brenner, 1992; Jensen, 2001; Wang and Dewhirst, 1992), therefore the board needs to represent and protect key stakeholders and to balance all the conflicting interests of them when taking important decisions (Donaldson and Preston, 1995; Wang and Dewhirst, 1992). In addition, according to this theory, the board has to deal not only with financial performance but also with social performance (Jensen, 2001; Wang and Dewhirst, 1992).

Donaldson and Preston (1995) present criticism about stakeholder theory that has been made among some scholars, who claim that this theory is empty due to the fact that the main statement of it is that 'organisations have multiple stakeholders'. Donaldson and Preston (1995) agree that stakeholder theory is different from other theories; however, they claim that each theory has its own special features and purposes, not only stakeholder theory. They add that stakeholder theory is not empty but fundamentally different, as it is more general and views the organisation as a diverse institute with multiple important players and goals, which are not always overlapping. Unfortunately, this theory is seen as confusing and not always explicit, therefore it is less popular in the academic literature (Donaldson and Preston, 1995).

2.3.6.1.6 Theory of power

The theory of power can be seen as similar to agency theory according to a study conducted by Finkelstein (1992), as it also focuses on the power and control of the board and the management. However, in difference than agency, it doesn't focus on the relationship between them but on their power in decision making (Finkelstein, 1992). Moreover, power and control will give them the ability to reduce the uncertainty that

may arise from internal or external factors (Daily and Johnson, 1997). The basic characteristic of the theory of power is the ability to change someone's behaviour, or as Gaski (1984, p. 10) phrases it: "power is the ability to cause someone to do something he/she would not have done otherwise".

Finkelstein (1992) defined in his research four dimensions which may determine who will have the most power in the organisation: (1) structural power- the formal structure of the organisation and the hierarchy may determine if the CEO has the most power and control or the board; (2) ownership power- the person who has shares in the organisation or was one of the founders will have more power and control than others; (3) expert power- experience and expertise that contribute to the success of the organisation increase the power; and (4) prestige power- the status, reputation and prestige of people can make them look more influential and therefore increase their power (Daily and Johnson, 1997; Finkelstein, 1992).

When the CEO is very powerful within the organisation he/she usually engages in controlling tactics and making strategic decisions, while the rest of the management, who has power as well, engage in solving problems and dealing with organisational behaviours (Eisenhardt and Bourgeois, 1988). However, when the board has the most power in the organisation, usually happens when the board is very much connected to key stakeholders/ shareholders, it can limit the actions and decisions of the management in general and the CEO in particular (Finkelstein, 1992).

2.3.6.1.7 Role theory

Role theory is based on the principle that members of a certain organisation have roles that defined their job and position. Every role includes some behaviours that are expected from this member (Biddle, 1986; Graen, 1976; Kakabadse et al., 2006;

Solomon et al., 1985). In difference to agency theory and stewardship theory which claim that every member has one main role, role theory argues that members can have few important roles and these roles might change from time to time. When the roles of the CEO and the chair are understood, it's easier to explain their relationship in different contexts and situations (Cornforth and Macmillan, 2016).

Even though role theory suggests that there are few different roles both to the CEO and the chair, it doesn't give an explanation to the development of their relationship (Cornforth and Macmillan, 2016). Furthermore, sometimes there is an overlap between the roles of the CEO and the chair, especially in small organisations, and it is difficult to determine who does what. Therefore, in these situations, negotiation regarding responsibilities can be very useful, in order to decide what is best for the organisation (Cornforth and Macmillan, 2016; Kakabadse et al., 2006).

2.3.6.1.8 Democratic theory

As opposed to all theories presented above, the democratic theory focuses on the process within the boardroom. The principles of this theory are: one vote to each person, equal representation of all types of interest groups, accountable to stakeholders and the general public, and members separation: members who decide on policy and members who implement decisions (Cornforth, 2004; Cornforth and Edwards, 1998). Although the focus is different, the democratic theory is similar to agency theory in a way that both agree that the board needs to monitor and control the management (Cornforth, 2004).

Similar to stakeholder theory, according to the democratic perspective the board needs to represent the interests and wishes of all types of groups and individuals in society (Cornforth, 2004; Cornforth and Edwards, 1998; Guo, 2007; Low, 2006;

Travaglini et al., 2009). Furthermore, the board needs to make decisions and set policies that will be the best for the organisation (Cornforth, 2004; Cornforth and Edwards, 1998). A unique feature of this theory is that anyone can try to be elected to the board. That means that the starting point is equal to all of the people and even though expertise is important and can be beneficial, experience and professional background are not a requirement (Cornforth, 2004; Cornforth and Edwards, 1998; Low, 2006).

2.3.6.1.9 Leadership theory

Another important theory in governance is leadership theory, which focuses on the leader's and the follower's behaviour (Antonakis et al., 2003). However, Uhl-Bien et al. (2007) claim that this theory mostly focuses on leaders and their actions. According to Bass (1985), there are three types of leadership: transformational leadership, transactional leadership and non-transactional laissez-faire leadership. Transformational leaders are supporting their followers, in order to achieve the best goals and to increase organisational success. They are looking at the long term, therefore they focus on building a strong, motivated team, while also providing professional opportunities for personal development to each of the followers (Antonakis et al., 2003; Conger, 1999; Wofford and Goodwin, 1994).

In contrast, transactional leaders are looking at the short-term, as they focus on the mutual commitment of the leader and followers. The leader is expecting the followers to act in the best way for the organisation. The leader increases the motivation of the followers by giving them incentives for their good performance (Antonakis et al., 2003; Wofford and Goodwin, 1994). It is important to note that according to Bass (1985) a leader can be both transactional and transformational.

Unlike the two types of active leaders presented above, non-transactional laissez-faire leaders are inefficient and passive as they are not taking responsibility or making decisions for the benefit of the organisation and followers. The only "active" thing they do is that they are choosing not to fill their role and to avoid any action (Antonakis et al., 2003). Conger (1999) and Wofford and Goodwin (1994) have pointed out that when comparing transformational leaders and transactional leaders the formers are considered to be more positive among followers, therefore raising the followers' effectiveness and motivation.

2.3.6.1.10 Behavioural theory

Behavioural theory focuses on performance, decision making and interactions (Greve, 2003; Greve, 2008). Greve (2003, p. 686) stated that this theory "emphasizes the organizational processes of performance evaluation, search, and decision making, and leads to propositions concerning how these affect organisational changes". In addition, when managers realise that the performance of the organisation is low they seek a solution that will raise the organisational success (Greve, 2003; Greve, 2008).

Van Ees et al. (2009) add that in difference from other theories, which claim that the main role of the board is to manage all the different interests and to solve conflicts, the board according to the behavioural theory engages with strategic decision making and with the uncertainties and complexities that are related to it. The process of decision-making is influenced by experiments and learning of the organisation (Davies et al., 2019; Van Ees et al., 2009), which leads the board to do some changes and adopt new goals and rules (Greve, 2008; Van Ees et al., 2009). However, as the board focuses on decision-making, according to the evaluation of the organisation's

performance and behaviour, there is less attention on their own performance and outcomes (Van Ees et al., 2009).

2.3.6.1.11 Legitimacy theory

Legitimacy theory is another popular theory in governance and it is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate with some socially constructed systems of norms, values, beliefs and definitions" (Suchman, 1995, p. 574). The basic idea of this theory is that there is a strong connection between the organisation and the society (Branco and Rodrigues, 2006; Campbell, 2000; Yusoff and Alhaji, 2012). Similar to institutional theory, also in the legitimacy theory the society and the environment play an important role (Branco and Rodrigues, 2006; Guo, 2007; Yusoff and Alhaji, 2012), giving the organisation the permission and authority to hire employees, use resources and continue to operate, therefore the organisation is accountable to the society for its actions and decisions (Branco and Rodrigues, 2006; Yusoff and Alhaji, 2012).

According to the legitimacy theory, the organisation has to be aware of the norms and values in society (Branco and Rodrigues, 2006). The organisation needs to comply not only with the wishes and expectations of the stakeholders and investors, but also with the expectations of the entire society (Yusoff and Alhaji, 2012). If the organisation fails to do so, there will be some sanctions and restrictions on its activities and products (Branco and Rodrigues, 2006; Yusoff and Alhaji, 2012), which may lead to a decrease in the legitimacy of the organisation (Branco and Rodrigues, 2006).

After presenting the eleven main theories in the governance literature, the next sub-section will focus on the five most common theories in the third sector governance

literature: agency, stewardship, resource dependence, institutional and stakeholder, using a table to compare and discuss their features.

2.3.6.2 Five main governance theories in the non-profit literature

After introducing eleven different governance theories, **Table 4** will present the five most common governance theories in the third sector literature: agency, stewardship, resource dependence, institutional and stakeholder. **Table 4** will include the CEO–chair relationship, the CEO–board relationship and the pros and cons of each theory. It will be followed by a comparison and discussion of these five theories.

Table 4: Five main governance theories

Theory	CEO–Chair relationship	CEO–Board relationship	Pros.	Cons.	Resources
Agency theory	<ul style="list-style-type: none"> - The chair supervises and evaluates the CEO 	<ul style="list-style-type: none"> - The board monitors and controls the CEO (low trust) - The CEO is accountable to the board and the board is accountable to the donors/ stakeholders - Complete separation between CEO and board 	<ul style="list-style-type: none"> - Donors involved in the organisation - Major donors in the board= helps with funds - High monitoring ability 	<ul style="list-style-type: none"> - Donors involved in the organisation - Major donors in the board= stress - Boards do not trust the management - Managers act in their own self-interests - Ignoring the multiple roles of the chair and board 	<p>Brown (2005), Buchanan et al. (2014), Carman (2010), Cornforth (2004), Cornforth and Edwards (1998), Cornforth and Macmillan (2016), Hyndman and McDonnell (2009), Malani and Posner (2007), Van Puyvelde et al. (2012), Van Puyvelde et al. (2013), Viader and Espina (2014), Wiseman et al. (2012), Young et al. (2000)</p>
Stewardship theory	<ul style="list-style-type: none"> - The chair partners and supports the CEO - chair and CEO share responsibilities 	<ul style="list-style-type: none"> - The CEO is a steward - The board develops the CEO's skills - The board is a partner of the CEO and management - The board believes in the CEO's actions - The board and CEO work together 	<ul style="list-style-type: none"> - Donors and management share common interests - High level of trust - The board should be selected according to its professional background and expertise - Encourage partnership 	<ul style="list-style-type: none"> - The theory ignores the fact that there are multiple roles to the chair and board, depending on the circumstances- Like agency - Not all the board members elected have the professional skills needed for effective board 	<p>Cornforth (1996), Cornforth (2004), Cornforth and Chambers (2010), Cornforth and Edwards (1998), Cornforth and Macmillan (2016), Greiling and Grüb (2014), Huybrechts (2010), Hyndman and McDonnell (2009), Kluvers and Tippett (2011), Low (2006), Mason and Royce (2007),</p>

		- The board and CEO receive training			Van Puyvelde et al. (2012), Viader and Espina (2014)
Resource dependency theory	<ul style="list-style-type: none"> - The chair provides resources to the CEO - The chair and CEO have different responsibilities - The chair gives advices and consultations to the CEO 	<ul style="list-style-type: none"> - The board manage resources - The board is part of the organisation and part of the external environment - The board provides resources to the CEO - The board doesn't intervene in the work of the CEO - The board provides service and strategy to the CEO - The CEO makes important decisions 	<ul style="list-style-type: none"> - Board members are coming from many different fields - Organisation and stakeholders have good relationship - Board as a linkage to resources - Integrate external people will allow to manage dependencies - Shaping external environment 	<ul style="list-style-type: none"> - Board members are coming from many different fields - Organisation and stakeholders have different interests - Influence of external actors - The organisation depends on others - Less freedom and less independence - Government involvement - Subsidiary of the state 	Bies (2010), Brown (2005), Cornforth (2004), Cornforth (2014), Gazley et al. (2010), Guo (2007), Huybrechts et al. (2014), Hyndman and McDonnell (2009), Lückcrath-Rovers (2013), MacIndoe and Whalen (2013), Millesen et al. (2010), Teasdale (2011), Verbruggen et al. (2011), Viader and Espina (2014)
Institutional theory	<ul style="list-style-type: none"> - The chair monitors and controls the CEO - The chair makes sure that the CEO's actions are legitimate 	<ul style="list-style-type: none"> - The board reflects to the CEO the expectations of the stakeholders - More government funding= more power to the CEO 	<ul style="list-style-type: none"> - Similar to other organisations - Social and cultural influences - Gain legitimacy 	<ul style="list-style-type: none"> - Similar to other organisations - Not always gaining technical economy efficiency 	Bies (2010), Bromley et al. (2013), Brown (2005), Carman (2010), Cornforth (2014), Dart (2004), Davis et al. (2009), Geurtsen et al. (2010), Guo (2007), Huybrechts et al. (2014),

		<ul style="list-style-type: none"> - The board deals with the external environment, the CEO deals with internal administrative 	<ul style="list-style-type: none"> - Complementarities between different institutional identities - Formal structure - Strategic planning by insiders - Normative pressures control the environment 	<ul style="list-style-type: none"> - Potential for goal ambiguity and conflict - Conflicting institutional demands - Adopting commercial practices - Influence of external forces - Government involvement 	<p>Hyndman and McDonnell (2009), Kenneth and Collins (2016), Mason et al. (2007), Millesen et al. (2010), Pache and Santos (2010), Teasdale (2011), Tolbert et al. (2011), Verbruggen et al. (2011), Young et al. (2000)</p>
Stakeholder theory	<ul style="list-style-type: none"> - The chair represents the stakeholders and controls the CEO 	<ul style="list-style-type: none"> - The board reflects the stakeholders' interests to the CEO - The board sets the organisational policy 	<ul style="list-style-type: none"> - Reduces the board's autonomy - A possibility for an independent committee - Incorporation with wide range of stakeholders - The board prioritise relationships with stakeholders - Political role for the board 	<ul style="list-style-type: none"> - Reduces the board's autonomy - Low participation of certain groups - Incorporation with wide range of stakeholders - The board prioritise relationships with stakeholders 	<p>Chen and Roberts (2010), Cornforth (2004), Coule (2015), Gazley et al. (2010), Greiling and Grüb (2014), Hea (2011), Hyndman and McDonnell (2009), Lerner and Mason (2014), Mason and Royce (2007), Mason et al. (2007), Retolaza and San-Jose (2011), Van Puyvelde et al. (2012), Wellens and Jegers (2014), Wilson et al. (2010)</p>

Source: Compiled by the author.

As can be seen above in **Table 4**, all five governance theories are not only popular in the for-profit literature, but also in the third sector literature. The following comparison will focus on those theories and their features from a social perspective.

2.3.6.2.1 CEO–chair relationship

When looking at the relationship between the CEO and the chair according to each of the five theories it can be seen in **Table 4** that there is a similarity between agency, institutional and stakeholder theories, however, stewardship and resource dependence theories are different. Cornforth and Macmillan (2016) claim that the main role of the chair according to agency theory is to supervise and control the CEO and also to evaluate the CEO's performance (Young et al., 2000).

Similar to agency, the role of the chair according to the institutional theory is also to control and monitor the CEO (Kenneth and Collins, 2016; Mason et al., 2007). In addition, Dart (2004) claims that the chair supervises the actions of the CEO to make sure that they are legitimate. The perspective of the stakeholder theory is similar to the other two in a way that the chair, who represents the different stakeholders, supervises and controls the CEO (Coule, 2015), though he/she does that in order to see that the stakeholder's wishes are being fulfilled (Mason and Royce, 2007).

In difference than agency, institutional and stakeholder theories, the stewardship theory focus on collaboration between the chair and the CEO (Cornforth and Macmillan, 2016). The chair trusts and supports the CEO (Cornforth and Macmillan, 2016; Mason et al., 2007) and they both share the tasks and responsibilities (Cornforth, 1996). Resource dependence theory can be seen in between the other four theories, as the chair provides resources to the CEO (Millesen et al., 2010; Viader and Espina, 2014), and usually gives advice and consultations to the CEO rather than controlling him/her or being his/her partner (Banerjee et al., 2020; Krause,

2017; Ma et al., 2019; Viader and Espina, 2014; Withers and Fitzgibbon, 2017). Moreover, Viader and Espina (2014) present the role separation of the chair and the CEO, as each of them has different responsibilities and duties.

2.3.6.2.2 CEO–board relationship

Cornforth and Macmillan (2016) have pointed out that the relationship between the board and the CEO is very similar to the relationship between the chair and the CEO in agency theory, where the board controls and monitors the CEO's activities and behaviour. The board does that in order to check that the CEO and management act in the best interests of the donors/stakeholders instead of their own (Cornforth, 2004; Cornforth and Edwards, 1998; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Viader and Espina, 2014). Viader and Espina (2014) add that the CEO is accountable to the board, and the board is accountable to the donors/ stakeholders (Cornforth and Edwards, 1998; Viader and Espina, 2014). Therefore, there is a complete separation between the board and CEO and the board is independent of the CEO and management (Cornforth, 2004; Viader and Espina, 2014).

Although the chair controls the CEO according to the institutional theory (Kenneth and Collins, 2016; Mason et al., 2007), the board deals less with supervising and controlling the CEO and focuses more on other roles (Young et al., 2000). The board acts as a legitimate device, which reflects the expectations of important stakeholders to the CEO (Guo, 2007). The board usually deals with linkage and connections to the external environment (Reficco et al., 2021; Young et al., 2000) while the CEO deals with administrative and managing issues within the organisation (Young et al., 2000). When it comes to power relations, Guo (2007) claims that when the organisation's main resource is government funding rather than private funding, the CEO is more powerful than the board.

Similar to the CEO–chair relationship according to the stakeholder theory, the board represents the stakeholders’ wishes and interests as well (Coule, 2015; Mason and Royce, 2007; Mason et al., 2007; Van Puyvelde et al., 2012) and reflects it to the CEO (Mason and Royce, 2007; Mason et al., 2007), though it doesn't control the CEO like the chair (Coule, 2015). Moreover, Coule (2015) claims that the board has a big responsibility in setting the organisational policy and presenting it to the management.

As mentioned above, the CEO–chair relationship according to stewardship theory focuses on collaboration and partnership (Cornforth and Macmillan, 2016). Similarly, the board is a partner of the CEO and management in order to improve organisational performance (Cornforth, 2004; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Mason and Royce, 2007; Van Puyvelde et al., 2012; Viader and Espina, 2014). In addition, the board and the CEO work together, make important decisions and improve strategy (Cornforth, 2004; Cornforth and Edwards, 1998; Viader and Espina, 2014).

Following that, both the CEO and the board receive training in order to work together more effectively (Viader and Espina, 2014). It can be said that the CEO acts as a steward (Cornforth, 2004; Mason and Royce, 2007; Viader and Espina, 2014) and in return, the board develops his/her leadership skills (Viader and Espina, 2014). The basic assumption of the board is that the CEO and management will always act in the best interest of the organisation (Cornforth, 2004; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Mason and Royce, 2007; Van Puyvelde et al., 2012; Viader and Espina, 2014), therefore the board doesn't need to monitor and control the CEO but to support him/her (Cornforth, 2004; Mason and Royce, 2007; Viader and Espina, 2014).

The CEO–board relationship according to resource dependence theory is very similar to the CEO–chair relationship (Viader and Espina, 2014). The board is the linkage that provides all kinds of resources to the CEO and management (Brown, 2005; Cornforth, 2004; Guo, 2007;

Reficco et al., 2021; Viader and Espina, 2014) in order to improve performance (Brown, 2005; Viader and Espina, 2014). Moreover, the board usually manage these resources for the organisation in order to ensure that the organisation can survive (Cornforth, 2004; Millesen et al., 2010; Hyndman and McDonnell, 2009). Like the chair, the board doesn't intervene in the CEO's work and process (Viader and Espina, 2014) but rather provide him/her service and strategy (Brown, 2005; Viader and Espina, 2014). According to Viader and Espina (2014), the CEO is the one making the important decisions within the organisation and sometimes asks for the board's approval or advice. To conclude, it seems that the board is part of the organisation and part of the external environment (Cornforth, 2004; Guo, 2007).

2.3.6.2.3 Theories pros and cons

Although agency theory is the most common theory in governance literature (Brown, 2005; Cornforth, 2004; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Van Puyvelde et al., 2012), from a social perspective it seems that it has more cons than pros. Hyndman and McDonnell (2009) argue that donors' involvement in the organisation is a positive thing, as it increases the efficiency in distributing donations. On the other hand, Viader and Espina (2014) claim that donors' involvement in the organisation can be seen as a negative thing, as more people are involved in governance which might increase the tension in decision-making.

Another positive feature according to agency theory is that having major donors on the board may help to raise funds, as the organisation looks more reliable in the eyes of other potential donors (Brown, 2005; Hyndman and McDonnell, 2009; Van Puyvelde et al., 2012). However, Hyndman and McDonnell (2009) add that it can be a negative thing as well, as sometimes having major donors on the board can concern and stress the management.

As agency theory focuses on supervising and controlling the relationship between the

board and the management, Brown (2005) states that high monitoring ability goes along with board size, expertise and long tenure. The negative reason for this type of relationship is that the board believe that managers act in their own self-interests (Buchanan et al., 2014; Cornforth, 2004; Cornforth and Edwards, 1998; Cornforth and Macmillan, 2016; Van Puyvelde et al., 2012; Van Puyvelde et al., 2013; Viader and Espina, 2014; Wiseman et al., 2012; Young et al., 2000).

In addition, boards do not trust the management and therefore monitor them, in order to assure stakeholders' interests are being fulfilled (Brown, 2005; Buchanan et al., 2014; Carman, 2010; Cornforth, 2004; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Malani and Posner, 2007; Van Puyvelde et al., 2012; Van Puyvelde et al., 2013; Viader and Espina, 2014; Young et al., 2000). Cornforth and Macmillan (2016) pointed out another negative feature of the theory and argue that it ignores the fact that there are multiple roles to the chair and board, depending on the circumstances.

As institutional theory focuses on gaining legitimacy for the organisation's activities within the environment (Bies, 2010; Brown, 2005; Cornforth, 2014; Dart, 2004; Davis et al., 2009; Geurtsen et al., 2010; Huybrechts et al., 2014; Hyndman and McDonnell, 2009; Millesen et al., 2010; Pache and Santos, 2010; Teasdale, 2011; Young et al., 2000), two of its main pros is that it understands both that normative pressures control the environment (Bies, 2010; Carman, 2010; Pache and Santos, 2010) and that there are social and cultural influences on the organisation (Bies, 2010; Cornforth, 2014; Dart, 2004; Guo, 2007).

Mason et al. (2007) and Tolbert et al. (2011) claim that according to the institutional theory organisations usually adopt a formal structure, which is very useful for setting the authority and hierarchy within the organisation (Mason et al., 2007). In addition, Cornforth (2014) argues that another positive characteristic of this theory is that identities and attributes of different organisations sometimes complete each other, which may help to improve

performance. However, he emphasizes that similarities and complementarities might also have some negative consequences, as they can lead to conflicts between organisations and goal ambiguity (Cornforth, 2014).

From the above, it can be said that organisations are trying to be similar to each other according to the institutional theory (Bies, 2010), as they believe that adopting similar attributes will help them to gain legitimacy (Hyndman and McDonnell, 2009; Verbruggen et al., 2011). On the other hand, the negative aspect of this is that there is no variation between the organisations (Cornforth, 2014; Teasdale, 2011). Davis et al. (2009) also add that the real reason for the similarity between the organisations is that they are trying to raise funds from the same donors; therefore, they need to adapt themselves to the donor's rules and wishes.

Bromley et al. (2013) claim that another positive characteristic according to this theory is that strategic planning is carried out by insiders who are familiar with the organisation's activities and agenda. This claim is controversial as Bies (2010) and Young et al. (2000) argue that external forces influence the organisation and its agenda due to the fact that organisations need to conform to each other otherwise it will negatively affect legitimacy.

Few of the negative aspects of the institutional theory are that sometimes organisations adopt commercial practices because it is more accepted, not because it is the best thing for them (Teasdale, 2011). In addition, Hyndman and McDonnell (2009) state that adopting certain characteristics doesn't necessarily mean gaining technical economy efficiency. When looking at the board's size it seems that it's better to have a small board according to institutional theory because conflicting institutional demands may occur when there are multiple board members (Pache and Santos, 2010). Guo (2007) claims that the negative feature is the involvement of the government according to this theory, which is expressed in compliance with its rules and high expectations due to funding.

Stakeholder theory has some characteristics that can be seen as both positive and negative. According to Larner and Mason (2014), the stakeholder approach reduces the board's autonomy. On the one hand, it can be seen as a positive feature because it means there is more emphasis on the stakeholders' interests and involvement in decision-making (Chen and Roberts, 2010; Cornforth, 2004; Coule, 2015; Gazley et al., 2010; Greiling and Grüb, 2014; Hea, 2011; Hyndman and McDonnell, 2009; Larner and Mason, 2014; Mason and Royce, 2007; Mason et al., 2007; Retolaza and San-Jose, 2011; Wilson et al., 2010). On the other hand, the negative aspect is that more people are involved in governance, which makes it more difficult to operate (Chen and Roberts, 2010; Cornforth, 2004; Larner and Mason, 2014; Wellens and Jegers, 2014).

Another feature that can be interpreted in two ways is incorporating a wide range of stakeholders. This can be seen as a positive thing, as it will help the board to respond to broader social issues (Cornforth, 2004; Hyndman and McDonnell, 2009; Mason and Royce, 2007; Mason et al., 2007), and to develop a better organisational strategy (Mason and Royce, 2007; Mason et al., 2007). However, more stakeholders might result in more tension and more conflict of interest (Chen and Roberts, 2010; Cornforth, 2004; Gazley et al., 2010; Larner and Mason, 2014; Wellens and Jegers, 2014).

Boards that have adopted stakeholder theory usually manage and prioritise their relationships with different stakeholders (Mason and Royce, 2007; Mason et al., 2007). This can be seen as a good thing for maintaining the order when dealing with multiple stakeholders (Mason and Royce, 2007; Mason et al., 2007), though it also means that the board has to choose which stakeholder groups it prefers to be more accountable (Mason et al., 2007). In addition, this situation might lead to low influence and involvement of certain stakeholder groups (Chen and Roberts, 2010; Cornforth, 2004).

Few other positive features include the political role of the board according to Cornforth (2004) and Retolaza and San-Jose (2011), which is negotiating between different stakeholders groups, in order to set the most suitable policy and goals. Moreover, Lerner and Mason (2014) state there is a possibility for an independent stakeholder committee on the board to ensure accountability.

Like other theories mentioned above, resource dependence theory has positive features, as well as negative ones. The main positive feature is that according to this theory boards provide linkage to significant resources (Bies, 2010; Brown, 2005; Cornforth, 2004; Gazley et al., 2010; Guo, 2007; Hyndman and McDonnell, 2009; Lückerath-Rovers, 2013; Viader and Espina, 2014), which strengthen the organisational performance (Brown, 2005; Gazley et al., 2010; Lückerath-Rovers, 2013; Viader and Espina, 2014). In addition, integrating external stakeholders, which control important resources, into the board will allow to manage the dependencies better (Brown, 2005; Cornforth, 2004; Cornforth, 2014; Huybrechts et al., 2014). Bies (2010) and Teasdale (2011) also recognized that resource dependence approach allows shaping the external environment according to the organisation's purposes.

Some researchers claim that a board that operates according to resource dependence theory combines members from many different fields, which means more knowledge, more key contacts and more fundraising (Brown, 2005; Cornforth, 2004; Cornforth, 2014; Huybrechts et al., 2014; Viader and Espina, 2014). However, Cornforth (2014) points out that this situation can lead to tension within the boardroom. Another controversial aspect is the relationship between the organisation and key stakeholders. Bies (2010), Brown (2005) and Cornforth (2004) state that a good mutual relationship between them develops when organisations receive the necessary resources, and stakeholders fulfil their missions and goals through the organisation's activities (Bies, 2010). In some cases, on the other hand,

organisations and stakeholders might have different interests and therefore conflicts over control (Bies, 2010; Cornforth, 2004; Cornforth, 2014).

The negative aspects of the theory include the major influence of external actors who have power and control over the organisation (Cornforth, 2014; Huybrechts et al., 2014; Verbruggen et al., 2011). This influence is due to the dependence of the organisation on other resources/ actors/ organisations, in order to continue operating (Bies, 2010; Cornforth, 2004; Cornforth, 2014; MacIndoe and Whalen, 2013). This heavy dependence on others means less freedom and less independence (Cornforth, 2014; Verbruggen et al., 2011). One of the main dependencies is on government funding, like institutional theory (Guo, 2007). As the government is a very important component (MacIndoe and Whalen, 2013), it had the ability to control the flow of different resources and set some organisational rules (Verbruggen et al., 2011). This situation can lead the organisation to become a subsidiary of the state, in case the government is the only resource of funding (Cornforth, 2014).

The last pros and cons that will be presented are features of stewardship theory. One of the most important positive features of this theory, which distinguishes it from the other theories, is that stakeholders and management share the same interests (Cornforth, 2004; Cornforth and Macmillan, 2016; Kluyers and Tippett, 2011; Mason and Royce, 2007; Van Puyvelde et al., 2012; Viader and Espina, 2014). In addition, two of the basic elements are teamwork and partnership between the board and the management (Cornforth, 2004; Cornforth et al., 2010; Cornforth and Macmillan, 2016; Huybrechts, 2010; Hyndman and McDonnell, 2009; Viader and Espina, 2014), leading to a high level of trust between them (Cornforth and Macmillan, 2016; Kluyers and Tippett, 2011; Mason and Royce, 2007; Van Puyvelde et al., 2012; Viader and Espina, 2014).

Some researchers state that in a stewardship model the board is elected according to its professional background and expertise (Cornforth, 2004; Cornforth and Edwards, 1998;

Huybrechts, 2010; Low, 2006; Mason and Royce, 2007) and therefore adds value to the decision-making process which improves performance (Cornforth, 2004; Cornforth and Chambers, 2010; Huybrechts, 2010; Low, 2006). However, Cornforth (2004) claims that not all board members elected have the suitable background and professional skills that are needed for an effective board, even though it is a very important feature according to the stewardship approach. Another negative aspect that was raised by Cornforth and Macmillan (2016) is that like agency theory, the stewardship theory ignores the fact that there are multiple different roles for the chair and board, depending on the situation and circumstances.

As it can be seen above, all five theories have different relationship patterns and positive and negative features. The next sub-section will conclude the sub-chapter on third sector governance.

2.3.7 Conclusions

This sub-chapter formed the map of the governance of the third sector. It opened with the history of governance in the third sector and its definition. After presenting the complex governance roles of the CEO, board and chair there was a features comparison between the three types of organisations: for-profit, non-profit and SEs. The section continued with a discussion on SEs in the UK and their governance features. The last part of this sub-chapter focused on governance theories. It started with the eleven main governance theories in the academic literature, and then the features of the five most common theories in the third sector literature were presented in **Table 4**, followed by a comparison and discussion.

2.4 Value delivery of boards

This sub-chapter reviews the value delivery of boards. It starts with the definition of value delivery and then continues with a description of the roles and responsibilities of boards. After presenting the board-level issues for the third sector, the tensions and relationship patterns between the board, chair and CEO are discussed. This section closes with a review of the characteristics of an effective board, and a presentation of value delivery in the SEs' context, as this will also be the focus of this research.

2.4.1 What is value delivery?

Value delivery is referred as the total outcomes of organisational activities (Grieco et al., 2015), and can be seen similar to organisational performance in the academic literature (Gray, 2006; Grieco et al., 2015). Therefore, Grieco et al. (2015) claim that measurement and assessment are an important part of value delivery in order to create new opportunities for the organisation to grow and be more innovative.

Past research, that focused mainly on for-profit organisations, suggested that the performance and value delivery of boards depends on their decision-making process and the monitoring quality (Oxelheim and Randøy, 2003). Johnson et al. (2013) added that the relationships of the board with the organisation's management and with other organisations also affect their performance as individuals and as a whole.

Iecovich and Bar-Mor (2007) claim that in many western countries the board in the third sector is responsible for the comprehensive performance of the organisation it governs. However, as it is a voluntary board, which means that board members volunteer for this role and do not get paid, it cannot deal with daily administrative work. Therefore, there is the management team (Fauzi et al., 2021; Iecovich and Bar-Mor, 2007), in which the CEO is the main leader, who deals with daily issues, functions, administration and decisions

implementation (Fauzi et al., 2021; Iecovich and Bar-Mor, 2007; Islam, 2011; Kakabadse and Kakabadse, 2007b; Srour et al., 2021). The CEO is taking part in board meetings in many cases, as he/she can mediate between the board and the organisation and provide information regarding the organisation's performance and progress (Islam, 2011; Kakabadse and Kakabadse, 2007b).

The sub-section above presented the definition of value delivery of boards and its similarity to performance. The next sub-section will describe the different roles and responsibilities that boards have.

2.4.2 Roles and responsibilities of the board

Aguilera et al. (2006) state that there are many important relationships in third sector organisations, though the relationship between the board and the CEO of the organisation is one of the most important, as they need to work in collaboration in order to achieve the common goals (Aguilera et al., 2006). According to some scholars (Bradshaw et al., 1992; Carmel and Harlock, 2008; Herman et al., 1996; Iecovich and Bar-Mor, 2007; Low, 2006), the main role of third sector board is to set the organisation's social policy, procedures and practices that regulate the ongoing activities. In addition, the management team is responsible to implement in the organisation the decisions and policies, determine by the board (Cornforth, 2004; Fauzi et al., 2021; Herman et al., 1996; Iecovich and Bar-Mor, 2007; Viader and Espina, 2014).

Cornforth (1996) agrees with Carmel and Harlock (2008), Iecovich and Bar-Mor (2007) and Low (2006) that there is a common perception that boards should mainly focus on supervision, monitoring and setting the organisational policy, instead of dealing with management issues, though he argues that this is not always the case. When there is an organisational crisis or a need for more financial sources the board is getting involved in the management work and tries to help (Cornforth, 1996). In contrast to the scholars above,

Hyndman and McDonnell (2009) and Iecovich (2005) claimed that the board's role according to the democratic view is to represent the interests of all types of groups or individuals the organisation serves.

In addition to the democratic role of the board (Hyndman and McDonnell, 2009), the board also has a meaningful role in determining the organisation's characteristics (Cornforth, 2001). According to Cornforth (2001) and Low (2006), when discussing the process characteristics of boards in third sector organisations they usually include: decisions on important skills that board members should have, an increase in the time and commitment of board members to the organisation, and examine board composition. Cornforth (2001) added to these processes a strict recruitment of new board members, providing all the relevant information for new members, professional training for members (especially for new ones), increasing the participation of members in organisational processes and decision-making, and examining the performance of board members frequently. Bradshaw et al. (1992) claim that two other important process characteristics of boards are to keep the level of conflict as low as possible and to share the organisational vision at the board level.

Following the processes of boards, they are the authority who is formally responsible for the organisations they govern (Cornforth and Edwards, 1998; Mathiasen, 1990). Additionally, Cornforth (2001) claims that boards have five major areas of responsibility: to be accountable to stakeholders, maintain the board functioning, support and supervise the management team, make policy and strategic decisions, and deal with some fundraising. The last role of the board, dealing with fundraising, is significantly important due to the fact that board members are usually connected to key donors and other stakeholders, which can be very helpful to the future stability of the organisation (Cornforth, 1996; Green and Griesinger, 1996; Low, 2006; Mathiasen, 1990). However, Bradshaw et al. (1992) found in their research that

the board is acting better in keeping the organisation financially stable and out of deficit, than raising funds.

Although these five major areas are the most important according to Cornforth (2001), Hyndman and McDonnell (2009) see them as lacking, therefore they add to these responsibilities of the board the importance of the organisation renewal, maximizing performance and keeping working in high ethical standards. Following this, Herman et al. (1996) argue that if the board perform all their leadership and governance responsibilities they will contribute to the organisation's effectiveness.

Cornforth (2001) states that following the board's responsibilities, the main assignments of the chair of the board are: to choose the CEO, develop an appropriate strategy, decide on the main goals of the organisation, approve the annual budget and be aware of all the resources available for the organisations. However, he claims that sometimes there is a big gap between the desirable and obtainable regarding the function of the board and the chair, which leads to disappointment among the organisational staff (Cornforth, 2001; Cornforth and Edwards, 1998).

The sub-section above described the different roles and responsibilities that boards have. The next sub-section will present the board-level issues for the third sector.

2.4.3 Board-level issues for third sector

In many cases, third sector organisations see their boards as problematic, due to the un-satisfaction of the management from the board's performance in the organisation (Cornforth, 2001; Cornforth and Simpson, 2002; Herman et al., 1996). According to Cornforth (2001) and Cornforth and Simpson (2002), the un-satisfaction derives from either lack of involvement of the board in important issues of the organisations or too much involvement of them in

management issues that are not under their concern. However, Brown (2005) argues that if the board do work effectively they improve the performance of themselves and the organisation.

For the last few decades, multiple scandals such as embezzlement, misuse of funds, fraud and tax evasion, and governance failures in third sector organisations all over the world (Cornforth et al., 2010; Gelman, 2000), raised government and public concern (Cornforth et al., 2010). Among these scandals, governance members of known organisations were convicted, such as the president of 'United Way of America' who was convicted of misuse of funds, tax evasion and fraud (Gibelman and Gelman, 2000; Shepard and Miller, 1994; Weiner, 1994), the director and manager of the 'Bavarian Red Cross' in Germany who were convicted in accepting bribes, tax evasion and fraud, and the board of the 'Women's Royal Voluntary Service' in the UK who was convicted in embezzlement and fraud (Gibelman and Gelman, 2000). This led to an increase in studies on the effectiveness and performance of governance and chairs of boards in third sector organisations (Cornforth et al., 2010), though it is still not enough research in this field (Cornforth and Macmillan, 2016).

Gelman (2000) stated that when a scandal occurs in the governance of third sector organisations there are serious consequences, such as reduce in donations, as donors do not trust the organisation anymore. It leads to the fact that government and citizens call for better accountability and reliable board members to resign from their roles, as they do not want to be associated with the scandal. Due to the multiple scandals in recent decades, leading countries such as the US and the UK suggested implementing an accountability procedure for every third sector organisation (Gelman, 2000).

Gelman (2000) also claimed that many third sector organisations deal with some failures in the structure of their governance due to few reasons. The first reason is that board members do not take their position seriously enough and usually neglect it, as they do not completely understand the meaning of their role. Another reason is that they do not participate

regularly in board meetings and when they do, they do not make enough preparation. Besides that, it is very common to replace meetings with social events, paying little attention to the real purpose of the meeting. All of these reasons are signs of governance failures and poor performance, which may lead to the scandals mentioned above (Gelman, 2000).

Despite all the accusations above, Cornforth and Edwards (1998) and Crucke and Knockaert (2016) argue that the board of third sector organisation is usually seen as an important part of the organisation's management, who deals with all the practices, ideas and significant decisions within the organisation. In order for it to add value to the management in particular and the organisation in general, the selection of members to the board should be based on contacts with stakeholders and donors, professionalism (Cornforth and Edwards, 1998) and experience (Cornforth and Edwards, 1998; Ingley et al., 2017).

Careful selection of new board members (Cornforth and Edwards, 1998) and internal control are valuable in third sector organisations, as they might decrease the possibility of scandals and failures, and it is under the responsibility of the board. Therefore, establishing an accountability system within the organisation is also one of their duties, in order to increase the trust among different stakeholders (Gelman, 2000). It doesn't matter what is the concept of accountability, as the concept might change from one organisation to another, as long as it exists in every third sector governance (Hyndman and McDonnell, 2009). Gelman (2000) suggested another way to avoid governance incidents, which is to replace the board members every period and recruit new external ones.

Some scholars such as Cornforth (1996), Cornforth and Edwards (1998) and Gelman (2000) argued that board members in third sector organisations are not aware of the importance of their role and do not understand completely their duties. Therefore, it is necessary to establish a development and training program for boards in these organisations (Cornforth and Edwards, 1998; Gelman, 2000), however, board members usually do not agree to spend the

organisation funds on their own training (Gelman, 2000). Although this saving of money looks good in the eyes of donors, the development program is crucial for the performance of the board and the benefit of the entire organisation. In order to improve the governance performance, the development program should include: orientation days from time to time, training in policy and decision making and establishing an evaluation program for the performance of the organisation in general and the board in particular (Gelman, 2000).

As mentioned above, Gelman (2000) argued that it is beneficial to the organisation to replace the board members from time to time, though it is also important to make some changes among the organisational staff every once in a while, especially in the management team. As the chair and the board monitor and supervise the CEO's work in many cases (Banerjee et al., 2020; Gelman, 2000; Iecovich and Bar-Mor, 2007; Ingley et al., 2017), they should pay attention to his/her leadership skills and performance and do some adjustments and changes if necessary, for the improvement of the organisation (Cornelissen et al., 2021; Gelman, 2000; Srour et al., 2021).

It can be seen that the little literature on third sector governance mostly focuses on the dynamics within the board and their main features and attributes (Bradshaw et al., 1992; Hyndman and McDonnell, 2009; Iecovich and Bar-Mor, 2007). Some researchers such as Bradshaw et al. (1992) claimed that certain dynamics that boards have been influenced by the organisation's characteristics, such as size, age and field of service. However, Cornforth and Macmillan (2016) noted that there is still a lack of research on the dynamics between the chair and the CEO in third sector organisations, though this relationship is critical for organisational leadership, effectiveness and performance (Banerjee et al., 2020; Cornforth and Macmillan, 2016; Kakabadse et al., 2006; Koskinen and Lämsä 2017; Morais et al., 2018; Srour et al., 2021). In addition, very few studies on the board–management relations conclude that these

relations are usually very problematic and complex, and might be influenced by various reasons (Cornforth, 1996).

The sub-section above presented some scandals and failures of the board and challenges that the board usually deals with. The next sub-section will discuss the tensions that may occur between the CEO and the board and chair, and the different types of relationship patterns between them.

2.4.4 CEO–board–chair: Tensions and relationship patterns

Cornforth (2004) and Cornforth and Edwards (1998) stated that in third sector organisations the board usually deals with three main tensions: (1) 'representatives' versus 'experts'- on one hand, the board members should represent different groups of stakeholders, though on the other hand, they should act as experts in their field, in order to increase the performance; (2) 'performance' versus 'conformance'- the board members should increase the organisational performance, but they should also keep the organisation behaviour accountable and cautious (Cornforth, 2004; Cornforth and Edwards, 1998); (3) 'controlling' versus 'supporting'- one of the main roles of board members is to control, supervise and monitor the management, though they also need to support, guide and help the management when dealing with different challenges (Cornforth, 2004; Cornforth and Edwards, 1998; Islam, 2011).

Cornforth (1996) and Hyndman and McDonnell (2009) emphasized in their studies the tension of monitoring the management on the one hand and working with them to improve the decision-making process on the other hand. Cornforth (1996) claimed that these two opposite roles might confuse both the board and the management and negatively affect their collaboration and performance.

Some researchers such as Cornforth and Macmillan (2016) added that there is a clear tension between the board and the organisational staff. This is because they do not have equal

power within the organisation, which leads to conflicts that might change according to the circumstances and increase in times of organisational crises. They also argued that in times of crises there can be a loss of trust between the staff, the CEO in particular, and the board, which may influence their power relations, as the board can become more proactive (Cornforth and Macmillan, 2016). Therefore, even in times of crisis, mutual trust and respect are crucial elements in the CEO–board relationship because they can affect the organisation's performance and success (Cornforth and Macmillan, 2016; Jenner and Oprescu, 2016; Pestoff and Hulgård, 2016).

According to studies on third sector governance by Iecovich and Bar-Mor (2007) and Werther and Berman (2001), there is a correlation between the power and influence of the board and the amount of years the organisation exists. It means that as more mature the organisation is, the more impact the board has on it. Glaveli and Geormas (2017) and Iecovich and Bar-Mor (2007) argued that if the board has a good healthy relationship with its key figures, the impact of it on the organisation's success and performance is positive. On the other hand, Iecovich and Bar-Mor (2007) claimed that conflicts and disputes between key figures can make irreparable damage to the organisation's success.

Following this, Kakabadse and Kakabadse (2007b) argued that the chair should have the skill of managing the sensitive and sometimes complex relationships between the board members, in order to achieve consensus and effectiveness in the long term. It is important to note that although these issues are significant for the understanding of the dynamics within third sector governance, there is still very little research on it (Iecovich and Bar-Mor, 2007).

Further to the above, Iecovich and Bar-Mor (2007) found in their study that there are many relationship patterns between the two key figures- CEO and chair of the board, in third sector organisations, which also affect the organisation's success. It starts from good and supportive relationships that contain mutual understanding (Banerjee et al., 2020; Iecovich and

Bar-Mor, 2007; Koskinen and Lämsä 2017; Krause, 2017; Ma et al., 2019; Withers and Fitz, 2017) to very bad and poor relationships, which can make significant damage to the organisation (Iecovich and Bar-Mor, 2007; Koskinen and Lämsä 2017). Due to the importance of this relationship and its impact, there is a need to base it on trust, cooperation and harmony, for the benefit of the organisation (Iecovich and Bar-Mor, 2007; Koskinen and Lämsä 2017).

In regard to power relations patterns among boards and CEOs, there were five patterns identified by Murray et al. (1992) in Canadian research on third sector organisations: (1) 'the CEO dominated board'- when the CEO of the organisation plays a more dominant role; (2) 'the chair dominated boards'- when the chair of the board plays a more dominant role in the organisation; (3) 'the power sharing' or 'democratic board'- when there is no dominant leader and usually the roles are equal; (4) 'the fragmented board'- when the board and the CEO are strongly competing each other; and (5) 'the powerless board'- when the board is not very committed to the organisation and is unclear about its duties. In the Canadian research, the most common pattern was the first one ('The CEO dominated board') followed by the third pattern ('The power sharing') (Cornforth, 1996; Cornforth and Macmillan, 2016; Murray et al., 1992).

In contrast to Murray et al. (1992) who identified mostly positive relations patterns, Houle (1989, in Iecovich and Bar-Mor, 2007) identified five situations when negative relations and conflicts between CEO and board may occur: (1) 'a dominant CEO'- if the CEO is very dominant and experienced it might make the board feel that the CEO can inhibit the organisation's performance; (2) 'a dominant board'- if the board see the CEO's job as administrator only it might hurt the CEO; (3) 'a divided board'- when the board is divided and the CEO and the chair are on different sides of the controversy; (4) 'cronyism and antagonism'- when the CEO and the board are too close or too distant due to personal hostility; and (5) 'dual

CEO'- in some cases there are two people who are obligate to report to the board on managerial issues (Houle, 1989 in Iecovich and Bar-Mor, 2007).

Harris (1994, in Iecovich and Bar-Mor, 2007) agreed with Houle (1989, in Iecovich and Bar-Mor, 2007) regarding the dominance of the CEO as a possible reason for conflict with the board. Although in different from him, she added two other reasons for conflict between the CEO and the board: (1) 'board composition'- the number of members and their skills and professions can affect the relationship, and (2) 'board involvement in the organisation'- the extent of involvement in programs and/or the extent of disengagement of the board from the organisation might affect the relationship with the CEO (Harris, 1994 in Iecovich and Bar-Mor, 2007).

According to the claims presented above, the CEO is the dominant person in some of the cases (Cornforth, 1996; Cornforth and Macmillan, 2016; Murray et al., 1992) and this might lead to conflicts with the board (Iecovich and Bar-Mor, 2007). Following this, an empirical study conducted by Jianyun and Mary (2011, in Islam, 2011) among US companies proved that when the CEO is very dominant it usually goes along with big failure or big success of the organisation. Unfortunately, in most cases, the outcomes are on the failure side. However, when the board in these types of organisations is strong, it can control the extremeness of the CEO. This research concludes that a power balance between the CEO and the board is beneficial, though it didn't suggest a practical way to do this (Islam, 2011).

In order to prevent conflicts between the CEO and the board and improve the relationship, Golensky (1993, in Iecovich and Bar-Mor, 2007) set four aspects to maintain: (1) 'communication'- the better and frequent the communication is between the board and the CEO, the better the relationship is; (2) 'CEO power and influence'- the more the CEO demonstrates leadership skills, has a positive influence on the organisation's performance and workers and updates the board on regular basis, the better the relationship is between the CEO and the board;

(3) 'congruence'- the amount of agreement between the CEO and the board with regard to management style, decision making and operational matters; and (4) 'board-CEO expectations with regard to role clarity'- mutual understanding and respect with regard to the role and responsibilities of each of them (Golensky, 1993 in Iecovich and Bar-Mor, 2007).

The sub-section above discussed the tensions that may occur between the CEO–chair and CEO–board, and the different types of relationship patterns between them. The next sub-section will focus on the characteristics and features of an effective board.

2.4.5 What is an effective board?

Two studies, conducted by Bradshaw et al. (1992) and Herman et al. (1996), examined the effectiveness of third sector organisations and their relations to board involvement. In both of the studies, it was found that there is a positive correlation between organisational effectiveness and boards who fulfil their duties and are aware of their responsibilities (Bradshaw et al., 1992; Herman et al., 1996). Furthermore, Bradshaw et al. (1992) claimed that CEOs who were perceived as positive leaders and effective managers worked in more collaboration with the board members. In regard to board effectiveness, they found that boards who perceived effective experienced less internal conflicts and less conflicts with the organisational staff (Bradshaw et al., 1992).

When looking at the board's effectiveness, there are mixed opinions regarding the size of the board, according to Hyndman and McDonnell (2009). On one hand, they argue that boards should be large enough to have a range of professionals, backgrounds, skills and perspectives of different stakeholders. Moreover, large boards will be able to share multiple tasks and have subcommittees. On the other hand, they claim that smaller boards might be more effective in making strategic decisions, deciding on the organisational policy and involving all

of the members. In any case, the decision on the board's size should be taken according to the features and characteristics of each organisation (Hyndman and McDonnell, 2009).

Additionally, Hyndman and McDonnell (2009) suggested there should be an overlap between third sector governance and public-sector governance. It means that third sector governance should be broader and adopt a wider view of processes with multiple actors and complex relationships, in order to improve performance and effectiveness, like public sector governance (Hyndman and McDonnell, 2009).

To conclude, Bradshaw et al. (1992, p. 243) stated that there are two types of boards in third sector organisations: "Boards of one kind are more formalized in their structure, share a common vision, are rarely in conflict internally or with staff, engage in strategic planning, get involved in day-to-day operations, have a strong core group to inspire them, and put in a lot of hours on behalf of the organisation. Boards of the other type are at the opposite end of this cluster of variables". It can be seen that the first type of board has an impact on the organisation's performance and works effectively. However, Bradshaw et al. (1992) claimed that it has less impact when it comes to monetary issues, as it does not deal much with increasing the budget, but more with how to keep the organisation financially balanced. Therefore, every organisation should adopt a different type of board structure, according to its needs and agenda.

The sub-section above described the characteristics and features of an effective board. The next sub-section will present the value delivery in a SEs' context, as it will be the focus of this research.

2.4.6 Value delivery in social enterprises context

Austin et al. (2006) and Grieco et al. (2015) stated that measuring value delivery in the SEs field is a big challenge for scholars when they need to convert qualitative data to quantitative

measures (Grieco et al., 2015). It seems that the most complex task is to measure social impact within a SEs' context (Austin et al., 2006; Nicholls, 2009). When trying to measure the social impact, Austin et al. (2006) suggested that the focus should be on the progress of achieving the social goals, although it may look abstract.

Grieco et al. (2015) found that the problem is usually related to the "bottom double line", as some organisations are separating the social value (qualitative) from the economic value (quantitative). This might lead the board to also see these two aspects as separated and can affect their dynamics with management. Therefore, SEs should aim to integrate and measure the value delivery of these aspects together (Cornelissen et al., 2021; Glaveli and Geormas, 2017; Grieco et al., 2015).

In addition, few studies on SEs proved that it is beneficial for the organisation's impact and performance when combining social values with economic values (Austin et al., 2006; Grieco et al., 2015; Nicholls, 2009). Moreover, this combination can extend participation in the market, provide more market exchanges, empower local communities and promote the well-being of society (Grieco et al., 2015).

Grieco et al. (2015) and Nicholls (2009) pointed out that assessing the impact of a SE can improve its performance because it will allow one to better understand what is the best way to use resources, in order to achieve the social outcomes (Dart, 2004). Furthermore, improved performance will enhance the organisation's legitimacy in the stakeholders' eyes (Dart, 2004). Additionally, it is very useful when seeking funds because donors and investors usually support organisations who have standard reporting and assessing procedures for performance in general and the social impact in particular (Grieco et al., 2015).

Austin et al. (2006) argued that one of the main roles of boards in SEs is to ensure they deliver value, especially social value, and supervise their performance, which is related to this purpose. Therefore, SEs should have adequate structures that will help them to accomplish

these goals. It is a significant challenge for SEs to design an adequate structure for both management and governance, though it is crucial for improving value delivery and performance (Austin et al., 2006).

According to Austin et al. (2006), there is a strong correlation between value delivery and boards that work efficiently and meet on regular basis. Although Gelman (2000) claimed that replacing board members every period of time can be beneficial for the organisation's reliability, Austin et al. (2006) have pointed out that when it comes to value delivery it is an asset for the organisation's development and learning to have a continues stable board. An important feature in the board's performance is to make sure the enterprise receives all the necessary resources. It is not only the monetary resources but also technical skills, political support, credibility and legitimacy among all groups of stakeholders (Austin et al., 2006). Thus, the profile definition of board members for this type of enterprise should be clear and explicit, due to the fact they are expected to contribute their knowledge and skills to the enterprise (Austin et al., 2006; Ingley et al., 2017).

The sub-section above presented the focus of this research, which is value delivery in SEs' context. The next sub-section will conclude the sub-chapter on value delivery of boards.

2.4.7 Conclusions

This sub-chapter examined the value delivery of boards. It started with defining value delivery and performance and continued with explaining the roles and responsibilities of boards. Then, scandals and failures within the board were presented, and the tensions and relationship patterns between the board and the CEO were discussed. This sub-chapter ended with characteristics description of an effective board, and value delivery in a SEs' context was presented.

The next sub-chapter will present the gap in the literature that led to choosing this research topic.

2.5 Research gap

Past research that focused mainly on for-profit organisations suggests that the performance and value delivery of boards depends on their decision-making process and the monitoring quality (Oxelheim and Randøy, 2003). Johnson et al. (2013) add that their relationships with the organisation's management and with other organisations also affect their performance as individuals and as a whole. As can be seen clearly, these researches focus on the profit sector (Johnson et al., 2013; Oxelheim and Randøy, 2003); however, there is a lack of information regarding the performance of the board in SEs (Austin et al., 2006; Cornforth and Macmillan, 2016).

Following the above, Grieco et al. (2015) claim that SEs are facing a challenge; when it comes to for-profit organisations or businesses, there are economic tools that have been used for decades in order to measure the value and performance of boards, monetary-wise. The same when it comes to social and non-profit organisations; there are social tools, which have been in use for a long time, and therefore it is possible to measure social value and organisational performance. However, when it comes to SEs the situation is more complex- it is not possible to use only economic tools or only social tools to measure value, as it will not cover all the aspects. Only combining the two will provide a complete view of the overall organisational performance and value delivery (Grieco et al., 2015; Liket and Maas, 2015).

In addition, Grieco et al. (2015) and Nicholls (2009) have pointed out that when it comes to value delivery, there is no standardised mechanism that is able to calculate and measure the value in SEs. Due to the fact that SEs entered the competitive commercial market, there is a need for proper assessment, in order to both distinguish their impact from other

businesses and improve their performance (Grieco et al., 2015; Liket and Maas, 2015). Therefore, it can be said that there is a lack of information on value delivery within a SEs' context.

When reviewing the literature on SEs it can be clearly seen that it has been neglected in many aspects (Cornforth, 2014; Larner and Mason, 2014), such as the CEO–board dynamics, which is extremely important for improving value delivery and effectiveness (Cornforth and Macmillan, 2016; Larner and Mason, 2014), and the challenges arise when managing an enterprise with a double bottom line (Cornforth, 2014). Cornforth (2014) also adds that SEs are considered to be hybrid organisations, thus dealing with stress and pressures from all three sectors (i.e. state, commercial, third/social), which influence governance dynamics.

From all the above it seems that this new field is lack of research, especially when it comes to a deep understanding of CEO–board dynamics within a SEs' context. Do the CEO and board work in collaboration to achieve a mutual goal, as proposed in stewardship theory? Do they face challenges when trying to balance the financial goals and social goals? What is the impact of their dynamics on the organisation? This information is absent from governance research on SEs, especially with regard to the influence on value delivery.

The next sections will present the research question that arises from the gap in the literature, and the proposed theory that will guide this research.

2.6 Research Question

According to the literature in this chapter, there is a lack of research in the field of governance in SEs (Iecovich and Bar-Mor, 2007; Peattie and Morley, 2008a), especially in the dynamics between the CEO and the board (Cornforth, 1996; Cornforth and Macmillan, 2016) and its influence on value delivery (Austin et al., 2006). Therefore, the research question is:

"How do the dynamics between the CEO and the board of UK-based social enterprises shape the value that is to be delivered?"

The theory that was selected to lead this research is the stewardship theory, and the reasons for choosing this theory will be presented in the next sub-chapter.

2.7 Guiding theory: Stewardship theory

After comparing and discussing the five most common governance theories in the non-profit literature (**section 2.3.6.2**), the stewardship theory was chosen as the most suitable theory to guide this research. As mentioned before, this research will focus on the CEO–board relationships and dynamics, therefore it is necessary that the theory approach will be compatible with the research focus. Institutional theory focuses on the relationship of the organisation with the external environment, such as other organisations (Chen and Roberts, 2010); stakeholder theory focuses on social interactions with the environment, but in different from institutional theory (Chen and Roberts, 2010) it focuses on the relationship between the organisation and its various stakeholders (Chen and Roberts, 2010; Cornforth, 2004); and resource dependence theory focus on the relationship between the board and key actors who provide resources, such as donors and stakeholders (Cornforth, 2004). As a result, all three theories above cannot guide this research, as they do not focus on the relationship patterns between the CEO and the board.

Agency theory and stewardship theory both focus on the relationship between the CEO and the board, though they have different approaches (Cornforth, 2004; Van Puyvelde et al., 2012). According to the agency perspective, the board represents the stakeholders/donors and needs to supervise and control the CEO, due to the fact they do not share the same interests (Cornforth, 2004; Cornforth and Edwards, 1998; Cornforth and Macmillan, 2016; Hyndman

and McDonnell, 2009; Viader and Espina, 2014). In contrast to agency theory, the board and the CEO share the same interests according to the stewardship perspective, therefore they are partners who work together in order to achieve their common goals (Cornforth, 2004; Cornforth and Edwards, 1998; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Mason and Royce, 2007; Van Puyvelde et al., 2012; Viader and Espina, 2014).

Although both agency and stewardship focus on the CEO–board relationship (Cornforth, 2004; Van Puyvelde et al., 2012), the stewardship theory was chosen due to a few reasons. Stewardship theory focuses on the board's role as driving the organisation forward to better performance and achievements, while agency focus on the board's conformist role: making sure that the organisation acts in the best interests of its stakeholders/ donors (Cornforth, 2004).

In addition, the stewardship approach supports choosing professional board members who are experts in their field, as it will help to increase organisational performance by adding value to the decision-making process and strategy (Cornforth, 2004; Low, 2006; Mason and Royce, 2007; Mason et al., 2007). This approach is different from agency, which mainly chooses members according to their representation of key stakeholders (Cornforth, 2004). As SE is a hybrid organisation- not exactly a business but also not a non-profit, it needs to have professional board members from both the social field and the business field in order to be effective (Low, 2006). Otherwise, it will either focus on increasing profit or achieving social goals (Cornelissen et al., 2021; Low, 2006).

According to Van Puyvelde et al. (2012), an important feature is the source of motivation. In agency theory the motivation for action is external, such as status, financial rewards or other incentives, while in stewardship theory the motivation is internal, there is no need to receive a reward for an activity, the activity is the one matters. It can be said that in stewardship theory the board and management identify with the goal of the organisation,

therefore they care more about the quality of service/ activity rather than the quantity (Van Puyvelde et al., 2012).

Mason and Royce (2007) and Mason et al. (2007) have pointed out that stewardship theory aligns with the social perspective of the management in SEs, who see the needs of the community as the board sees them. The relationship between the board and the management is based on mutual trust and commitment according to this theory (Mason and Royce, 2007; Mason et al., 2007; Van Puyvelde et al., 2012; Viader and Espina, 2014). These features are significantly important in SEs as well, as the board needs to trust the management to balance between the social and financial aspects and the management needs to stay committed to the board (Mason and Royce, 2007; Mason et al., 2007).

To conclude, Mason and Royce (2007) state that the stewardship model is the appropriate model for SEs' governance because "it accommodates the central two challenges for social enterprise: maintaining a commitment for stakeholders whilst performing effectively in chosen areas of enterprise" (p. 62). From all the above it can be said that the stewardship theory will be the most suitable theory to guide this research and to help build a successful working model between the CEO and the board in SEs.

The next sub-chapter will summarise the literature review chapter.

2.8 Chapter Summary

This chapter has reviewed the literature on the third sector and its different types of organisations, third sector governance and value delivery of boards, with particular reference to SEs in each of the sections. When presenting and discussing the literature, a significant gap has been identified, which led to the research question: "How do the dynamics between the CEO and the board of UK-based social enterprises shape the value that is to be delivered?". This is the central question in this research. This chapter has also identified the guiding theory

for this research – stewardship theory, through which it will be possible to investigate the research question.

The next chapter will present and discuss the methodological choices and approaches used in this research.

Chapter 3: Research Methodology

3.1 Chapter introduction

This chapter will introduce the methodology and method that were chosen to lead this research. It will start with the research question, then the philosophical background that stems from the ontology and epistemology approaches will be presented. Following this, the research design will be laid out including research approach, inquiry logic, guiding theory, research context, level of analysis, unit of analysis, time horizon, sample selection, methods for data collection, methods for data analysis, researcher involvement, ethical issues and conclusions of research design. Then the pilot study will be presented including its purpose, the sample, data collection, data analysis, findings and learning points. The last part of this chapter will focus on the main study including ways of gaining access, sample, interviewing process, data analysis and researcher bias. The chapter will be closed with a summary and introduction for the next chapter.

3.2 Research question

The literature review undertaken in the previous chapter revealed a gap in the field of governance within the social enterprises' (SEs') context. Therefore, this research is calling for the examination of the Chief Executive Officer (CEO) and board dynamics and their influence on value delivery. The question in this research is, therefore:

How do the dynamics between the CEO and the board of UK-based social enterprises shape the value that is to be delivered?

The next section will discuss the different philosophical perspectives and present the chosen ontology and epistemology positions for this research.

3.3 Philosophical perspective

The philosophical background of this study stems from the ontological and epistemological positions of constructivism and interpretivism which are usually associated with qualitative studies (Rose et al., 2014; Shkedi, 2003). The following sub-section will briefly present the reasons for taking these philosophical positions.

3.3.1 Ontology and epistemology

In academic literature, the main distinction in philosophical positions is between ontology and epistemology. While ontology focuses on people's belief of *what* is there to know in the world, epistemology is concerned with *how* people know what they claim to know (Denzin and Lincoln, 2013; Rose et al., 2014; Shkedi, 2003). In philosophical terms, ontology is concerned with issues of existence, while epistemology engages in the origin, nature, and boundaries of human knowledge (Guba and Lincoln, 1989; Shkedi, 2003).

As there are few ontological positions, the two that are considered to be on opposite poles are positivism and constructivism. The main assumption behind the positivist approach is that there is an objective reality that can be observed, therefore it is usually related to quantitative research (Shkedi, 2003). Following this, The positivist-objective position, according to Bryman and Bell (2015, p. 32), implies that: "social phenomena confront us as external facts beyond our reach or influence".

Constructivism is different from positivism, as it is characterized by its holistic approach to phenomena, and therefore related to qualitative research (Shkedi, 2003; Stake, 1995). In difference from the positivist position that explains certain phenomena while separating them into different individual elements, the constructivist position explains the different elements as interrelated and cannot be separated from the phenomenon (Bryman and Bell, 2015; Denzin and Lincoln, 2013; Maykut and Morehouse, 1994; Shkedi, 2003).

Accordingly, the constructivist approach sees the world as complex and interconnected (Bryman and Bell, 2015; Maykut and Morehouse, 1994; Shkedi, 2003; Shlasky and Alpert, 2007). It assumes that understanding the context of the phenomenon is essential for understanding the reality of the phenomenon (Patton, 1980; Shkedi, 2003). Therefore, according to the perspective of the constructivist, there are many realities that are created by social constructions and not by laws or linear relations of cause and effect (Guba and Lincoln, 1989; Shkedi, 2003).

This study adopts the ontological position of constructivism. The way boards and CEOs see the dynamics between them is subjective; therefore it may vary from one to the other, and depends on the context (Patton, 1980; Shkedi, 2003). The dynamics and collaboration between top management are important in organisations such as SEs, as they may affect the value delivery. Therefore, the organisational performance in SEs is influenced by the partnership and relationship between the board and CEO. This view is consistent with stewardship theory who argues that the board and CEO work in collaboration in order to achieve mutual goals and improve organisational performance (Cornforth, 2004; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Mason and Royce, 2007; Van Puyvelde et al., 2012; Viader and Espina, 2014).

As mentioned above, the epistemology position engages with the nature and area of knowledge, its early assumptions, and the reliability of the arguments for knowledge (Shkedi, 2003). When it comes to epistemology, Shkedi (2003) also chose to display the contrast between the positivism and constructivism approaches. According to the positivism approach, it is possible to maintain an objective position towards the studied phenomenon (Denzin and Lincoln, 2013; Lincoln and Guba, 2000; Shlasky and Alpert, 2007). However, according to the constructivism approach, it is not possible to separate the researcher from the studied phenomenon (Denzin and Lincoln, 2013; Guba and Lincoln, 1989; Shlasky and Alpert, 2007),

as the individual and his/her world depend on each other (Shkedi, 2003); therefore the researcher cannot be objective (Guba and Lincoln, 1989; Shkedi, 2003; Shlasky and Alpert, 2007).

Qualitative-constructivist researchers are trying to understand the studied phenomena, as they are understood by those who take part in them. Their aim is to stay as close as possible to the unique construction of the world of the participants who originally experienced it (Maykut and Morehouse, 1994). According to this approach, researchers cannot understand phenomena by being external observers, they need to experience it as internal actors who assimilate themselves into the social context (Blaikie, 2007; Rose et al., 2014; Shkedi, 2003). When researchers are part of the context, they can interpret the social situation and the actions of other people as well as their own experiences and actions (Blaikie, 2007).

Following the above, this study chose the epistemological position of interpretivism which assumes that "the study of social phenomena requires an understanding of the social world that people have constructed and which they reproduce through their continuing activities" (Blaikie, 2007, p. 124). Similar to Blaikie (2007), Bryman and Bell (2015) and Denzin and Lincoln (2013) also claimed that the meaning of using the interpretivism approach is to better understand and study the social actions of humans, rather than the forces acting on them. As the focus of this study is the CEO-board dynamics within a SEs context, it aims to understand and interpret the subjective meaning of the interaction (Bryman and Bell, 2015) between CEOs and boards, which influence and shape value delivery.

The next section will present and discuss the research design and its considerations that stem from the ontological and epistemological positions.

3.4 Research design

The following sub-sections will outline the research design which is compatible with the ontological and epistemological approaches that were discussed in the previous section. They explain the methodological choices and the justifications for them. This section will include research purpose, inquiry logic, guiding theory, research context, level of analysis, unit of analysis, time horizon, sample selection, methods for data collection, methods for data analysis, data coding, researcher involvement and ethical issues. The last sub-section will conclude this section.

3.4.1 Research purpose

There are five types of research purposes according to Saunders et al. (2015): exploratory, descriptive, explanatory, evaluative and combined. An exploratory study is valuable in qualitative research when asking an open question that aims to explore and study a social phenomenon, problem or issue (Saunders et al., 2015; Silverman, 2015). A descriptive study can be seen as an extension of the exploratory, though the difference is that it has to have a clear, accurate picture of the social phenomenon, situation or event before data collection (Saunders et al., 2015). The explanatory study is focusing on explaining a relationship between two or more variables, after studying the problem, and the situation of the phenomenon (Saunders et al., 2015; Silverman, 2015). An evaluative study aims to understand if something works effectively or not. It sometimes includes a comparison between situations, events etc., and usually contribute to theory. A combined type of study means a combination of two purposes, usually when doing mixed-method research or trying to scope few purposes of the phenomenon (Saunders et al., 2015).

Following the above, the exploratory type of study will be the most suitable for this research, as this study will explore and understand the precise nature of the social phenomenon

by answering a 'how' question (Saunders et al., 2015; Silverman, 2015) about the dynamics between the CEO and the board in SEs and its influence on value delivery.

The next section will present the four inquiry logic positions: inductive, deductive, abductive and retroductive, and the most suitable position for this research will be chosen.

3.4.2 Inquiry logic

As there are four positions for inquiry logic, when it comes to qualitative exploratory research, Saunders et al. (2015, p.168) claim that "Many varieties of qualitative research commence with an inductive approach to theory development, where a naturalistic and emergent research design is used to build theory or to develop a richer theoretical perspective than already exists in the literature". According to the inductive position the theory is built from observations (Blaikie, 2007; Bryman and Bell, 2015; Rose et al., 2014; Shlasky and Alpert, 2007). The assumption is that the same reality can have different meanings because it can be interpreted differently (Blaikie, 2007; Bryman and Bell, 2015; Shlasky and Alpert, 2007). Therefore, the concept of the hypotheses develops and progresses according to the progress of the fieldwork (Bryman and Bell, 2015; Miles et al., 2014; Shkedi, 2003). This position examined the reality as tabula rasa (Shkedi, 2003) because the goal is not to get to the final result, but to understand processes in depth in order to develop theory (Blaikie, 2007; Rose et al., 2014; Shkedi, 2003; Shlasky and Alpert, 2007).

In difference from qualitative research, quantitative studies are usually more associated with the deductive position, as they use what they find in the data to test the theoretical proposition (Blaikie, 2007; Bryman and Bell, 2015; Rose et al., 2014; Saunders et al., 2015; Shlasky and Alpert, 2007). Such research deals with the reality test of existing theories and propositions in the fieldwork (Blaikie, 2007; Bryman and Bell, 2015; Miles et al., 2014;

Shlasky and Alpert, 2007). The hypothesis is tested, and the final result is the main goal (Blaikie, 2007; Bryman and Bell, 2015; Rose et al., 2014; Shlasky and Alpert, 2007).

The abductive position is different from the other two, as it offers a combination of theory and observations of the studying phenomena (Blaikie, 2007; Bryman and Bell, 2015; Rose et al., 2014). It focuses on what motivates people's behaviour and what are the intentions and meanings of their actions, in order to discover their inside view of the social world (Blaikie, 2007). According to this position, while collecting data a tentative theory can be built, though the data has to be rich and the process needs to be flexible, in order to make adjustments between theory and observations. Therefore, using this position is not as common as the other two above (Blaikie, 2007; Rose et al., 2014), though it can be suitable for qualitative or mixed methods studies (Rose et al., 2014).

In difference from the other three positions, the retroductive position developed only recently according to Blaikie (2007). This position focuses on discovering appropriate mechanisms and structures, which in time construct into a model, in order to understand and explain the phenomenon that is being observed. The model is being tested empirically and if the tests are successful, it can be claimed that the mechanisms and structures exist. Like the abductive position, this position is not as common as the inductive and deductive (Blaikie, 2007).

This study combines the guiding theory (i.e. stewardship) with in-depth, semi-structured interviews, which provides the opportunity for the researcher to observe the CEO–board dynamics in a SE context; therefore the abductive position is more suitable for this research (Blaikie, 2007; Bryman and Bell, 2015; Rose et al., 2014). When adopting an abductive position, the researcher focuses on the meanings of the actions and behaviours of the participants (Blaikie, 2007) in order to better understand the governance dynamics, and specifically the CEO–board dynamics and its influence on value delivery. Following the above,

when observing the dynamics between the CEO and the board and its influence on value delivery, an adjustment of the theoretical frame is required for the assurance and support of the abductive inquiry logic.

The next section will shortly discuss the guiding theory for this research: stewardship theory.

3.4.3 Guiding theory

This research uses stewardship theory (e.g. Davis et al., 1997; Donaldson, 1990; Donaldson and Davis, 1991) as the guiding theory for the data collection and the analysis process. This process will be outlined in the research methods **section 3.6**. The reasons for choosing stewardship theory as the guiding theory were outlined in **section 2.7**.

Stewardship theory examines the relationship between the board and management, claiming that this relationship is based on collaboration, trust, mutual goals and partnership (Cornforth, 2004; Cornforth and Edwards, 1998; Cornforth and Macmillan, 2016; Hyndman and McDonnell, 2009; Mason and Royce, 2007; Van Puyvelde et al., 2012; Viader and Espina, 2014). As the board members are chosen according to their previous experience and expertise according to this theory, it is much more beneficial when it comes to SEs, due to the double bottom line and the need to find the right balance between the social and the financial goals (Low, 2006).

Another consideration for choosing this theory for this research, which focuses on SEs is the alignment of the theory with the social perspective (Mason and Royce, 2007; Mason et al., 2007). As the theory focuses on collaboration and commitment between the board and management and their share of interests (Mason and Royce, 2007; Mason et al., 2007; Van Puyvelde et al., 2012; Viader and Espina, 2014), in SEs also the board and management recognize the needs of the target community and need to work effectively together in order to

achieve the social and financial goals of the enterprise (Mason and Royce, 2007; Mason et al., 2007).

As discussed above, stewardship theory is suitable for this type of research due to various reasons, as Mason and Royce (2007, p. 62) conclude that "the key aim of stewardship conceptions of social enterprise governance is ensuring that board composition is both representative and sufficiently skilled to be fit for purpose. Also, it enables the provision of strategic direction for successful tendering in the short term and sustainability in the longer term".

The next section continues with the reasons for choosing the UK as the research context of the research.

3.4.4 Research context

This study will be conducted with board members and CEOs from UK-based SEs. SEs symbolise the vision for a better future in the UK, as they have unique features that can impact and improve both the economy and social welfare (Evers, 2005)

As SEs are growing and developing in the UK, it seems that they raise the curiosity of the local population in general and entrepreneurs in particular (Mason and Royce, 2007; Spear, 2001). The UK government recognised the ability of SEs to improve life quality, therefore decided to support the establishment of new ones (Cornelius et al., 2008; Mason and Royce, 2007), as Mason and Royce (2007, p. 59) state: "In the UK, political support for social enterprise has been forthcoming. The central aim of UK Government reports has highlighted the importance of social enterprises in key areas of public policy, including the delivery of public services. This has been influenced by a reduced provision by the welfare state (in the context of the UK), and other factors such as the influence of entrepreneurship".

According to a study conducted by Cornelius et al. (2008), there are more than fifteen thousand SEs in the UK, though Peattie and Morley (2008a) argue in their research that the amount of SEs in the UK is more close to fifty-five thousand. Another difference between these studies is that Cornelius et al. (2008) claim in their research that the contribution of the SEs to the UK economy is approximately eighteen billion pounds per year, while Peattie and Morley (2008a) claim that this is more close to twenty-seven billion pounds. In either case, it seems that there is fertile ground for conducting research in this field in the UK, as it is continues growing and developing, therefore raising the curiosity of the public (Mason et al., 2007; Peattie and Morley, 2008a). An interesting fact is that even though the enterprises are spread all over the UK, 75% of them are based in London (Cornelius et al., 2008).

Until 2005 there was no way to legally register SEs in the UK, meaning they had to register either as regular for-profit businesses or NPOs (Cornelius et al., 2008; Cornforth, 2014). Therefore, the 'Community Interest Company' (CIC) was established in 2005, regulating the registration of SEs who combine economic and social activities (Cornelius et al., 2008; Cornforth, 2014; Mason et al., 2007; Ridley-Duff, 2007). In addition to the CIC, The Social Enterprises Mark was formed in the UK as well, providing SEs that meet their criteria for accreditation and recognition for their activities (Cornforth, 2014).

Following the above, it seems that there is a growing trend of SEs in the UK. This makes the investigation of the influence of the CEO–board dynamics on value delivery very relevant and significant than in other non-profit and for-profit organisations that don't have a double bottom line. Therefore, the recent development in SEs in the UK makes it a dynamic place to explore the influence of governance dynamics.

The next section will present the level of analysis that was chosen for this research.

3.4.5 Level of analysis

This research is interested in exploring the dynamics between CEOs and board members within UK-based SEs. The level of analysis and the focus of this research (Bryman and Bell, 2015; Yurdusev, 1993) is top management at the board level, i.e. both CEOs and board members, as this study examines the influence of their dynamics on value delivery through analysing their experience, perceptions, activities and choices.

The next section will present the unit of analysis that was chosen for this research.

3.4.6 Unit of analysis

Bryman and Bell (2015) identify that there are four main units for measurement and analysis in studies: individuals, groups, organisations and societies. The unit of analysis in this research is dynamics (i.e. groups), between CEOs and board members, as these dynamics influence value delivery and organisational performance. By examining the view of CEOs and board members on the dynamics between them in SEs' context, it will be possible to identify the type of dynamics experienced and the way it shapes the value that is to be delivered.

The next section will present the time horizon for this research.

3.4.7 Time horizon

Choosing the time horizon for research is important as it affects the research design. Rose et al. (2014) argue that there are three main possibilities for time horizons: cross-sectional studies, prospective studies, and retrospective studies.

In cross-sectional studies, which are also known as one-shot studies, the data is collected in a specific period of time. Although it is usually connected to quantitative studies, especially surveys that are distributed at one point in time, this is also common in qualitative studies that use in-depth interviews for example and being done in an agreed and realistic

period of time. Cross-sectional studies focus on the phenomenon at present, and even though it might take between a few days to a few months to gather the data it is still collected in a specified period of time, making this type of study beneficial for the researcher that wants to compare between different organisations, contexts or people. The problem with this technique is that it does not examine the chronicle events that occur before the phenomenon nor the change and the effect of the phenomenon over time (Rose et al., 2014).

Prospective studies, which are also known as longitudinal researches, are different in the sense that they examine the phenomenon in different time periods. This can include few periods of data gathering or observing the phenomenon at different points in time, using the same techniques as cross-sectional studies. Prospective studies are usually chosen when the effect of time is a major part of the study. However, collecting the data in this type of study will take much more time than in cross-sectional studies. Additionally, when conducting a study for a long period of time there is always the possibility of participants withdrawing or losing access to the research site (Rose et al., 2014).

Retrospective studies are a form of prospective studies, though the difference is that it collects the data after the phenomenon or the events have happened, meaning it focuses on the past instead of the present or future. This is a big challenge due to the fact that the researcher needs to rely on the participants' memory, records and other documents, which raises the possibility of gaps in the evidence, inconsistencies and reliability issues. Therefore, the researcher needs to pay careful attention when collecting data in this type of study (Rose et al., 2014).

From all the above, the cross-sectional study will be the most suitable for this research, as there is limited time for data collection and the data will be gathered in the near future using the in-depth interviews method.

The next section will present the sample selection for this research.

3.4.8 Sample selection

The main way qualitative-constructivist researchers use in order to examine a phenomenon, organisation, institute or process is the individual's experience, which is part of the organisation or is a participant in the phenomenon or process. This argument is also valid when the research contains multiple participants; each one of them is a single 'case' (Stake, 1995). We learn about phenomena through the eyes and stories of the individuals who experience them (Shkedi, 2003).

The quantitative-positivist research approach uses a random sample of participants (Shkedi, 2003), this is also called a probability sample (Bryman and Bell, 2015; Rose et al., 2014). 'Randomness' is a statistical term which depends on a large number of participants (Shkedi, 2003). In qualitative-constructivist research, even if it contains many participants, we cannot expect the same numbers as quantitative research. Therefore, there is no meaning in using a statistically random sample. Instead of choosing a random sample in this research we prefer a purposive sample (Mason, 2017), also called a non-probability sample (Rose et al., 2014), which focuses on choosing participants who represent the studied population in the best way and that can teach us about the studied phenomenon (Mason, 2017).

Rose et al. (2014) presented the five main options for a non-probability sample, which apply to qualitative research. The *convenience sample* is used when the researcher has personal connections to relevant participants, therefore it provides a cost-effective and quick option. The *quota sample* is used when there are specific sub-groups within the studied population that need to be included in the research (Rose et al., 2014). The *purposive* or *theoretical sample* is used when the aim of the researcher is to develop a theory, therefore he/she chooses cases that are relevant to the theory. The *snowballing sample* is used when access to relevant participants is difficult and the researcher asks few participants who meet the characteristics to identify and introduce him/her to other potential participants who have the same characteristics (Bryman

and Bell, 2015; Rose et al., 2014). And *self-selection sample* is used when the researcher has no access to relevant participants and he/she uses posters and/or advertisements that ask people to volunteer to include themselves in the research (Rose et al., 2014).

This study uses non-probability sampling, which is very common in qualitative studies, combining convenience and snowballing approaches. A convenience sample was suitable for this study as it is usually used when the researcher has personal contact with potential participants (Rose et al., 2014). In this study, the researcher participated in an annual conference of UK-based SEs and made personal connections with some of the participants. The snowballing approach was also used in this study, as few of the participants helped the researcher in approaching people they know who met the sample characteristics (Rose et al., 2014). This was very helpful and beneficial, due to the fact that the participants are in senior positions (CEOs and board members) and usually not available to participate in studies.

According to Shlasky and Alpert (2007), contacting participants in qualitative research is not always an easy task. Their responsiveness and will to participate are important, as it might contribute to the findings' interpretation. **Table 5** presents the number of potential participants who were contacted and their different responses.

Table 5: Contacts and interviews process

Contacting potential responders	59
Positive response and participated in the research	28
Negative response (i.e. didn't take part)	10
Responded that the enterprise is not operating anymore	3
No response	18

Source: compiled by the author.

The selection criteria were derived from the research question and scope, therefore, all the participants are either CEOs or board members (some act as chairs) in UK-based SEs. SEs who didn't have a board could not be included in this research, as the focus is on CEO–board dynamics. When it comes to the number of participants, Creswell (1998) recommended having twenty-five to thirty participants in qualitative research, though Adler and Adler (1998, in Baker et al., 2012) suggested having between twelve to sixty participants, which is a very wide range. In addition, in a UK study with five hundred and sixty PhDs who reported their sample size, the average number of participants was thirty-one (Mason, 2010).

In line with the recommendations for qualitative research, the final sample size was twenty-eight participants. Sixteen are CEOs of a SE (one of them is a CEO of two SEs), seven are board members and five are acting as chair of the board. **Table 6** presents the characteristics of the participants, including their role, professional background (public sector, commercial sector, social sector), gender, years in the role (in the specific SE they are now involved with) and the location of the SE.

Table 6: Characteristics of interviewees

Number of participant	Role	Background (public/ commercial/ social sector)	Gender	Years (in the role)	Location of the SE
1	Chair	Commercial	M	2	Scotland
2	CEO	Public & Social	F	6	Scotland
3	Board member	Public	M	2	Scotland
4	CEO	Social	M	3	Scotland
5	Board member	Commercial	M	1	Scotland
6	Board member	Commercial	F	6	Scotland
7	Board member	Public	M	2	London
8	CEO	Social	M	19	South England
9	Chair	Public	M	19	South England
10	CEO	Social	M	2	Central England
11	CEO	Public & Social	F	7	East England
12	CEO	Social	M	12	South England
13	Chair	Commercial	F	2	South England

14	CEO	Commercial & Social	M	4	Central England
15	Board member	Public & Social	F	3	Central England
16	Chair	Public	M	6	Central England
17	CEO	Social	F	3	Central England
18	CEO	Social	M	1	London
19	Board member	Public	F	5	East England
20	CEO	Social & Commercial	M	9	South England
21	CEO	Public & Commercial	M	7	South England
22	CEO	Social	F	10	London
23	CEO	Commercial	M	6	East England
24	Board member	Social	F	3	South England
25	CEO	Social	F	19	London
26	CEO	Public & Social	F	5	East England
27	CEO	Social & Commercial	M	4	Central England
28	Chair	Public, Social & Commercial	M	5	Central England

Source: compiled by the author.

In order to guarantee sufficient representation of roles and perspectives, the sample included a balanced number of CEOs (sixteen) and board members (twelve) and men (seventeen) and women (eleven). Locations-wise, there was a try to contact potential participants from SEs in Wales and Northern Ireland, though they responded that the enterprise is not operating anymore or they didn't respond at all. Therefore, the participants are from SEs who operate in England (twenty-two) and Scotland (six).

The next section will present the methods for data collection.

3.4.9 Methods for data collection

There are many diverse ways for data collection in qualitative research, though the main ones are: interviews, observations, focus groups and documents and other records (Bryman and Bell, 2015; Easterby-Smith et al., 2012; Rose et al., 2014; Shkedi, 2003).

An interview is a form of direct talk between the researcher and the participant. The researcher aims to receive information about the experience, thoughts and feelings of the participant through the answers of the participant. In qualitative research, it is common to conduct in-depth interviews, usually semi-structured or unstructured, in order to get full insight from the participants about the studied phenomenon (Bryman and Bell, 2015; Easterby-Smith et al., 2012; Rose et al., 2014). Shkedi (2003) adds that it is very important for the qualitative-constructivist researcher to use in-depth interviews as he/she wants to allow the participants to tell their story, regarding the studied phenomenon, in their own way and language, so that the meanings of the details in the story will be kept.

Observation in qualitative research means a systematic and organized recording of events, behaviours and objects that were observed in the social environment that was chosen for the research (Marshall and Rossman, 2014; Rose et al., 2014). This is an efficient way to better understand certain behaviours of individuals and how they interact with their

environment and with each other (Bryman and Bell, 2015; Rose et al., 2014). There are different types of observations, and the difference between them focuses on the place and role of the observer-researcher who moves on the following continuum: complete observer, participant-as-observer, observer-as-participant, and complete participant (Bryman and Bell, 2015; Easterby-Smith et al., 2012; Rose et al., 2014; Shkedi, 2003).

Focus groups are a method of data collection which is based on group interviews, though not in the ordinary sense of conversation between researcher and participants. The focus is group interaction that is based on topics discussed by the group (Bryman and Bell, 2015; Flick, 2018; Rose et al., 2014). The topics are mainly raised by the researcher who usually has the facilitator role. The focus group method combines elements of interviews and observations (Flick, 2018). This form of interview is less structured, though the use of a 'topic guide' is essential, as the researcher has a difficult role also in facilitating all the group members so the conversation will stay on the relevant topic (Bryman and Bell, 2015; Easterby-Smith et al., 2012; Rose et al., 2014).

Documents and other records (such as texts, videos and audio) are usually used in order to get more insight into the activities, attitudes or behaviours of organisations or people (Rose et al., 2014). These documents can come in different forms, from government reports, employees' notes, and meeting summaries to also voice records, and help the researcher to understand better the studied phenomena. This can also be very helpful when there is a need to know about the background and history (Bryman and Bell, 2015; Rose et al., 2014), in order to understand the current situation/phenomenon (Rose et al., 2014).

This study uses in-depth, semi-structured interviews for data collection. Shkedi (2003) claims that in-depth interviews usually provide the main source of information in qualitative studies, but they are not necessarily the only source. Fontana and Ferry (2000) support Shkedi and argue that interview is one of the most common and prominent ways to better understand

human beings, as Kvale (1996, in Easterby-Smith et al, 2008) claimed: "the aim of qualitative interviews should be to collect information, which captures the meaning and interpretation of phenomena in relation to the interviewee's worldwide" (p.144).

The purpose of conducting in-depth interviews is for the researcher to understand the interviewees' experience and the meaning they attribute to this experience. The interview provides access to the cultural contexts of the interviewees' behaviour, thus providing the researcher with a way to understand the meaning of their behaviour (Seidman, 1991).

Interviews include a wide range of practices. On one side of the scale, there are structured interviews which are used for research surveys and usually include standard, closed questions. These interviews ensure uniformity in interview subjects (Rose et al., 2014; Shkedi, 2003). On the other side of the scale, there are open or unstructured interviews. This type of interview is more similar to a conversation than a structured interview (Bryman and Bell, 2015; Flick, 1998; Marshall and Rossman, 1989; Mason, 1996; Seidman, 1991). The researcher focuses on few general subjects, in order to help the interviewees, expose their experiences and present the meaning of these experiences, and share their opinions and positions (Flick, 1998; Marshall and Rossman, 1989; Mason, 1996; Rose et al., 2014; Seidman, 1991). The semi-structured interviews, which are between the unstructured and structured ones, usually include an interview guide for the researcher with all the topics he or she wants to cover during the interview (Bryman and Bell, 2015; Rose et al., 2014). In this study, the interviews were semi-structured, in order to focus on specific relevant subjects on the one hand and to provide the interviewees with the opportunity to share their experiences and viewpoint on the other hand.

When it comes to the duration of the interview, Shkedi (2003) suggested an approximate time of ninety minutes as optimal for an in-depth interview. Rose et al. (2014) and Shkedi (2003) recommend starting the interview with a general, "ice-breaking", question, in order to encourage the interviewee to tell his/her story the way he/she wants to tell it (Arksey

and Knight, 1999; Gudmundsdottir, 1996; Shkedi, 2003). In this study, the average time for the interview was sixty minutes, and the first question was open and general: "Can you please present yourself and your background?", so the interviewees could decide what they want to share about themselves. This open question is very common and useful in interviews, according to Shkedi (2003).

Before the beginning of the formal interview, the researcher should explain to the interviewee about the study and its aims, the interview, and the researcher's areas of interest and ask for permission to record the interview (Rose et al., 2014; Shkedi, 2003). The interviewees should also sign a consent form (Rose et al., 2014). In this study, every participant received the themes for the interview in advance, in order to view it and prepare. Moreover, before starting the formal interview every participant received an information sheet about the study and a consent form to sign, and was explained by the researcher about the study, the study's aims and the interview. All the participants gave their permission to record the interview.

Recording the interview is very important as every word that has been said during the interview presents the opinions, viewpoints and feelings of the interviewee. Changing one word with another can distort the interviewee's intentions (Bryman and Bell, 2015; Seidman, 1991). Besides the fact that a record strengthens the validity and reliability of the study, it makes the researcher (who conducts the interview) free from writing and helps him/her to really concentrate and listen to the interviewee (Shkedi, 2003).

Easterby-Smith et al. (2008) and Fetterman (1989) recommend preparing a list with all the subjects and main questions that the researcher wants to cover during the interview (i.e. interview guide). This list should be with the researcher while conducting the interview, in order for him/her to remember what he/she wants to achieve in this interview and also to prevent him/her forget importing topics/questions. In this study, the researcher had a list, of the

main themes and questions, in every interview. During the interview, the researcher marked every topic that has been discussed and took short notes of important issues that have been raised in order to deepen and expand them at the right time during the interview, as Shkedi (2003) suggests.

It can be said that in this study the researcher has applied the procedures of semi-structured interviews in order to both increase validity and reliability and receive the most honest and natural answers from the interviewees about their experiences.

The next section will present the methods for data analysis.

3.4.10 Methods for data analysis

Data analysis is a process of organising and structuring the collected data, in order to interpret and understand its meanings. In this process, researchers want to answer "What", "How" and "Why" questions (Dey, 1993). Shkedi (2003) claims that the analysis involves dividing the information into parts and reorganising the parts into a new analytical order when each 'part' is a unit of meaning. He distinguishes between the two traditions in the analysis of qualitative research: the structuralist analysis and the thematic analysis. The structuralist analysis deals with the text itself as an object of analysis and includes methods of analysing the narrative structure and linguistic analysis (Jovchelovitch and Bauer, 2000). The thematic analysis refers to the words and descriptions of the interviewees as reflecting their feelings, thoughts, beliefs and knowledge. This analysis focuses on what the interviewees say and therefore can be seen as a window that allows a look into the human experience (Shkedi, 2003).

Bryman and Bell (2015) add that another common framework for analysing qualitative data is grounded theory. It means developing a theory from the data that was gathered through the research and the process of analysis and data collection is iterative, so they keep referring to each other (Bryman and Bell, 2015). The fourth common framework according to Easterby-

Smith et al. (2012) is discourse analysis, which takes the broader context of the conversation/interview into account and focuses less on small details. This approach looks at other elements, such as the place of the meeting and the body language of the participants, and connects those meaningful elements to the studied phenomenon (Easterby-Smith et al., 2012).

This study uses thematic analysis as a method for data analysis. When it comes to thematic analysis, there are two main techniques for analysis: word analysis techniques and paragraph analysis techniques. The word analysis techniques focus on analysing keywords in the general context, counting common words, etc. This helps the researcher to focus on specific words and therefore identify general patterns and compare texts, though it takes out the words from the context in which they appeared (Shkedi, 2003). As this study follows the qualitative-constructive approach, the context is extremely important, therefore it is impossible to analyse single words outside their immediate context (Lincoln and Guba, 1985); this means the study will use the paragraph analysis technique.

The thematic analysis which is used in this study follows the narrative approach of the data collection. The narrative approach is considered to be useful in organisational research when the researcher wants to interpret the stories and descriptions of the events people share with him/her during the interview (Easterby-Smith et al., 2008). Tsoukas and Hatch (1997) suggest that stories help the researcher to build a picture, according to the context and social situations the interviewee describes, which combines the interviewee's actions in the story, beliefs, ideas and values. In this study the interviewees shared their own experiences, beliefs and thoughts, combining many examples and true stories of situations that occurred within the boardroom or between the CEO and the board in order for the researcher to better understand the nature of the relationship.

Rose et al. (2014) recommended transcribing the recorded interviews, as it will make the analysis easier when it is in a written text, it will be quicker to review analysed data, it will

be better for cross-reference and it is helpful when wanting to use an exact quotation. Although transcription is time-consuming, when the researcher transcribes his/her own data it assures confidentiality and enables the researcher to immerse in the data (Rose et al., 2014). In this study, the researcher transcribed all of the data herself using F4 software.

According to Rose et al. (2014), not all the data collected is meaningful and significant to the study, therefore it is important to read all the data thoroughly and focus on the most relevant materials for the study; this is called 'data reduction' (Miles and Huberman, 1994). After the researcher is familiar with the data the coding can start. This means looking carefully at the data, identifying the most relevant themes for the study and marking them. It can be seen as applying a selective filter for the raw data in order to turn it into meaningful themes (Dey, 1993).

The next section will discuss data coding more thoroughly.

3.4.11 Data coding

According to Ryan and Bernard (2000), coding is the heart of the analysing process. Coding forces the researcher to examine the meanings and connect between the different parts of the text (Miles et al., 2014; Ryan and Bernard, 2000). Coding is a process of combining parts of data into groups that appear to belong to the same phenomenon, this is also known as categorization (Shkedi, 2003). Coding is based on classification: it is done by distinguishing and separating within the sequence of data in order to find the meaning of the data (Miles et al., 2014; Shkedi, 2003).

Coding includes two elements: the first is separating the data into different parts, and the second is linking the parts into different categories or groups that combine the parts to each other, though in a different and new order (Shkedi, 2003). When we organize our new data according to our categorization, all the parts that 'belong' to a certain category are placed

together (Miles et al., 2014; Shkedi, 2003). During this process, we begin to notice more of the criteria for placing the data into one category or another. Then we can clearly see what the theme is, or themes, that characterized the data. It can be said that when coding, it is important for the researcher to be systematic and reasonable but also creative (Dey, 1993; Shkedi, 2003).

Rose et al. (2014) state that it is important to code the parts that are significant for the research questions, as there are usually also parts in interviews that do not contribute to the research, therefore the classification is important. Another important issue is naming and defining the codes. The names should be consistent for the entire process of analysis so it will be easy to group parts under the same code. Every code should have a clear definition so the researcher will know exactly if a certain part can have this code name or not, to avoid data confusion (Rose et al., 2014).

There are different ways of coding data, such as coding on the printed text (on the printed interviews) or using tables (Rose et al., 2014), though a very helpful and legitimate way for coding data nowadays is using Computer Aided Qualitative Data Analysis Software (CAQDAS) which includes NVivo software (Easterby-Smith et al., 2012; Rose et al., 2014). Although it helps to manage and manipulate large data, the researcher has also to have the skills of interpretation and judgment when exploring data (Rose et al., 2014). In this study, the researcher used NVivo 10 software to manage and analyse the data, combines with personal skills and judgement when coding the main themes.

Using NVivo 10 software was a good choice as it helped to organize this amount of data into categories and subjects and was very easy to access when needed to write about a certain theme, idea or field. However, NVivo doesn't contain the option of summarizing every interview into few main bullet points, therefore the researcher also needed to use an excel sheet that contained a table with the numbers of the interviews and the main points raised. The

combination of the NVivo software and the excel sheet was the best solution and was very helpful and simple to use when needed to analyse all the data.

The next section will discuss the researcher's involvement in this study.

3.4.12 Researcher involvement and bias

The qualitative-constructivist researcher cannot be separated from the study itself, as he/she is involved in the study (Shkedi, 2003; Woods, 1996) and acts as an active participant-interviewer. However, the researcher separates himself/herself from the studied situation, in order to rethink about the meanings of the participants' experiences (Patton, 1980). The researcher tries to unite with the participants or understand their point of view from an empathetic position (Maykut and Morehouse, 1994), as he/she aims to experience the participants' world and be part of it (Woods, 1996).

One of the methodological challenges for the qualitative-constructivist researcher is finding the balance between involvement and empathy on the one hand, and distance and critical thinking on the other hand. Involvement is essential in order to understand the perspective of others as they see it; to understand how they see others; to identify their problems and concerns and in this way to interpret their discourse and behaviour. In order to achieve all these the researcher should have access to the participants; he/she needs to develop a close relationship with the participants based on trust, friendship, connection, identification and sensitivity (Maykut and Morehouse, 1994; Shkedi, 2003; Woods, 1996). With this type of involvement and the aim of decreasing bias, the researcher did extensive use of reflexivity (after each interview). Reflexivity means to stop and think, have a dialogue with yourself, process what has happened and be able to stand aside and re-examine the understandings that have been learned (Maykut and Morehouse, 1994; Shkedi, 2003; Woods, 1996).

After finishing each interview, the researcher set for some time with her notebook and wrote things that came to her mind due to the interview. This included feelings, emotions, thoughts, ideas, conclusions and impressions. The idea was to put everything into writing instead of keeping it in mind and be aware of all the things that have happened to her through and after the interview. It helped the researcher process the interview and continue over to the next one with less bias. It is important to note that although the study was constructed by a guiding theory (stewardship) and the researcher consulted with supervisors through the whole process of interpretation, there will always be a danger of researcher bias, as the researcher is a subjective person with experience, thoughts, prejudice, etc.

Shlasky and Alpert (2007) add that according to some approaches in the social science field, the researcher, as well as participants, aren't asked to be objective as they need to express their involvement, take a position and even influence in order to change mind-sets. However, the researcher put a lot of effort to keep to a minimum potential for bias and conducted in-depth interviews with open questions that are considered to have no "one 'objective' view to be discovered which the process of interviewing may bias" (Easterby-Smith et al., 2012, p.147). Moreover, the researcher kept the ethical standard when interpreting the data, by focusing on evidence and conserving the contexts and the real meanings of the interviews.

The next section will discuss the ethical issues in this study.

3.4.13 Ethical issues

The participants in this research are CEOs and board members, namely the top management of SEs. Therefore, the information provided by them in the interviews is highly sensitive due to their status. Steps for the prevention of information leakage were taken, in order to make sure all the information will stay confidential, as disclosure of information could potentially cause

harm to both enterprises and participants (Orb et al., 2001). All the participants were informed about the purpose and aim of this research and the use of the interviews (Shkedi, 2003).

This research was approved by the University of Reading Ethics Committee (2012) in order to ensure anonymity, confidentiality and good use of data (Bell and Bryman, 2007).

These are the steps that were taken:

- Participants received an information sheet about the study (aims and objectives) including the contact details of the researcher and signed a consent form;
- The location of the interviews was decided by each participant in order to ensure privacy and anonymity;
- The recording of the interview was immediately downloaded to an external drive after each interview and kept under lock and key;
- The transcriptions were attributed with an identification code and kept in the same external drive as the recordings;
- In analysing the data and writing results and discussion the researcher took extra care and ensure that the identities of the participants will stay anonymise.

These principles were discussed with supervisors when deciding on sample selection and more important were applied in the analysis and discussion chapters.

The next section will conclude the research design section.

3.4.14 Conclusions of research design

The research design was outlined through thirteen sub-sections. It started with the purpose of this research which is exploratory, as this research focuses on learning and understanding a social phenomenon by answering a 'how' question (*"How do the dynamics between the CEO and the board of UK-based social enterprises shape the value that is to be delivered?"*). The

inquiry logic in this research is abductive, as it links observations and theory – the fieldwork's interpretations will lead to theory development. The guiding theory in this study is stewardship theory as it aligns with the literature on CEO–board dynamics in SEs.

The research context is the UK as there is a growing trend of SEs there, which makes it relevant and contemporary to explore. The level of analysis is CEOs and board members and the unit of analysis groups, as this study focuses on the CEO–board dynamics and the influence of these dynamics on value delivery. The time horizon in this research is cross-sectional as this is a PhD thesis with a limited time. The sample selection in this research is non-probability sampling, combining convenience and snowballing approaches. The final sample includes twenty-eight participants, sixteen of them act as CEOs and twelve as board members (five out of them act as chairs).

The methods for data collection are in-depth, semi-structured interviews which help to deeply understand the individual's experience, thoughts and opinions. The method for data analysis is a thematic analysis and the coding was done using NVivo 10 software, in order to manage and analyse the interviews. The researcher's involvement has been identified and extensive use of reflection helps the researcher to avoid bias. The research design finishes by presenting the ethical issues of this research and how the researcher tackles these issues.

The next section will present the application of the research design in the pilot study. Its main conclusion formed the basis of the main study.

3.5 Pilot study

The pilot study provided the researcher with an insight into the experiences of top management at the board level, and potential fields of inquiry: exploring the double-bottom-line situation (social vs financial), and perhaps tensions, by board members and CEOs of UK-based SEs. The next sections outline the pilot-study purpose, sample, data collection and data analysis

procedures. The findings from the pilot study will be presented and the implications for the main study will be discussed.

3.5.1 Purpose of the pilot study

According to Shkedi (2003), a pilot study is an important tool that helps the researcher to plan the main study. It helps to clarify the focus of the study and highlights the possible themes that the study can address. Conducting a pilot study can also help the researcher to edit the research design and manage the data collection better in order for the main study to be valid and reliable (Seidman, 1991; Shkedi, 2003).

3.5.2 Pilot-study sample

According to Shkedi (2003), the primary way of examining any phenomenon, organisation, institution or process is through the experience of the individual who is part of that organisation or participates in the same phenomenon or process. Each person is a 'unique case' (Stake, 1995) and the researcher studies the phenomena through the eyes of the people who experience them (Shkedi, 2003).

The pilot-study participants held various positions on the same board. All interviewees were UK-based directors or non-executive directors with different experiences within the UK social sector throughout their careers. In total the three individuals discussed three role experiences (CEO, chair of the board and board member). However, each of them comes from a different professional background and career path. **Table 7** provides some detail on the pilot study sample demographics.

Table 7: Pilot-study sample

Participant	Gender	Age	Ethnicity	Role	Sector
Participant 1	M	57	WB	Chair	Corporate governance
Participant 2	F	40	WB	CEO	Charities and academia
Participant 3	M	55	OWB	Board member	Health

Note 1: WB – White British; OWB – Other White Background

Source: Compiled by the author.

The pilot-study sample comprises two males (chair and board member) and one female (CEO); their ages varied between forty and fifty-seven, with an average of fifty-one. Each of them is coming from a different background (social sector, commercial sector, public sector) and they have between two to six years of experience in SEs' governance.

3.5.3 Pilot-study data collection

The first participant was contacted by the researcher's supervisors followed by a letter outlining the aims, objectives and scope of the study as well as assurance of confidentiality. The other two participants were contacted through the first participant, and they also received the same letter as the first. Data were collected using in-depth semi-structured interview techniques, which took place either at the participant's office in Scotland (first and second participants) or via Skype due to the distance (third participant). The interviews were planned to last sixty minutes each, but the first two took seventy-five to ninety minutes each.

It was important for the researcher to establish respect and trust with the participants (Shkedi, 2003; Zuckerman, 2003) in order to have a high-level discussion about their role, responsibilities and experience in the SE they are involved with, as they are all in board-level

positions. The researcher aims to experience the participant's world as being part of his/her subjective experience according to Patton (1980) and Shkedi (2003). Therefore, the researcher collected data about the past and present situation of SEs in the UK in general and the relevant SEs for the pilot study in particular, through their official websites and reports. The researcher also collected information about the background and experience of the participants through their LinkedIn profiles, other professional profiles she had access to and the participant's profiles on the SEs' websites they are involved with.

Informed consent was obtained from the participants prior to the interviews and the researcher started the interviews by providing reassurance with regard to data confidentiality and anonymity. The researcher took notes during the interviews on the interviewee's reactions to things that have been said or specific questions and on general behaviour (honesty, openness, emotions, etc.).

The three pilot-study interviews focused on subjects that might assist the researcher in responding to the research question. The following themes guided the inquiry process during the interviews:

- The development of UK-based SEs in the last decade;
- The nature of the relationship between CEOs and board members and CEOs and chairs;
- The nature of tensions and decision-making dynamics perceived and faced by board members and CEOs while fulfilling their roles;
- The influence of CEO–board dynamics on value delivery;
- The perspective on solution approach to tensions between the CEO and the board;
- The critical key issues for SEs in the coming years.

The interview setting and atmosphere allowed the participants to speak openly and freely about their experiences in their roles as board members or CEOs. The fact that the interviews were semi-structured allowed them to share their stories which helped the inquiry process. The interviewer navigated the conversation according to the predetermined themes as the conversation progressed and gained the trust of the participants. All the interviews started with general, open questions, such as: 'tell me about yourself and your background' and became more personal and specific after some time, such as: the nature of the relationship with CEO /board members, decision-making dynamics and tensions in the boardroom.

All three participants were very open and honest throughout the interview in discussing their roles and shared very personal experiences, thoughts, opinions and feelings. Some sensitive information was shared with the researcher, which will not be discussed in the findings due to the request of one of the participants. All interviews were tape-recorded for accuracy and transcribed by the researcher.

The more particular issues relating to the interviews conducted with relevance to the main study will be fully explored in **section 3.6.3**.

3.5.4 Pilot-study data analysis

After the data was collected and transcribed, the researcher read the transcripts several times in order to be familiar with the dataset. The transcripts were uploaded into NVivo 10 software and an initial thematic analysis was conducted. Coding was developed in a bottom-up strategy. Preceding the coding was the initial literature review, the guiding theory (i.e. stewardship theory) and the study's research question. The data analysis included a number of stages:

- i. After transcribing the interviews, the researcher read each of them a few times and summarized in bullet points each interview by categories. The researcher took notes

during each interview (as mentioned above) and added them to the summaries; all the interviews were uploaded to NVivo software.

- ii. The first stage of coding includes dividing the data into separate sections (Charmez, 1983; Shkedi, 2003; Strauss and Corbin, 1990). In this stage, the different sections of the interviews are coming out of both the interview's structure and the original sequence (Arksey and Knight, 1999).
- iii. The second stage of coding includes re-organising the data and searching for sub-themes (Shkedi, 2003). Without classifying the data, the researcher cannot compare the different sections, thus this stage should be systematic and logical but also creative (Dey, 1993).
- iv. After making a comparison between one section to another (Strauss, 1987), sub-themes were grouped according to their differences, similarities and connections (Seidel and Kelle, 1995), and afterwards, the main themes were named (Shkedi, 2003).

These analytical procedures were also used in the main study and will be discussed further in **section 3.6.4**.

3.5.5 Pilot-study findings

Few codes were identified in the interviews' analysis and led to *form* sub-themes, which ultimately formed four emerging themes: i) the unique nature of the CEO, board and chair; ii) the CEO–board dynamics in a SE's context; iii) the influence of CEO–board relationship on performance; and iv) the future challenges of SEs. The participants found the interview and questions very interesting and shared with the researcher all the complexities of their roles, thoughts, and experience and often disclosed highly sensitive information about their roles as board members or CEOs. This allowed tentative identification of promising areas of further

inquiry into the decision-making dynamics and its influence on value delivery. Next, the researcher will briefly discuss the themes that emerged from the pilot study, supported by interview evidence.

3.5.5.1 The unique nature of the CEO, Board and Chair

In all three interviews of the pilot data, it can be seen that the nature of the CEO, board and chair has a strong impact on others and on the conduct of the SE, especially the nature of the CEO, as expressed by one chair:

So (the CEO) very much set up (the SE) on her own back... She's passionate about the voluntary sector... She's also a very good, what we say 'spokesman'. (Participant 1)

Another participant also emphasized the nature of the CEO which made him join the board and support her and the SE:

I find (the CEO) just so lovely vibrant forward thinking sort of person. You know, I'm attracted to people like that and trying to support them. And she had a tough journey, I would suggest you know it's not been easy... She's now I think reaching a period of reasonable stability... the success of a lot of SE's does come down to communication, leadership, personality, etc. I think (the CEO) is quite good, she has a lot of these skills... We all joined the board because known her as a person, like what she's doing, so you know we're excited by her vision... We trust her and what she's doing. (Participant 3)

The nature of the chair is also significant, as on the one hand he/she leads the board and on the other hand, has the closest relationship to the CEO:

So (the CEO) and (the chair) really drive the content and the agenda of the meetings and we all just add our input to it as it goes... He just has very good people skills and whenever is decision making process we very really had it... it's almost just... happen... it's a democratic discussion that goes on. he manages the board meetings, you know in sense of agenda and the process. But, it's a very non-hierarchy form...

He is a great chair... I think he has a much closer business working relationship with (the CEO), so I think out of our board meetings they meet quite frequently. I think he is very good at looking at the realities of the business model... and some of the staffing issue so he is on a far more regular basis than we are. Looking up at (the CEO). (Participant 3)

The CEO also described the chair as supportive, challenging and as a person one can trust and be open with, which is very important for the transparency and success of the SE:

He (the chair) really support and challenge what I do, to make sure that I'm supported but also challenged when decisions are made... He regularly catches up with me, to just make sure that I'm coping and that things are govern OK and I think having a chair like that is essential when you're a CEO and you've got, you juggle quite a lot... I can talk to him and I'm very open with him about how I feel about things. (Participant 2)

When it comes to the board, the nature of the members plays an important role for the CEO, all participants said that the diversity of the members, their different backgrounds, minds and experiences is what makes the board helpful for the SE:

It's interesting because it's a much more diverse board than you would get in the world which I came. (Participant 1)

My objective was to get people who were very very different in terms of their thinking to me. To make sure that actually they would give me the challenge that would help... I'm really really lucky to have the people I have. (Participant 2)

I'm the only person from the public sector. So I can sometimes bring that public sector expertise and knowledge to the table. (Participant 3)

The supportive nature of the board was also emphasized, and their ability to connect the CEO to relevant people and stakeholders that can help to improve the SE:

Those people actually say to me: "we are here to make your life better in terms of the delivery of what you're trying to do, and what is it that you need help on?"...

They have those contacts in the commercial world, they have those contacts that can help me, I don't have that ... it's not where my contacts are but they're supporting me to develop that network. (Participant 2)

I'm pretty well connected with all other organisations around here... So I know a lot of people so that can often help to direct (the CEO) towards another person or another organisation that might be helping. (Participant 3)

The positive nature of each role (CEO, chair and board) has a strong impact on the motivation of other roles as well as on the SE which is a complex type of organisation that needs the right people at the top in order to achieve its goals.

3.5.5.2 The CEO–Board dynamics in a social enterprise context

In all three interviews, the positive dynamics between the CEO and the board were demonstrated. It looks like each one of them is valued, appreciated and contributes to the SE in the way he or she can. Moreover, none of them experienced any tensions between the CEO and the board. The above was highly emphasized in the interview with the CEO:

To be honest I don't actually see many tensions on the board... I don't actually see at all. I think that people value the contributions of everyone in the room and I think for me that's... From day 1 it's been having worked with boards for a number of years myself and having pitched boards and having done lots of work with boards, it was something that was important to me to create the right values and the right dynamic in that boardroom setting because actually it's important for everyone to feel valued and to have their... Voice heard in something like that. (Participant 2)

The good dynamics and openness between the CEO and the board and the lack of tensions were also emphasized in the other two interviews:

I think, I would say they're good, I would say that probably. I think they're all quite cordial, I think if anything going back to this we certainly haven't seen conflict, I questioned whether we've got quite enough tension, it's all still quite cordial. (Participant 1)

We haven't had any real tensions... I think the biggest challenge we had is how we deal with the landlord of the building... so our landlord has been the tension, the external tension... Between us all I always felt that we have openness and democracy and... I never felt that

something is being hidden... by (the CEO) or by any of the other board members, it's always been good. It's a team, a team of different skills that come to the table. (Participant 3)

Another interesting point is related to the fact that the board members feel that their main goal is to support the CEO and to be there for the CEO's benefit, which also contributes to the positive dynamics:

I think one of the things that I and the other non-executives are keen to do are to give her more space, to be an opinion for her. (Participant 1)

The dynamics are positive, I'm not saying it will always be that way but right now they are positive and... Really interesting thing that happened at the board meeting that we had last week was one of the board members raised a point: "what are we here for?" and we discussed that and... They said: "the important thing in our priority is (the CEO). She needs to be what we make our focus on and as long as we can support her the best we can, we will deliver what it is that we need to". So that was Wow! (Participant 2)

I think that a good way to describe what we do... We are there... All of us... We say: "How can we support you? And you vision?" (Participant 3)

It was also very clear in the interviews that there is a high level of trust between the CEO and the board, which led to these dynamics.

It's a huge element of trust... We trust (the CEO) and what she is doing, we trust each other at a personal level, I've never left a board meeting thinking "oh... I really distrust one of the other guys and what their motivation is". It works on our board, it really does and I think the word that puts everything together is probably trust. (Participant 3)

These insights were very useful in validating the researcher's inquiry strategy and guiding theory, as the intention was to concentrate on participants' experiences of dynamics in a SE context, in the hope of yielding useful data to answer the research question.

3.5.5.3 The influence of CEO–Board relationship on performance

According to the interviews, there is an influence of the CEO–board relationship on the SE's performance. When the relationship is good and positive, it goes simultaneously with a positive influence. An interesting aspect of the influence is the evolving and adjustment of the SE's model from time to time, as one board member explained in the interview:

I think we do have an influence on, on, (the CEO) vision... So... I think the model that she had two-three years ago vs. the model she has now has been a consequence of gently influencing things... And that's constantly evolving... I mean I can almost predict in 5 years' time we're gonna be completely different... And I think that's a good thing. In that world is it you gotta be... Constantly adjusting to the, the pace that things change... You stick to one model that's gonna fail... so ye, I... that gently evolution I think is what we do quite well. (Participant 3)

Another important aspect of the influence on performance that a CEO raised is the value of different things that contribute to the product/service that the SE is delivering.

I think they are helping me to look at how we... the value of what we do... The value of my time, the value of the charging system, it is always kind of things that they helping me to start to consider, and I think that's very difficult when you're doing something on your own to think about everything. (Participant 2)

This is now being measured and evaluated, which is critical for examining the SE's performance and improving it.

We can all... say that we are making an amazing difference, right now I've got 2 students who're working on a survey for us to basically talk to tenants to see... In the past year what difference has it made to you being at (the SE): Financially, partnerships, relationships, funding... all these things. Not just what I think the difference is, but actually the real difference. I think we'll get some really interesting feedback from that as well. I just think that you cannot expect to do everything at once unless you have a researcher on your board, or on your team. (Participant 2)

From the interviews, it can be said that a positive, supporting relationship leads to a positive influence on performance, which is expressed in a 'togetherness' feeling and a mutual willingness to make things work better.

It's like a family... That's probably the wrong analogy but it feels like that... You're all in this together and... With (the CEO) obviously and the team and... I mean just we get a buzz I suppose out of seeing how many are the people in SEs that (the CEO) is supporting, in other words people in jobs that are... really happy in, you know, they found something and they support, so it's the kind of things that grow up from (the SE) model that we are developing so ye... I mean it's... It works that way. (Participant 3)

The 'family feeling' that is mentioned above is very special and unique to SEs and it has a strong influence on the organisational performance, which can be understood from the pilot study's interviews.

3.5.5.4 The future challenges of social enterprises

SEs, as hybrid organisations, face some unique challenges, according to the interviews. When the interviewees were asked about future challenges the main one was income streams and funding in general. Government funding and donations from private donors were suggested as options by one of the participants, who said that the difficult thing is to match between a money source and the relevant enterprise that can do good use with this money.

I think we've got a great opportunity to help get funding from, I mean, there's lots of things, I've spoken about government funding there's also things like, there's a social investment tax relief that's now available so that if you've got buckets of money and you want, as a wealthy person you want to do something to encourage SE you can get tax relief from money that you've lent. We need to find a way of putting those people with money in touch with the people who can use it. (Participant 1)

Another challenge that was raised is the importance of educating new SEs on how to actually run a SE and be more sustainable. One of the participants said that ongoing educational resources and a good financial model will help SE become more sustainable.

You need ongoing education and support... Educational resources are really important to new SEs... I think the educational resources that you can give to new SEs and established ones, which they can always keep coming back to refresh themselves on, I think that is quite important, as a key theme to help SEs develop and grow. Also a sustainable financial model, is a reality that... Need to be... established better. (Participant 3)

The last challenge that was raised was about the need of SEs to be more like a business, instead of a charity. This can happen with the right training, as one chair suggested.

We should sit in the middle of that and be pivotal in making sure that the right investors are put in touch with the right SEs and I think for that to happen those SEs need to have the right skills which is where again the training comes in. So it's all about as I say making SEs become better businesses. (Participant 1)

From the above, it can be said that being a better business will make SE more sustainable, a point that was raised in the second challenge. This can be achieved with the right training, educational resources and funding opportunities, according to the participants, who claimed that these challenges are relevant to the SE they are engaged with, as well as to all other SEs in the UK.

3.5.6 Learning points from the pilot study

The pilot study served few objectives. First, it attempted to identify the key themes in a small sample (of three participants), as a means of reassuring the existing interview protocol and the interview inquiry logic and also revealing new potential areas of inquiry. Second, it tested whether it was appropriate to follow the analytical process into the main study. The researcher gained a few insights from the analysis of the pilot-study interviews, which were useful in adjusting some of the methods for the main study.

The background and experience of the participants helped the researcher understand their position, opinions, social and community involvement and expertise. This led to the understanding of the unique nature that CEOs, chairs and board members of SEs have, and their positive personality which is definitely more socially oriented than business oriented.

Another important insight was about the CEO–board dynamics which is one of the cores of this study. The type of dynamics is usually different in SEs in comparison to other types of organisations, as supported in the literature review, and based on mutual trust, respect and collaboration. This subject should be explored even deeper in the next interviews, especially when there are tensions or disagreements that affect the dynamics.

Following this point, according to the participants of the pilot study, there is a strong influence of the CEO–board relationship on performance, which is the main focus of this study. This should continue to be a leading theme in the next interviews in order for the researcher to discover a pattern, which will help to answer the research question.

The last theme in the pilot study was the future challenges of SEs. From the interviews, it looks like the challenges they are facing in their enterprises are also relevant to SEs in the UK in general, which is a very interesting point. Therefore, the researcher will elaborate even more about this subject in the other interviews and discover the most common challenges SEs deal with. These observations and conclusions indicated that the interview guide was applicable and valid for the whole study but suggested few small changes that could be considered.

An interview guide can be found in **Appendix 2**.

The most important conclusion from the pilot study is that it gave the researcher the experience and the confidence to conduct interviews with senior CEOs and board members in a professional manner. This was probably the most useful learning in terms of data collection procedure: how to contact participants, how to approach the study's subject, the use of

acceptable tone and language, as well as an understanding of when to ask each question so the interview will flow, when to lead the interview and when to let the participant speak freely.

The next sections will discuss the main study in terms of data collection and analysis procedures.

3.6 Research methods: The main study

The learning points from the pilot study assisted in adjusting some of the interview themes and approaches for the main study. This section will include the issues of gaining access to SEs governance, the characterisation of the main-study sample, the interviewing process of CEOs and board members of UK-based SEs, the implementation of data analysis (the use of thematic analysis techniques), and the researcher bias concerning and considerations.

3.6.1 Gaining access

Rose et al. (2014) argue that gaining access is one of the hardest practical challenges in conducting a qualitative study. According to Kakabadse and Louchart (2012), it is even more challenging to access senior employees, such as CEOs and board members, due to their 'elite' status and extremely busy schedule (Aberbach and Rockman, 2002; Berry, 2002; Kincaid and Bright, 1957).

The main factors that affect the access are: participants' effort, confidentiality and sensitivity (Rose et al., 2014). When participants need to put a lot of effort into the study they need to know what they can gain or benefit from it, so the researcher should give them a good reason in order for them to participate and give their time. Confidentiality can be a major concern for participants, therefore the researcher should assure them that all the data will stay confidential and sometimes even provide them with a confidential policy. If the study is about

a very sensitive topic, the researcher should gain trust among the participants and act as a professional, in order to overcome the sensitivity barrier (Rose et al., 2014).

Bryman and Bell (2015) claim that sometimes friends, family or colleagues can help in gaining access to interviewees. This research was benefiting from the connections of the researcher's supervisors to governing bodies and boards. They were able to put the researcher in touch with few chairs and board members of UK-based SEs, and the latter connected the researcher with CEOs of the SEs they are governing and/or with other board members they personally know. Moreover, the affiliation of the researcher, Henley Business School, enjoys prestige and respect among British elites, which also helped in gaining access when the researcher approached the participants and introduced herself.

Another way of approaching potential participants was via the internet - the researcher searched for UK-based SEs and also participated in the annual conference of 'Social Enterprise Mark CIC'. After the conference, the researcher sent a letter via email to potential interviewees with an explanation of the study and its rationale, and the benefits and value of the study to governing bodies and managements in UK-based SEs (see **Appendix 3**).

The researcher sent an email only to CEOs and board members that reflected the sampling criteria the most. **Table 5** (above) summarises the contacts and responses of potential interviewees. All of these elements were extremely important in gaining access to elite individuals with experience as CEOs and board members. The researcher arranged all of the interviews and sometimes the interviewee's assistant helped in setting the date and time. Most of the interviews took place in the interviewees' offices but few were conducted remotely, via Skype, due to the remote location of the interviewee.

3.6.2 Main-study sample

The sample for the main study included 28 individuals who practised the roles of CEO, board member or chair around the time the interview with them was conducted. To be precise – twenty-seven participants practised the role during the time of the interview and one participant stepped back from the role few months before the interview was conducted. As mentioned above, the overall sample included sixteen CEOs and twelve board members (five participants were chairs of the board). All the details of the participants are shown above in **Table 6**.

All of the participants were CEOs or board members of UK-based SEs, though their background was varied - some came to this position from a public sector career background, some from the commercial sector and some from the social sector. Some of the participants had a mixed work experience in few of the sectors before their position as a CEO or board member in a SE.

When the researcher looked at the gender balance of boards and management on SEs' websites, it was clear that the majority are men, though the inequality wasn't too big. As this study aimed for a representative sample, there were seventeen men and eleven women participating in this study. Therefore, it can be said that the study achieved its sample goal.

As this is a UK-based study, it was aimed to have a representative from all four countries (i.e. England, Scotland, Wales, and Northern Ireland), though the sample includes only representatives from England and Scotland. This is due to two reasons; first, after months of searching, the researcher failed to find as many SEs in Wales and Northern Ireland as in England and Scotland. Second, the few that the researcher found in Wales and Northern Ireland were either permanently closed or didn't reply to the contact attempts of the researcher.

Furthermore, twenty-seven participants were from a white background, twenty-five were from a “White British” (WB) background and two were from a “Other White Background” (OWB). One participant was from “Other Background” (OB). **Table 8** provides

a characterisation of the sample, including gender, age (if known), ethnicity, role in the SE and current and/or past background.

Table 8: Main-study sample

Role	Gender	Age	Ethnicity	Background (industry)
CEO 1	F	40	WB	Charities and Academia
CEO 2	M	48	WB	Charities and Social enterprises
CEO 3	M	59	WB	Charities
CEO 4	M	58	WB	Charities
CEO 5	F	63	WB	Charities and Health
CEO 6	M	62	WB	Finance and Corporates
CEO 7	M	52	WB	Corporates and Social entrepreneurship
CEO 8	F	40	WB	Charities
CEO 9	M	59	WB	Accountancy
CEO 10	M	41	WB	Photography
CEO 11	M	47	WB	Consultancy
CEO 12	F	N/A	WB	Charities
CEO 13	M	52	OB	Technology
CEO 14	F	44	WB	Art
CEO 15	F	43	WB	Education and Charities
CEO 16	M	63	WB	Construction
Board member 1	M	58	OWB	Health
Board member 2	M	43	WB	Engineering
Board member 3	F	28	WB	Events production
Board member 4	M	30	OWB	Academia
Board member 5	F	58	WB	Accountancy

Board member 6	F	64	WB	Education
Board member 7	F	60	WB	Charities and Social enterprises
Chair 1	M	63	WB	Corporates
Chair 2	M	77	WB	Religion
Chair 3	F	65	WB	Banking
Chair 4	M	N/A	WB	Academia
Chair 5	M	55	WB	Consultancy

Note 1: WB – White British; OWB – Other White Background; OB – Other Background

Source: Compiled by the author.

This study had no interest in particular demographics. The focus was on the fulfilment of the CEO and board member's roles, and the influence of the dynamics between these roles on value delivery. Although the number of female participants (eleven, also 39.3%) is not significantly smaller than the number of male participants (seventeen, also 60.7%), the aim of the study wasn't to examine the differences in dynamics between the genders. This study was exploratory as mentioned above, though the demographics were presented due to their potential influence of them on the findings: age, gender and the sector/industry they are coming from could have an effect on some of the findings.

The age profile of the participants was quite wide, as the youngest participant was twenty-eight years old (board member 3) and the oldest participant was seventy-seven years old (chair 2). The average age of the participants was fifty-three years old, with CEOs being a bit younger on average (fifty-one years old) than board members/ chairs (fifty-five years old). It is important to note that two participants did not want to provide information about their ages.

It is also interesting to note the homogeneity of the participants' backgrounds - sectors and industries. In **Table 6**, out of twenty-eight participants, nine (or 32.14%) had a work experience in two or three sectors (public, commercial and social). The remaining participants, nineteen (or 67.86%) had a work experience in one sector only. When it comes to the three sectors, eleven participants had an experience in the public sector, ten participants had an experience in the commercial sector and seventeen participants had an experience in the social sector. From **Table 8** it can be noticed that the background the participants are coming from varied, and include sixteen different industries: corporates, charities, academia, SEs/entrepreneurship, art, photography, engineering, health, religion, events production, finance, banking, consultancy, accountancy, technology, education.

It is clear from the above that there is a variety of industries and backgrounds among the participants. The industries the participants are coming from were not a concern in the research design, though the variety of backgrounds can support the researcher's assumption that there is no interference or bias with the study's findings. As mentioned above, the number of industries is greater than the number of participants due to the fact that seven interviewees shared their work experience in few industries.

The next section will discuss the data collection in the main study, presenting further the interviewing process.

3.6.3 Main-study interviewing process

The researcher of this study chose to conduct in-depth interviews which contain some key characteristics, such as: semi-structured format, recording and written notes, active listening and interpretation by the interviewer and open-ended questions that lead to follow-up questions (Guion et al., 2001; Rose et al., 2014). This method has some great advantages, as explained by Guion, et al., (2001:1):

In-depth, qualitative interviews are excellent tools to use in planning and evaluating extension programs because they use an open-ended, discovery-oriented method, which allows the interviewer to deeply explore the respondent's feelings and perspectives on a subject. This results in rich background information that can shape further questions relevant to the topic.

According to DiCicco-Bloom and Crabtree (2006), semi-structured interviews are the most common interviews among qualitative researchers. As they are usually set in advance for a specific time and place (DiCicco-Bloom and Crabtree, 2006), all the interviews in this research were set for a time that is convenient for the interviewee after the researcher offered some options and was flexible with the schedule. The researcher always asked the interviewees regarding a convenient place for them to meet and almost all the interviews took place in the interviewee's office. The very few interviews that didn't take place in the interviewee's office took place in a 'natural' place like a quiet café.

As mentioned above, in-depth, semi-structured interviews contain open-ended questions that the researcher prepares in advance in order to deeply understand the interviewee's experience (DiCicco-Bloom and Crabtree, 2006; Guion et al., 2001; Mears, 2012), though according to the interviewees' answers he/she continues with some 'on-the-spot' questions that create a link and sequence in the interview (DiCicco-Bloom and Crabtree, 2006; Guion et al., 2001). In this study, the researcher prepared a 'guideline' with questions/ themes that she wanted to address during the interview, which is recommended by Mears (2012) and Rose et al. (2014). This guideline was adjusted a bit after the experience with the pilot study, though most of the themes and questions stayed the same.

It is important to note that before the interviews the participants received via e-mail the main themes of the interview so they could prepare and think about things they would like to share with the researcher during the interview. It was important to the researcher that

everything will be open and clear before the interview in order to gain the trust of the interviewees and also to avoid 'surprises' during the interview.

DiCicco-Bloom and Crabtree (2006) add that semi-structured, in-depth interviews can occur in groups or with individuals, in most cases, they are conducted one time and they take between thirty minutes to a few hours. In this study, all the interviews occur with individuals, so there were only two people presenting in each interview- the researcher and the interviewee. Moreover, every interview was conducted once and took approximately sixty minutes, while the shortest was forty-eight minutes and the longest was ninety-six minutes.

According to Rose et al. (2014), the type of interviews in this study is called 'elite interviewing', as the people who participated have an 'elite' status- all of them are CEOs or board members, i.e. part of the SE's governance. These people are 'elite' individuals as they have power and influence in the organisation they are involved with, and their expertise and experience are meaningful for this exploratory study (Rose et al., 2014).

The researcher prepare herself before each interview- she read about the SE and also about the interviewee (only in cases when there was information available on him/her online). As recommended by Guion et al. (2001), at the beginning of each interview the researcher presented herself, her background and her interest and passion for SEs in order to "break the ice" and also gain more trust with the interviewee. There was a learning curve for the researcher from the beginning of the interviews to the end. At the beginning the researcher was a bit stressed and nervous but after a few interviews she gained more confidence and was much more relaxed, could smile and do some 'small talk' before and after the interview.

Some challenges might occur when conducting in-depth interviews. The researcher needs to invest a significant amount of time and energy and also be patient as sometimes scheduling interviews might take longer than expected. Moreover, transcription and analysis can take a great amount of time as well and the researcher needs to be prepared for it (Mears,

2012; Rose et al., 2014). In this study, the researcher was fortunate as it wasn't too difficult to schedule all the interviews as the participants were willing to meet, contribute to knowledge and share their experiences. However, it did take eight months to complete all twenty-eight interviews and the transcription process was longer than expected.

Following the above, the data collected during the interview process was found valid and reliable as it reflected the experiences of the participants as CEOs and board members. The next section will present the data analysis of the main study.

3.6.4 Data analysis

The data analysis contains thematic analysis techniques which were presented above, in section **3.4.10**. The following sections outline both the transcription process and the thematic analysis of the interviews in more detail.

3.6.4.1 Transcription of interviews

As mentioned above, the interviews lasted approximately sixty minutes each, with few lasting less (the shortest was forty-eight minutes) while others lasted more (the longest was ninety-six minutes). All the interviews were recorded in two recording tapes, in order to be on the safe side in case one stops working, after the interviewees gave their consent and signed a consent form.

All the interviews were transcribed by the researcher into a Microsoft Word document and kept in a safe place. Each document received a code: participant 1, participant 2, participant 3, etc. (see an example of transcription in **Appendix 4**). The transcriptions contained pauses, interruptions, laughter, coughs, silences and some special reactions the participants had. This

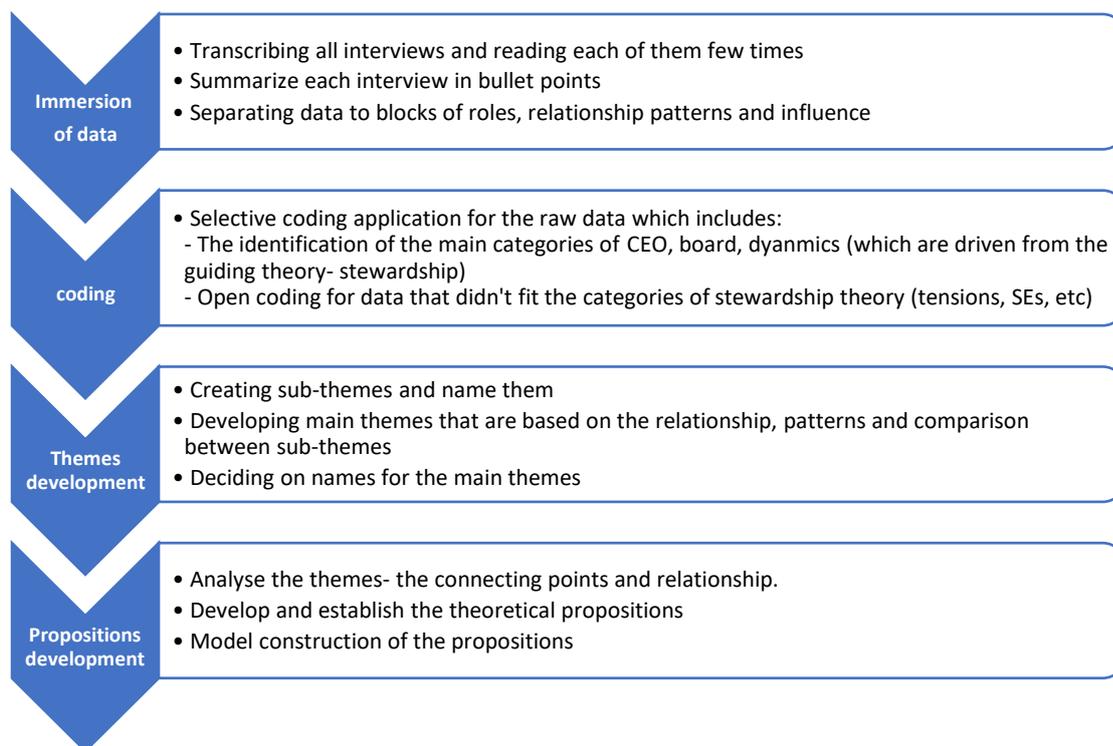
type of transcription is very common in qualitative interviews among researchers (e.g. Smith, 2014).

The next section discusses the procedures of the thematic analysis undertaken in this study.

3.6.4.2 Thematic analysis

In this study, the researcher developed four stages for the thematic analysis process, which are presented briefly in **Figure 2** and detailed afterwards.

Figure 2: Thematic analysis process



Source: Developed by the author

i. Immersion of data

After the researcher transcribed all the twenty-eight interviews, she read each of them few times in order to write side notes. It is important to note that during the interviews the researcher took notes as well, so all the notes were combined into one document. Moreover, after reading each interview several times, the researcher summarized them in bullet points the interview. The transcripts were separated into two groups: CEOs and boards (the five chairs were obviously in the board's group). As mentioned above, twenty-eight interviews were conducted in total – sixteen CEOs and twelve board members.

The participants shared in-depth information about their roles, thoughts and experience in the SE they are involved with. A few of them shared briefly some experience from another role they had in a different SE (i.e. CEO that was a board member or vice-versa), though they focused mostly on the current SE they manage/ govern thus the other role's experience wasn't deep enough to allow meaningful coding for this study. Studies that were conducted before also used a similar immersion process (Smith, 2014).

ii. Coding

The coding is based on the guiding theory (stewardship) and other open categories. The coding process included looking at the raw data, applying a selective filter and marking every paragraph or sentence in order to create sub-themes (Dey, 1993; Rose et al., 2014). As stewardship theory is focusing on governance dynamics (Davis et al., 1997; Donaldson, 1990; Donaldson and Davis, 1991), the first categories for coding were: CEO, board and dynamics. It was very clear during the coding that the roles of the CEO and the board took a major part in all of the interviews. As the CEO is the person leading the SE and the board governs the SE, their experience, leadership style, point of view, thoughts, connections, behaviour and relationships were meaningful for this study and for analysing the CEO–board dynamics.

Another main category was the dynamics in the SE as it has a significant influence on value delivery. This category didn't include only the CEO-board dynamics, but also other dynamics that were mentioned in the interviews (e.g. CEO-chair, CEO-stakeholders, board-stakeholders) in order to understand the bigger picture.

'Theory-driven code development' is a known term in social science studies for applying an existing theory (stewardship) in research, in order to develop appropriate codes (Boyatzis, 1998). The purpose of using codes from stewardship theory was not to test the theory but to allow a frame to look at the collected data and start with an analysing approach that might yield more validity and reliability.

Open coding (Strauss and Corbin, 1990) was conducted in this study as well, as there were few main subjects that were raised during most (if not all) the interviews and had a significant part in answering the research question. These categories were driven by the interviews – all the similar concepts/ subjects were coded together (Blair, 2015). Examples of open codes are: SEs, tensions and value delivery. These codes, as well as the theory-driven codes, helped the researcher to develop sub-themes and then main themes, which is very common in thematic analysis (Gibbs, 2007).

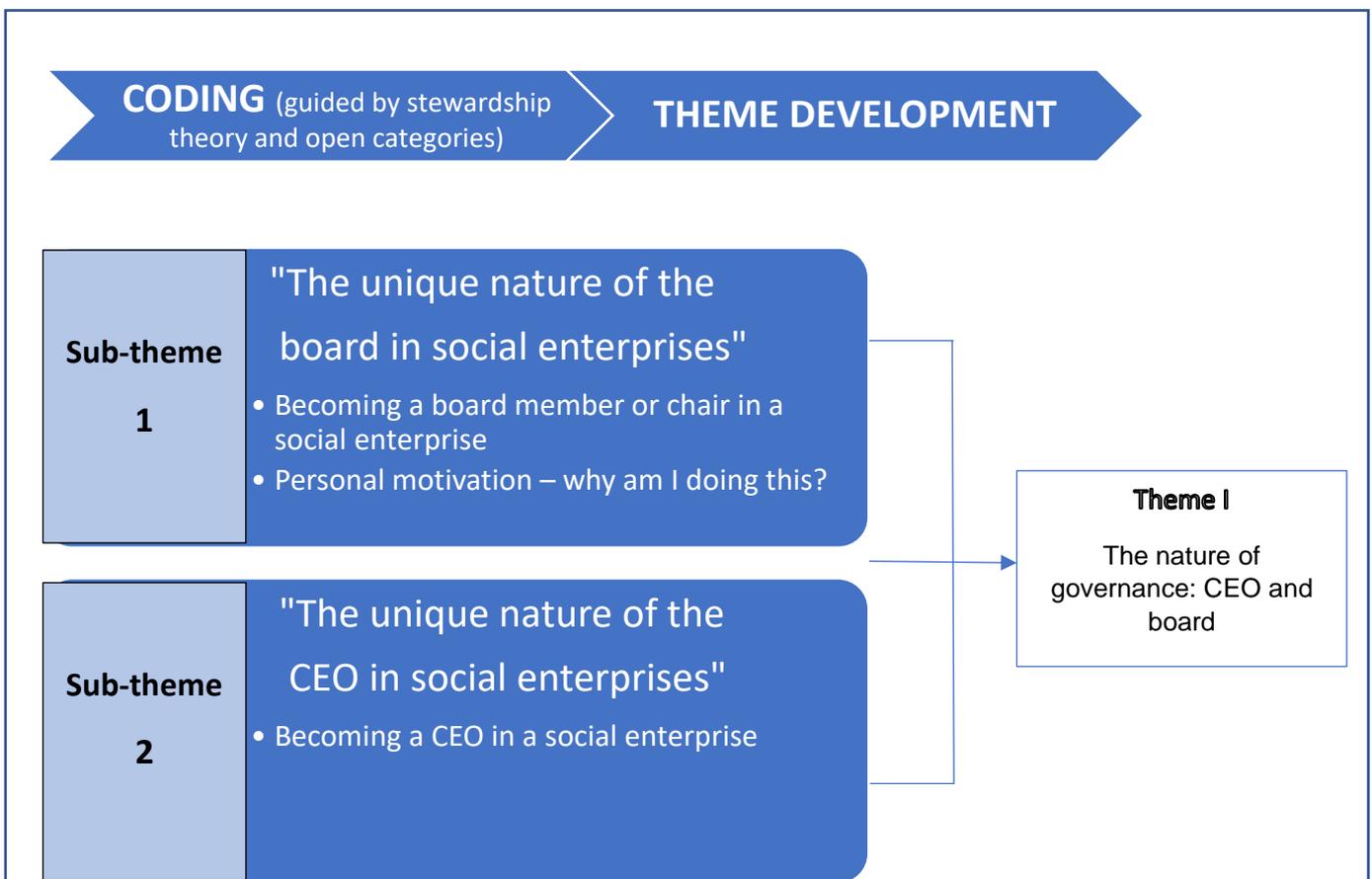
iii. Themes development

The different codes were grouped together and created sub-themes. These helped the researcher to form the main themes of this study. For example, one theme that emerged from the data was related to the personality, qualities and nature of the people involved in the SE's governance. When interviewees described the roles of the CEO, chair and board members they focused on their unique, social personalities, and after some refinement, this phenomenon was labelled "The nature of governance: CEO and board" and became the first main theme in this study.

Figure 3 illustrates the application of the thematic analysis for Theme I, “The nature of governance: CEO and board”.

As mentioned before, the coding was done using NVIVO 10 software. An overview of the structure can be found in **Appendix 5**.

Figure 3: Example of Theme I formation – “The nature of governance: CEO and board”



Source: Developed by the author.

iv. Propositions development

Relationships were developed between the codes and the themes that the researcher found, which form a model for future research. This model will be presented and discussed in **Chapter 5**.

The next section will discuss the potential biases of the researcher that might affect the analysis and interpretation of the data.

3.7 Chapter Summary

This chapter presented the methodology that the researcher chose in an attempt to explore the influence of the CEO–board dynamics on value delivery in UK-based SEs. A qualitative, abductive and exploratory methodology was chosen for this study. The researcher put a lot of effort into approaching and selecting the most suitable participants across the UK, and the process of conducting in-depth, semi-structured interviews with CEOs and board members was explained. Furthermore, a detailed explanation of the thematic analysis was presented. Examples of main themes were given in the pilot study, which served as the main study.

The next chapter will present the results of the thematic analysis and discuss it in relation to the relevant literature.

Chapter 4: Analysis and Discussion

4.1 Chapter introduction

This chapter presents data analysis and discussion of the main study, which is based on the methodological tools presented in Chapter 3, as well as the pilot study. This analysis aims to offer insights and a discussion of the study's findings by identifying three main themes:

Theme I. The nature of governance: CEO and board.

Theme II. Different governance roles: how do they work in social enterprises?

Theme III. Governance dynamics and its impact on value delivery in social enterprises.

Each of the three themes contain between two or three sub-themes that emerged from the analysis process. Although the in-depth analysis was abductive – raw data to codes, codes to sub-themes, and sub-themes to main themes – this chapter will start with the main themes, in order to keep the reading process clear and logical. Relevant literature will be integrated into the analysis to support the researched aspects and lead to further discussion. Each theme is an important and relevant part of this study that aims to understand how the dynamics between the Chief Executive Officer (CEO) and board in UK-based social enterprises (SEs) shape the value that is to be delivered. The chapter will be closed with a summary.

4.2 Theme development

The data analysis revealed various trends and patterns, which led to the establishment of three main themes. The first theme focuses on the nature and personality of the board (including members and chairs) as well as the CEO in an SE context (**Theme I. The nature of governance: CEO and board**).

The second theme discusses the governance roles in SEs: CEO, management, board, and chair (**Theme II. Different governance roles: how do they work in social enterprises?**). This theme also focuses on the main differences between the management team and the board as a key to better understanding the dynamics and its influence in the next theme.

The third theme discusses the dynamics between governance and its influence on performance, as this relationship is unique in SEs and usually based on partnership and collaboration (**Theme III. Governance dynamics and its impact on value delivery in social enterprises**). This includes a few aspects, such as the decision-making dynamics in SEs in general and, more specifically, CEO–board and CEO–chair dynamics. It also includes governance tensions. These different dynamic patterns help us to understand their influence on value delivery.

Table 9 provides a summary of the themes and sub-themes.

Table 9: Summary of Themes

Themes	Sub-themes
<p>4.3 Theme I. The nature of governance: CEO and board</p>	<p>4.3.1 The unique nature of the board in social enterprises</p> <p style="padding-left: 40px;">4.3.1.1 Becoming a board member or chair in a social enterprise</p> <p style="padding-left: 40px;">4.3.1.2 Personal motivation – why am I doing this?</p> <p>4.3.2 The unique nature of the CEO in social enterprises</p> <p style="padding-left: 40px;">4.3.2.1 Becoming a CEO in a social enterprise</p> <p>4.3.3 Summary of Theme I</p>
<p>4.4 Theme II. Different governance roles: how do they work in social enterprises?</p>	<p>4.4.1 The role of the CEO</p> <p style="padding-left: 40px;">4.4.1.1 The role of the management</p> <p>4.4.2 The role of the board</p> <p style="padding-left: 40px;">4.4.2.1 The role of the chair</p> <p>4.4.3 Differences between management and board in social enterprises</p> <p>4.4.4 Summary of Theme II</p>
<p>4.5 Theme III. Governance dynamics and its impact on value delivery in social enterprises</p>	<p>4.5.1 Decision-making dynamics in social enterprises</p> <p style="padding-left: 40px;">4.5.1.1 CEO–board dynamics</p> <p style="padding-left: 40px;">4.5.1.2 CEO–chair dynamics</p> <p style="padding-left: 40px;">4.5.1.3 Tensions in social enterprise governance</p> <p style="padding-left: 80px;"><i>4.5.1.3.1 Sources and causes to tensions</i></p> <p style="padding-left: 80px;"><i>4.5.1.3.2 Solution approach to tensions</i></p> <p>4.5.2 The influence on value delivery</p> <p>4.5.3 Summary of Theme III</p>

Source: Developed by the author.

In the next sections, the three themes will be discussed in depth, supported by quotes from the interviews and relevant literature.

4.3 Theme I. The nature of governance: CEO and Board

Analysis of the nature of the CEO and board members reveals a similar uniqueness between the personalities of people choosing to do these roles in SEs. The unique nature of the members is manifested in the way they embrace diversity and inclusion in governance (i.e. they welcome people from all different backgrounds), they believe in the purpose of the enterprise, and most of them are very committed to it and put a lot of effort into it succeeding (both socially and financially, and, if relevant, environmentally).

It is interesting to see that in most of the cases the reason for becoming a board member, a chair or a CEO in an SE is due to a personal connection to the enterprise's vision and/or to the leadership of the enterprise. Moreover, as board members in SEs have voluntary status, the motivation is mostly pure, as they *'want to do good in this world'*. The board usually comprises either busy people with demanding jobs or retired people, who are often available, both of whom have a very rich background and experience from different fields, care about the enterprise and want to support the CEO. However, there are a few cases of board members who do this in order to promote themselves and their CV, though these people usually only last in the role for a short period of time.

Theme I discuss the nature of the people who are in a governance role in an SE, and how and why they get to these positions. It includes two sub-themes: the first sub-theme (**4.3.1** The unique nature of the board in social enterprises) focuses on the board members (including chairs) and their unique nature. This sub-theme contains two sub-sub-themes (**4.3.1.1** Becoming a board member or chair in a social enterprise; **4.3.1.2** Personal motivation – why am I doing this?) that specifically discuss the reasons for becoming board members in SEs and their motivation to be on the board. The second sub-theme (**4.3.2** The unique nature of the CEO in social enterprises) focuses on the CEOs and their unique nature. This sub-theme contains one sub-sub-theme (**4.3.2.1** Becoming a CEO in a social enterprise) that specifically discusses

the reasons for becoming a CEO in an SE. The discussion will include evidentiary data from both board and CEO interviews and conclude with a summary (4.3.3 Summary of Theme I).

4.3.1 The unique nature of the Board in social enterprises

The nature of the board in SEs is unique and different from boards in the third sector, which are social-focused (Judge and Zeithaml, 1992; Steane and Christie, 2001) and boards in the business sector, which are revenue-focused (Chang et al., 2015; Desai, 2016; Madhani, 2017; Mishra and Jhunjhunwala, 2013). As SEs are still a new, hybrid organisation, they require a unique, open-minded, and creative governance, as CEO 14 said: *'All of our board members are a bit of entrepreneurs themselves.'*

Interestingly, in most of the organisations who took part in this study the board was quite small (approximately six people). Mason and Royce (2007) claim that the optimal size of board in SE is maximum thirteen members. Spear et al. (2007) argue that it is difficult to recruit suitable board members in SEs, especially members with business skills, therefore it is important to invest in a development plan for members who serve on the board (Mason and Royce, 2007). Spear et al. (2007) also add that big boards are more socially diverse; however, this diversity might lead to more conflicts and disagreements. According to CEO 5, having a small board is better, as the connection between the members is closer and that is how they can really be involved in the enterprise.

We are lucky that we are a small board, and we all know what is going on day-to-day. Anyone can come in and know what this week was about because we work so close together. The bigger the board gets there is more distance in the relationship comes, that is my view. (CEO 5)

The advantages of having a small board were being said by other interviewers as well, like board member 6 who claimed that *'[a] small group gets things done'* and CEO 13 who shared that *'our board is very small but effective'*. Another board member focused on the

positive relationships between the small board and its influence on the continuity of the enterprise.

We get on well, we understand each other, we know each other quite well and we think in similar ways, so I think that helps in terms of keeping the business running. (Board member 7)

Another aspect of the uniqueness is related to the obligation of the board to the enterprise, their connection to it and to each other, as CEO 12 said about her and the board, ‘*we work as a team*’. This sentence and those similar to it were repeated in many of the interviews which reflects the true commitment of the governance team.

Their commitment to the organisation is good... the best ones by far are the ones that invest a bit of time getting to understand the business and they realise how valuable it is and when you’ve got the right people, which we do have here, and that mix of technical skills and people skills, then your business will thrive, your SE will thrive, you’ll have huge social impact. (CEO 2)

From the words of CEO 2 it can be said that when the board is involved, they get to know the real work of the enterprise, and, if they invest some extra time, it is to the benefit and overall success of the enterprise. Bull and Compton (2006) and Jenner and Oprescu (2016) claim that it doesn’t just affect the success, but that it’s the engagement and involvement of the board that prove to be critical elements for the success of the SE. Board member 4 also emphasised the commitment to the enterprise through holding frequent meetings in order to stay tuned and make decisions that will lead the enterprise to the next stage.

We meet every month; we reserve the monthly meetings to actually come up with shared decisions about the bigger themes and the bigger directions. (Board member 4)

From the points of view of both boards and CEOs in this study, it looks like the element of support is unique to boards in SEs. It sometimes looks like a symbiotic relationship between

the CEO and the board, similar to a family or a close friendship. This was shown clearly in two interviews, one of a board member and one of a CEO, from different enterprises.

We are here to try and support (the CEOs' name) and challenge her, I think we are here to help (the CEOs' name) where she does not necessarily have skills and understanding... And so, yeah, we are here to pick up some of those pieces of work, if you like, and support those, but also as a board to try and help her understand when to boundary her ideas and when actually to push, you know, when to really push through, I guess. (Board member 2)

I value them greatly as a resource, for support. They are the people who look after the organisation. if I fall, they are there but I also report to them. They will do the best for the organisation, that is their function - to be wise men and women. (CEO 16)

This support and involvement of the board was also mentioned in other studies on SEs, as it helps to build trust (Jenner and Oprescu, 2016; Larner and Mason, 2014) and to gain social impact (Pestoff and Hulgård, 2016). According to Cornforth (2004), in many SEs the board's role is to be 'partners with management' (p.16). In fact, when there is a 'good board' that works closely with the CEO and really cares about the SE, it serves as a key to the enterprise's success (Jenner and Oprescu, 2016).

After discussing the unique nature of the board in SEs the author will now focus on how board members and chairs in SEs get to these roles, and what their motivation is for being part of the board.

4.3.1.1 Becoming a Board Member or Chair in a social enterprise

As SEs are still developing formal work structures, not all SEs in this study have a formal way of joining them as a board member or chair. However, most of the SEs in the world do have a democratic structure of voting for the majority of the board members (Larner and Mason, 2014; Pearce, 2003). In this study, it was clear that joining the board was via a connection, either to a linking person or through a workplace. An example for the latter is chair 2 who pursued a public role in the area where the enterprise was established. First, he joined the enterprise as a

member, like many other people who lived nearby he wanted to be engaged in improving the area, but throughout the years he got so involved in the activities of the enterprise that it made him join the board and even chair the board.

When this place was set up, I became a member of it, that's almost 20 years ago, not quite, but almost 20 years... I became a vice chairman and then the chair resigned, and I then became the chair of the enterprise, which I currently am... And it just seemed very appropriate when this place was founded. (Chair 2)

Another example is chair 3 who worked in a bank and as part of her work managed grants and funding for small businesses and SEs. One of them was the enterprise that she is now chairing. She started as a board member and after some time was asked to become the chair.

When I was working first for the bank and then for the business, I did a lot of business networking and (the enterprise's name) had a corporate fundraiser who did also a lot of networking so when I was looking for something to do I bumped in to (the name of the fundraiser) and she said 'come and give a hand' so I supported her a bit and after some time, they offered me to join the board. (Chair 3)

The other type of connection, which was mentioned above and is more common in this study, is through a linking person to the enterprise, especially chair or CEO. There is evidence in the literature of recruitment to the board through a personal connection. In many cases it is the CEO who has the connections, but sometimes there are other people who are connected to the organisation in one way or another who make a 'match' between a potential board member and the enterprise (Aulgur, 2013). Board member 2, who was looking to volunteer and contribute his knowledge and experience, searched for the right place for him and shared his intention with people he knows, who are engaged with social initiatives. One of these people was the chair of an SE, which is located close to the place where board member 2 was growing up. The connection to the chair opened the door for him.

I grew up very close, at least the early part of my childhood, very close to this building, which was one of the reasons that I was interested in becoming kind of connected to (the name of the enterprise). So, my link to this place is actually more through the chair of the board initially... through maintaining that link with (the chair) I realised that (the name of the enterprise) were looking for additional board members. (Board member 2)

Interestingly, many of the interviewees shared that they joined the board as a result of their connection to the CEO. Some, like chair 4, supported the CEO to establish the SE from the very beginning.

I supported the chief executive at the time to create a – well, he was the general manager at the time – to create a SE. (Chair 4)

Others knew the CEOs from way back when working on mutual projects and even living in the same area, like in the next two examples, which made them feel very connected to the CEOs and to the vision of the enterprises.

I have known (the CEO) for a long time, been involved in many projects with her, me bringing an education side and her bringing an adult side including things in our local community because we both live in the same village... When she was setting up the SE she asked if I could join the board because I could bring that knowledge of young people and bring a different dimension that was not in the board at that time. (Board member 6)

I was working with SEs in particular... and that is how I met (the CEO) and became interested in his enterprise... he asked me if I would be willing to sit on the board – and I have done some work with him over the years and, yeah, I was delighted to be able to do that. (Board member 7)

In the case of board member 1, he got to know the CEO through some mutual friends, they met several times before he joined the board, and he was very impressed by her skills, vision, and ambition. He came to some events the CEO organised for the enterprise and got more and more interested in the model of the SE and the activities. As he is also an entrepreneur in his sector, he had a personal motivation to join the board and make a contribute befitting of his background.

I am kind of entrepreneurial sort of guy myself within the health service... I saw [the CEO] as a real entrepreneur in that sort of intermediate sector, you know... to see her vision for what she wanted to do... I met up with her and advised her to do quite a lot of stuff that I was doing, and she invited me to stuff and then she asked me to become one of the board members a little while ago so that is where I am at the moment... So, it is very interesting, I have learned a lot from (the CEO)... I bring back a lot of ideas from that sector that I am in. (Board member 1)

Reficco et al. (2021) gave an example in their research of members who joined the board due to their link to the CEO of the enterprise, which supports the evidence of this study. Spear et al. (2007) also support this claim in their research, as they argue that many board members are recruited via word of mouth which means, in different words, via a linking person. However, it is important to note that recruiting skilled, experienced board members is not easy, and many SEs struggle with this task (Spear et al., 2007).

During the interviews it was very interesting to listen to the different stories of board members and chairs, identify some links and similarities in reasons for joining the board, and, more than anything, to hear about their motivation for doing it, which is coming next.

4.3.1.2 Personal motivation – why am I doing this?

The personal motivation of board members and chairs in SEs was something the author was very curious about during the interviews. As these people volunteer to be on the board and shoulder the huge responsibility of leading the enterprise, taking it forward and building strategy, talking to them about the reasons for doing it was exciting for both the interviewee and author.

In most of the interviews it was very clear that the motivation of the board is either a) that they believe in the purpose of SE and/or in the CEO; or b) that they are at a point in life when they have time and experience to give back to society. However, there were a couple of

interviews when the CEOs felt that the board had another motivation – to promote their own career and portfolio, which was the case with CEO 15.

They are ego directors, they are CV directors, they are people who think it is a good thing to do but that does not mean they got the skills... (CEO 15)

As CEO 15 was the only one expressing these thoughts about the board's motivation, CEO 16 had mixed feelings about the motivation of the board: on the one hand, he is very close to the board and believes they volunteer to be on the board because they want to do good and they feel connected to the SE and its goals; on the other hand, he also thinks this voluntary role promotes them as well, so it's good for them personally to keep doing it.

They are here for a long time, and it does not take too much of their energy. It sounds negative. They believe in it. I hope they believe in me. There is a benefit for their personal portfolio of activities. They invested in it, and they are part of it. They are still here because we are successful. They are using this success to bust their own careers. But they are both philanthropic people, they want to do good, so I think this is their main motivation. (CEO 16)

Although the last two CEOs' thoughts about the personal motivation of their boards make it look like ego-driven reasons for involvement, which are much more common in the corporate governance (Benton, 2016; Egan at al., 2009; O'Connor, 2006), in all other twenty-six interviews the motivation was totally different. Many board members shared with me that when you get to a good and stable point in life, usually in middle age, there is a feeling of wanting to give back to society and many can use their knowledge and expertise in order to do that, like in the next two examples.

I think it is fun and I think it is exciting for the board members to be involved and... a lot of them feel like they are giving back because they may be in their 50s now, moving towards 60s and they have spent their life running successful businesses and they feel like it is time to start giving back, which is really cool. (Board member 3)

I think if you look at most of our board members in (the name of the SE) we all in that position, is it we are in a comfort zone personally and we have stability within our own lives that we can afford a bit of time, its giving time, and a bit of expertise... giving back time, I suppose you feel it has value to society... (Board member 1)

According to the literature, the board demographics in SEs are very similar to the ones in this study. These board members usually have a wide knowledge and expertise in various fields (Mason and Royce, 2007; Monteduro et al., 2009), that are relevant to SEs, and they are happy to give their time to something they believe in (Monteduro et al., 2009; Mswaka and Aluko, 2015).

Although the last reason was raised in a few interviews, it was not the most common one. The author was happy to discover that the main reason to join a voluntary board in an SE is the belief of the interviewees in the CEO and especially in the purpose and goals of the SE. CEO 1 got very excited when she spoke about a board meeting, not long before the interview, when the chair asked the board what they were there for.

Everyone was convinced by my vision, for what I was trying to do in (the name of the SE) and they are with me because they believe in what it is that I am looking to do and... that is actually quite an amazing reason to be there, because I think I was very very surprised to hear each one of them saying "Because of [the name of the CEO]", "Because of [the name of the CEO]", "Because of [the name of the CEO]", and I was like "Wow!!!". I think it's useful when you have such a skilled and talented individuals that they believe in what it is that you're trying to do as well and they want to help you succeed, that's an amazing feeling to think that they are there for your purpose. (CEO 1)

During the interviews, the majority of the interviewees emphasised the motivation of the board to do good, to contribute to the social and/or environmental purpose, like chair 5.

So the primarily motivation is to do good... I'm fundamentally wanting to support the environmental purpose, that's number one. And I am really motivated by the opportunity to help people, and I think the thing is, those lots of organisations give you those opportunities... you have to have a real belief in the social agenda, you have to be committed to it. (Chair 5)

The interviewees also emphasised the strong belief of the board in the goals and objectives of the SE, which made them want to contribute from their experience and make a difference in people's lives.

Because they believe in what we do, I am sure... My board are wholeheartedly... not one of the seven, soon to be eight, strikes me as someone that does not really believe passionately in changing people's lives, like they would want to make a difference. So their primary motivation is they want to make a difference and they know organisations like mine need sympathetic, understanding boards with certain skills and they believe they have those skills to offer and they have experience of being board members in other organisations and they know they can bring that to my board. So the main reason is they just want to support something that they really believe in. (CEO 2)

Ball (2015) argues that members do not join the boards of SEs due to the power they receive or incentives, but because of the social impact and their will to do good (Sacchetti and Tortia, 2014), which supports the findings of this study. The next sub-theme will present the unique nature of CEOs in SEs, followed by the explanations of how they reached this position.

4.3.2 The unique nature of the CEO in social enterprises

The majority of the CEOs in this study have a clear vision. This vision obviously includes the social, financial, and sometimes environmental goals. CEO 9 said that '*a good chief executive should have a vision*', meaning that if a CEO wants an SE to achieve its goals he/she should definitely have a clear vision. According to board member 3, the CEO in her SE is very successful in his role because of his crazy ideas, connections, entrepreneurship skills and, of course, because he is leading the vision of the enterprise.

[The name of the CEO] is very much like the vision for the company... he is kind of, like, the entrepreneur forward thinker, comes out with these whacky ideas, manages to pull them off somehow by just pulling together the right people and that has now opened the door for us to lobby government... [the name of the CEO] is your typical entrepreneur who has amazing big

ideas but often the board are like 'this is crazy, we don't do it that way' and he is like 'well we need to, otherwise we won't change anything ever'. (Board member 3)

Part of the uniqueness of CEOs in SEs is related to the fact that they either come from a social or a commercial background, but not both (usually it is the social one). This fact was also confirmed in other studies, as many CEOs of SEs did not have a business background, though many of them spent some time and effort studying the business sector and gaining more knowledge (Kuan et al., 2011; Kuan et al., 2014). This fact means that the CEOs understand they need to learn a lot in order “to fill out the gap” of their lack of knowledge. However, as they are visionary people, as stated above, they knew they needed to study hard in order to be good in their role and lead the enterprise.

I think [the name of the CEO] may well have admitted, he was in new territory by having a charity background, having to be more commercial is quite an interesting transition... And actually, there's a big transition... there's a new strategy, [the name of the CEO] has the skillsets to do it and he's now got to devise and get approval of his strategy and drive it forward, no longer have to implement... And he is a good, very experienced guy and he needed to have more control of the reins. Perhaps in the first year... He has done a very good job on that, I think, a very good job. (Chair 4)

Another example is of CEO 1 who had an academic and social background, recognised from the beginning her lack of skills in the business sector and put a lot of effort in learning all the things she needed and filling the gaps, in order to lead the enterprise.

I think for me I recognise my strengths, but I also recognise my weaknesses... it's been a really steep learning curve for me, having not had a business background at all... and so... not only have I had to learn SE, I've also had to learn the business side of things, the commercial side of things and everything else that goes with it... (CEO 1)

The most amazing thing the author discovered about the CEOs who participated in the study is their passion and enthusiasm for what they are doing. It truly felt like they live and breathe the enterprise they run. They were modest leaders, but full of charisma. This passion

of the CEOs was also discussed in other studies around the world, like that of Miller and O'Connor (2016) and Smith et al. (2013). When talking to chairs, they demonstrated deep appreciation to the CEOs and emphasised the support of the board in the CEO so he/she could concentrate on leading the enterprise.

I think she is passionate about the voluntary sector... She is also a very good, what we say, spokesman and I think one of the things that I and the other non-executives are keen to do is to give her more space, to be an opinion for her. (Chair 1)

Chair 3 also praised the CEO, his enthusiasm and passion. From the chair's words it can be said that the CEO has all of his heart in the SE and that he really cares and want the SE to succeed.

[The name of the CEO] is one of the most... warm hearted, focused, energetic people you will ever meet. He lives and breath this organisation, he is also very target driven... so... if something needs to be done, it does not who is supposed to do it, he will go out and do it before anyone else had time to think through... (Chair 3)

In other SE studies it was also clear that the CEOs are very committed to the SE they manage; they see the success of it as a personal goal and they truly want to make a change in society (Fowler et al., 2019; Siegner at al., 2018; Smith at al., 2013; Thompson et al., 2000). With a combination of all these characteristics found in CEOs, it makes their nature in SEs unique. After analysing their unique personality via evidence from both interviews and literature, the following sub-theme will discuss how they got to this role.

4.3.2.1 Becoming a CEO in a social enterprise

During the interviews the author was curious to discover how the CEOs of the SEs got to this position. Interestingly, a couple of them started in a different position in the SE and got promoted over the years until they achieved the CEO role; a few others were in management positions in other organisations (mainly charities) before their current positions; but most of

them established the SE they are currently running, which is unsurprising. There is evidence in many other studies of CEOs who founded the SE they run (Akemu et al., 2016; Katz and Page, 2010; Siegner et al., 2018). These people are also called social entrepreneurs as they want to make change in society on a large scale and they are usually very ambitious about the concept of SE and the combination of social and financial goals (Katz and Page, 2010; Kruse, 2020).

Two examples of CEOs who started in different positions in their SEs and got promoted are CEO 9 and CEO 12. In both cases the legal structure of the enterprise went through some changes over the years.

I have been employed by [the name of the SE] for over 24 years. I was previously Finance Director and Company Secretary. We have had various iterations of the legal structure, which has changed, and I was appointed interim joint chief executive with my colleague (the name of the colleague) last September. (CEO 9)

I am the CEO of [the name of the SE]. I have been CEO for the last 10 years but 29 years in the organisation so... I saw SEs starting... and [the name of the SE] historically was one of the first SEs in the country so we were ahead of our time. (CEO 12)

An interesting fact from the two previous examples is that both CEOs have worked for the same enterprise for many years (over twenty). Similarly, other CEOs in the study worked in senior management for SEs for many years before becoming CEO. Some of them, like CEO 6 and CEO 8, were first CEOs of the charities that established the SEs, then became CEOs of the SEs.

I am actually originally worked for the charity that started the SE. I was CEO of the charity... I kind of over saw both of them as CEO but recently I've just come across (the name of the SE) full time because it's obviously a lot to do the charity and the SE, the SE ended up being a lot bigger than we've ever imagine. (CEO 8)

Contrastingly, CEO 4 started his current position after many years of managing several big charities. He did not have experience or a background in SEs but was very curious about getting to know them better.

I had not previously run a SE, but I have run four charities as chief executive, two of which were national charities. So, this is the smallest charity I have ever run. I have got a lot of charity sector experience. Part of the reason for joining this organisation was the opportunity to do a SE as well, yeah. (CEO 4)

Another CEO who was very keen on being more involved in the development of SEs is CEO 7. He came from a corporate sector background, but mentored social entrepreneurs for years before taking it a step further to become a CEO in a London-based SE.

I have been the CEO of [the name of the SE] for about 4 years, before that I was 30 years in roles in the corporate sector, but I mentored social entrepreneurs for about 10 years through various programs... A bit of a gifted amateur really for the period of time that SE has been developing here in the UK but definitely involved in SE in one way or another since it really started to become popular. (CEO 7)

As mentioned above, most of the CEOs in this study started their own SE and they are currently in the CEO role. These social entrepreneurs, according to the academic literature, have a vision to create a social value with an equal financial value (Kruse, 2020; Kruse et al., 2021; Nicholls, 2011). Although these people are very motivated and passionate about their enterprise, they also face a high level of risk (Kruse, 2020; Kruse et al., 2021; Nicholls, 2006; Nicholls, 2011) – higher than commercial entrepreneurs, especially if they do not identify the right financial opportunities or recruit suitable people both from the business and social sectors (Kruse, 2020; Kruse et al., 2021).

It is interesting to note that each interviewee started his/her SE for a totally different reason. CEO 11 for example, volunteered in SEs for many years before starting his own SE and even now, when he is the CEO of his SE, he is still volunteering with other SEs and enriching his knowledge in this emerging sector.

So firstly, I am the director and founder of my own SE, which is called [the name of the SE] CIC – Community Interest Company. We have been going since 2011 and I am effectively the

Managing Director. I have got lots of different, kind of, other voluntary roles around SE, but my main job is running my own SE. (CEO 11)

CEO 10 came from a business background, though he combined some community work alongside his commercial work. This led him to establish an SE that includes the things he loves doing, though he needed to do a lot of studying in order to learn about the SE model.

I founded the company with two others in 2009 and without much knowledge about what CIC is and what a SE is we just knew that it's a new form of company that can fit us and our mission statement, this is how our company was born, without much planning... we wanted to create changes in photography and it was 9 years ago... my background as a photographer was running a business as a sold trader... the kind of basics of running a business I was familiar with but in terms of managing people and all the organisation development it's been a lot of new things... we needed to teach ourselves and go to courses and get support from (a name of a place). (CEO 10)

The last example of a CEO that started his own SE is of CEO 13, who did it for a pure personal reason: he wanted to provide an employment opportunity for his son and other young people with autism. There were a couple more CEOs who started their SE for a personal reason, which was very interesting to learn about during the interviewing process.

I am the co-founder so my wife and myself... The idea came from her. My background is in technology, I used to work in Samsung, and we have a son with autism so the whole concept of a SE comes from our son. When he was 12 years old, we started to think about his future, so we looked up some statistics and we found that there are 700,000 here in the UK with autism and 85% of them are unemployed, 61% of them are desperate to work so that got us a bit worried. (CEO 13)

According to the interviews and the literature, gaining personal profit is not the reason for establishing an SE, but the pure will to create social value (Hall et al., 2012). People who establish an SE have a *proactive personality* according to Bateman and Crant (1993), Crant (1996), and Kruse et al. (2021). Kruse et al. (2021) claim that '*proactive personality is defined as the disposition to initiate change oneself instead of waiting for the environment to change;*

it is recognized as a salient factor in entrepreneurial success' (p.480). It can be seen clearly in this study and others that the personalities of the CEOs, who are also the founders in many of the cases, are similar – as they have compassion and motivation to create social change (Mair and Marti, 2006; Miller et al., 2012; Tracey et al., 2011; Wry and York, 2017).

The next sub-section will summarise the nature of governance – CEO and board – in SEs, as presented in Theme I.

4.3.3 Summary of Theme I

This theme was concerned with exploring the unique nature of governance in SEs. The first sub-section discussed the nature of the board, followed by a deeper analysis of how people become board members in SEs and their motivation in doing this voluntary role. It was discovered that they are team-players by nature, and they are very engaged and involved in the SE they govern, as they want to see it grow and succeed. Most of the members were connected by a third person to the SE they govern, which supported their will to join the board. The motivation of them to join was either because they identify with the vision of the SE and believe in the CEO, or because they wanted to do something good with the available time they have and give back to the community.

The second sub-section discussed the nature of CEOs, followed by an analysis of how people become CEOs in SEs. CEOs in this study were very motivated and passionate people, who wanted to do good and make a change in society. Most of them got to this position as it was their idea to start the SE, meaning they are social entrepreneurs.

The next section will explore and develop Theme II, which discusses the different governance roles and their dynamics in the context of SEs.

4.4 Theme II. Different governance roles: How do they work in social enterprises?

Unlike other sectors, in the SE sector the boundaries between the senior roles are sometimes a bit blurred. As this is still a developing sector, the board and management are studying how to work effectively together. The aim of this theme is to better understand the roles of the CEO, management team, board, and chair in SEs. From the majority of the interviews, it seems that the CEO's role is to lead the management team and the vision of the SE, to provide reports and present them to the board with the business plan and other ideas that will benefit the enterprise. The management's role is to work closely with the CEO and to focus on the day-to-day operational issues. The management can come with ideas and suggestions to the CEO, but he/she will be the one presenting it to the board and receiving approval. However, when it comes to daily operational decisions, the management team, led by the CEO, are responsible for them.

Contrary to the aforementioned, it was clear from the interviews that the board's role is much more strategic: reviewing decisions from the past in order to make better decisions for the future of the enterprise. The board of an SE usually deals with approving budgets and business plans. They challenge the CEO on the one hand, but listen and advise the CEO and his/her team on the other. Their input is not at the operational level and they do not make daily decisions; the board only meets in order to consider issues together and make bigger decisions about the next steps of the SE. The chair's role is to lead the board, set the agenda for the meetings, lead the discussion in the boardroom, and make sure all voices are being heard. It was exciting to see the close relationships between the chair and CEO in this study, as while the chair holds the CEO to account, he/she also guides, mentors, and supports the CEO on a regular basis. It was also interesting to examine the differences between management and board, and to discover that in some enterprises there is a clear separation between their roles,

though there were a few who mentioned a ‘grey area’ when it comes to the differences between them.

Theme II will discuss the different roles in the governance of SEs: CEO, management, board, and chair, as well as the differences in responsibilities between the management and board. It includes three sub-themes; the first sub-theme (**4.4.1** The role of the CEO) focuses specifically on CEOs in SEs and their role definition. This sub-theme contains one sub-sub-theme (**4.4.1.1** The role of the management), which discusses the broader role definition of management in SEs. The second sub-theme (**4.4.2** The role of the board) focuses on boards in SEs and their role definition. This sub-theme contains one sub-sub-theme (**4.4.2.1** The role of the chair), which specifically discusses the chair’s role definition in SEs. The third sub-theme (**4.4.3** Differences between management and board in social enterprises) focuses on the main differences in roles of two important groups that lead the SE and take it forward: the people who manage the SE and the board members of the SE. The discussion will include evidentiary data from both board and CEO interviews and conclude with a summary (**4.4.4** Summary of Theme II).

4.4.1 The role of the CEO

The CEO’s role in SEs, like in any other organisation, is to lead and take it forward, to achieve the goals that were set and to manage it properly (Daily and Dalton, 1995; Lorsch and MacIver, 1989; Roberts, 2002; Roberts and Stiles, 1999; Srour et al., 2021; Walton, 2011; Westphal, 1998; 1999). CEO 3 described the role of the CEO using a metaphor of “push and pull” as a mutual act of the CEO and the board, with each one of them taking the lead, depending on the decision that needs to be made.

The chief executive role is one where you have to push and pull a bit, I suppose, you have to respond to a push, and you have to pull a bit and so sometimes you’ve got to take a lead and sometimes you’ve got to take a lead from the board. (CEO 3)

Different studies around the world have explored the CEO's role and leadership skills in SEs. It has been found that a major part of the CEO's role is to explain the vision and strategy of the enterprise to both internal parties (like staff) and external parties (like stakeholders). Moreover, the CEO needs to grow the enterprise, building its profile and reputation so others will be aware of it (Gravells, 2012). Besides leading the SE, which is the CEO's main role (Roberts, 2002; Srour et al., 2021), he/she also provides reports on a regular basis to the board according to this study. The reports include all the important information about the enterprise that the board needs to know, and in many cases the CEO also presents the main topics of the reports in a board meeting and answers the board's questions.

I would produce a report, normally a week ahead, sometimes longer, any papers, some specific papers might be... like they want a paper written on members and drug use or they want a paper on redeveloping the building, so there'd be supplementary papers, which would be commissioned in normally the meeting before. And I produce a detailed report about a week before those board meetings and I also talk the report in the actual meeting. (CEO 2)

An important role of the CEO is to learn and develop all the time, as it can improve the organisation's outcomes (Charan, 2005; Shin et al., 2013). The social and business worlds are constantly changing, and the CEO needs to know the new trends and directions of SEs in order to stay relevant (Kuan et al., 2011). Another important aspect of the personal development and learning of the CEO is when participating in SE clubs and schools. This might help to keep him/her motivated and passionate for the role and for the enterprise as it is a chance to meet other senior leaders from this sector and receive support and feedback from people who really understand how it is to run an SE.

I'm lucky, I've gone out and make sure I'm taking advantage of everything going... so I went to the school of social entrepreneurs twice, I'm a member of Social Club UK you know, I really work hard in trying to build my knowledge and my observation for what it's worth is that all that support is out there... (CEO 15)

When it comes to modifications of work patterns and strategy, Cornelissen et al. (2021) emphasised the importance of change by the leaders in SEs, as part of the social and business development. From chair 4's point of view, the CEO of his SE received the existing strategy of the board but implemented new things after settling in his role. A couple of years later, after the CEO studied the SE, he started to drive it forward to the next stage and made some changes, which was a totally natural process.

When he joined in 2016, he inherited the strategy and he had to bring, you know, to life and he's added new elements to it, and he's driven it forward. Now he's writing it, so the board and chief executive roles have changed and rightly so as the organisation is growing and maturing... And if [name of the CEO] got an idea, he would want to presell the idea and win over a couple who were going to go into the boardroom and put his perspective forward... I can see how [name of the CEO] has tried to use levers to go to the board with a pre-set position where it's pretty obvious that there's been some discussion and collusion. It's quite interesting because I would do that myself... [name of the CEO] clearly wanted to make his mark, right. And I understand that. (Chair 4)

From this interview it can be said that part of the CEO's role is also to be popular among the board and get members to be on his/her side when he/she has a new idea. This can be achieved by sharing with them ideas before the meeting in order to have their support at the time of presentation, like in the example above. The board's support of the CEO was also discussed in the literature, meaning this is an important role they are fulfilling which helps the CEO in his/her role of achieving the enterprise's goals (Kuan et al., 2014; Mason, 2010; Mason and Royce, 2007).

After discussing the different roles of the CEO in SEs, the next sub-sub-theme will focus on the different roles of the management team, which is led by the CEO.

4.4.1.1 The role of the management

The management in SEs is dealing with the day-to-day running of the enterprise, like managements in other sectors, meaning it has a very operational role (Fauzi et al., 2021; Heracleous, 2003; Mahoney and McGahan, 2007; Pearce et al., 2000; Sminia and Van Nistelrooij, 2006). The management is led by the CEO, and they are making sure the work is being done. A good, successful organisation usually hires top class people to join the management team, with the relevant background and experience, like in the following example, which provided them with a prestigious award.

The key thing is we're operational, so we're day to day managing the business, getting the work in, delivering the products and services for our customers, maintaining and delivering the services for our members, training our staff, doing our rotas, making sure everyone's safe, you know, health and safety... The senior management team's area of expertise is that they are incredibly compassionate individuals, that goes without saying and they have the values of the organisation right, but they are also brilliant [role descriptions], you know, because we are in a commercial market and we must have that technical expertise... We won 'best performing business in [a city in the UK]' this year, the first time a not-for-profit's ever won. (CEO 2)

There was a consensus about the operational role of the management among the interviewees, below are a few examples that summarise the role in a sentence, by both CEOs and board members.

The management is fairly much the tactical, the day-to-day, within reason. (Board member 2)

They do the day-to-day management and the operational stuff. (Board member 7)

The management is more day-to-day running of the business. (CEO 13)

The management role is more about delivery and running the business. (CEO 14)

CEOs 9 and 11 also discussed the operational role of the management, though they added a few other important responsibilities, such as resources, legalities, finance, and marketing, making the management's role much wider and comprehensive according to this

study as well as in the literature (Cho and Sultana, 2015; Fauzi et al., 2021; Powell and Osborne, 2015).

Management is management. It is the day-to-day operations. It is implementing the strategy, making sure the resources match that, delivering, operating, complying with policies, complying with legislation. (CEO 9)

We are much more concerned about the day-to-day running of the business, the cashflow forecast, are the contracts being delivered, are they on time, who do we need to chase, what are the marketing opportunities... There's quite a lot of functional: can we pay the bills this month, you know, cashflow forecast. (CEO 11)

As mentioned above, all the interviewees talked about the operational role of the management, but interestingly two of them (CEO 8 and board member 3) mentioned the professionalism of the management in an opposite way. CEO 8 claimed that the management includes experienced people who run the enterprise, therefore the board needs to trust and appreciate them.

So, the management is something that we kind of had to work out quite early on... We are trying to keep the operational stuff to the management, the day-to-day, kind of got, trying to get the board to appreciate the fact that we actually professionals who got the job to run this place kind of thing. (CEO 8)

The development of professional management has been studied for a few decades around the world (Chandler, 1977; Dyer, 1989; Hayes and Abernathy, 1980; Meek et al., 1988). Dyer (1989) and Schein (1968) claim that professional managers are people who have experience and/or received a formal education in different management fields, such as finance, marketing, and accounting. Therefore, they are experts who can make decisions for the organisation, as their actions are for the benefit and success of the organisation (Dyer, 1989; Schein, 1968). In contrast to CEO 8 above, board member 3 shared that she feels there is a lack experience in the fields of operations and business in the management team, making it hard for them to stand in front of the board and provide answers to their difficult questions.

Well, the management staff are here day-to-day running things, and the board are...they're there to advise and to help but they do end up... It ends up being very difficult for the management staff, like, in a board meeting because you end up sort of – do you know the phrase 'singing for your supper'?... It means, like, performing like before you get your food, so it's sort of, like, prove your worth sort of thing. So, yeah, I think a lot of the time management staff end up feeling like they come out of board meetings like 'phew, God, I really had to like prove I knew what I was doing there, so they're really challenging... Management would like to have more of a long-term goal but they end up just making it through the day, just keeping everything running... Whereas the management team, most of us are... Our operations director right now would probably hate to hear me saying this, but we are very inexperienced. We just are really experienced with [name of the SE], we can handle the beast of what [name of the SE] is. But if you're looking to, like, find a really experienced managing director or operations director, you're looking at paying them upwards of sixty-five grand and we just can't afford to do that. So, yeah, the difference is probably the skillset, I would say. (Board member 3)

An issue that was raised in one interview is that when the management has a task that it doesn't know how to deal with, it goes to the CEO in order for her/him to handle it, instead of the management trying to solve it. Chair 1 discusses it in the interview and says that a clearer business plan might solve this, as everyone will know their responsibilities and obligations.

I think too often the management as soon as it gets stuck, they pass it back down to [name of the CEO] and that's not good for [name of the CEO], that's not good for the business. So, she needs to get firmer about delegating authority, see what the outcome is and reward if they do it well, coach if they do it badly. Now the reward one's interesting; of course, coming from financial services sector, the way that you reward people is with your own bonuses. We don't have that option so, but it's, I sometimes get the impression that the management team do the things they like doing rather than necessarily the things that will contribute and we've allowed them to do that because we haven't had a good enough and clearer business plan and that's the piece that we're in the middle of at the moment. (Chair 1)

There is evidence in the literature of CEOs who influence all the outcomes and processes of the management, instead of the management taking responsibility and doing the tasks they are in charge of (Carmeli et al., 2011; Carmeli et al., 2012). However, Carmeli et al. (2012) claim that the key to decentralise the responsibilities to the management team is to build

trust and a positive relationship between the CEO and management, which will also strengthen the team and improve decision-making.

After presenting the main roles of the management in SEs, the next sub-theme will focus on the governance roles, starting with the role of the board.

4.4.2 The role of the Board

The role of the board is usually very clear: monitoring, setting strategy, and making decisions regarding the future of the organisation (Hillman et al., 2000; Huse and Zattoni, 2008; Ingley et al., 2017; Low, 2006; Lyon and Humbert 2012; Zahra and Pearce, 1989). If the management and CEO's roles are more about the here and now, running the enterprise, and managing the day-to-day operations, then the board's role is about focusing much more on the long-term goals, learning from the experience of the past and present in order to set a direction that will benefit the future and well-being of the enterprise (Ingley and Van der Walt, 2001; Low, 2006). As SEs are still evolving and growing, the boards are also refining their responsibilities, like in the following example, by Chair 2, which demonstrates the change the board made.

Well, the board sets strategy. It sets targets and strategy... And that's been one of the hardest lessons for us to learn, where board members in the early days thought they could actually tell the manager what to do, you know, and they had to learn the whole business. (Chair 2)

Beside strategic decisions, it was interesting to discover in this study that some boards are taking their role one step further and are very active and helpful in the SE they govern. They use their skills to benefit and grow the SE (even if it means being involved in the operational side), they support the management and they are dynamic, as most of the SEs in this study are small and focusing on survival and growth. Other studies also claim that skilled and experienced boards can fill gaps in SEs and help them grow and succeed (Ingley and Van der Walt, 2001; Ingley et al., 2017; Low, 2006; Mason, 2010; Mason and Royce, 2007),

especially if they provide ongoing support to the management (Mason and Royce, 2007). The delightful thing the author found is that it is all very natural in those SEs and is not perceived as something that is beyond their role.

The board sets strategy... The board helps them [the management] to change things so they can do what they need to do. We are very fortunate in [name of the SE] because our board has its hands on in concept... We do make use of the skills of the board because I don't think anyone has got involved because they want to tick a box, we do it because we appreciate the value and the outcome. (Chair 3)

It is not a passive board; it is a dynamic board in terms of having concrete ideas where it wants to go. And the process that we went through that I referred to earlier in 2017, when we decided our kind of strategic direction, was very much a board process. They think, they challenge, they motivate me, and they hold me to account because that is their role. Standard board kind of stuff. But they aren't operational, except when I draw them in to assist me to be operational down to their specific skills, yeah. (CEO 4)

CEO 7 focused in the interview on different aspects of the board's role, that are important in his opinion, for the success of the enterprise. Some of them were mentioned above like strategy and decision-making, but other aspects included risk management, funding, and connecting the SE with other networks. Cho and Sultana (2015) support the board having diverse skills and experience which they can use to benefit the SE such as finance, investment, and market conditions.

The generic answer is that the board role is oversight what's important to oversight of decision making and legal compliance... You have the normal responsibilities to the financial welfare of the organisation... You have a board that is bringing in the benefits of their wider network and... That brings innovation and also brings additional funding... The board should be constantly evaluating strategy and identifying the opportunities and the threats... There are also some significant decisions... Particularly when there are financial risks associated with it... You need very clear objectives and goals so that you can have a constant conversation with the board around the evaluation of the risks. The board can bring their insights and the value of their network. (CEO 7)

Following CEO 7, Chair 5 who has a wide experience in governance and chairing boards, explained the three main roles of the board, using a metaphor: setting the strategic direction, oversee the activities of the SE (making sure it is aligned with the strategy), and complying with the rules and the laws.

So, three things that you collectively responsible for as a board: the strategic direction... Second point is what you call oversight... So, the metaphor I use for strategic direction is imagine a flag in the top of a mountain. You know, and one of the questions that we will be asking ourselves is, what do we want [the SE] to be in three years' time, and I'll ask a question to say right, if we're sitting here in three years' time, let's describe what we want it to be. The oversight point, my second point, the second role of the board is to make sure that the activities we're doing advance us towards the flag at the top of the mountain. And the third thing is what I call compliance... So, those three things are the responsibility of the board, as I said, they don't have to do all that, but they need to make sure that those things are in place. (Chair 5)

Although most of the interviewees discussed the strategic role of the board, a couple of them talked about their advisory role. When the author asked CEO 10 about the board's main role he said, *'I think they are more in an advisory role'* in his SE. Like CEO 10, one of the board members in this study shared that he sees his role as mainly to support, listen to the challenges and try to help, to provide objective opinion and advice, but definitely not to intervene in the operational side. He also raised a concern about the weight of the board's responsibility if the SE collapsed; something no other interviewee mentioned.

As a board member I see that I'm just to help and advice and listen... And not getting at all in the day-to-day management of the organisation... I am trying to be slightly distant from that, being aware of it, wanting to know the finances, wanting to know what's going on but not getting directly involved in the day-to-day management. It's more of an advisory capacity that every now and then we can meet, and I think if we can get an opinion... I think my role is the... Just to sit back and listen and... Give opinions, but not actually manage... We have different skill mixes as a board but hopefully that skill mix of 6 or 7 people with different skills listening to some of her [the CEO] management challenges that she's having and then giving an opinion from us... Is what I see our role is on the board... Sometimes I have been a little bit worried about, you know... Not knowing what a board members' responsibilities are, if [name of the

SE] collapse financially is it us who [are] responsible? You know that's, that's a difficult one.
(Board member 1)

According to the literature, the board members have an important advisory role as the management sees them as experts and therefore consult with them about decisions and challenges (Ingley et al., 2017; Mason and Royce, 2007). Besides the advisory role, the board sometimes plays mediator, depending on the enterprise's circumstances (Blair and Stout, 2001; Lan and Heracleous, 2010). It is important to note that alongside its many roles, the board also has legal responsibility: it needs to make sure the SE complies with the law, so the enterprise can continue operating (Low, 2006; Lyon and Humbert, 2012).

Now that we have looked at the different angles of the board's role, the next sub-sub-theme will discuss the roles of the chair, who leads the board.

4.4.2.1 The role of the Chair

Much has been written in the academic literature on the role of the chair of the board (Banerjee et al., 2020; Kakabadse et al., 2006; Kakabadse et al., 2010; Kakabadse and Kakabadse, 2007a; Kakabadse and Kakabadse, 2007b; Kakabadse and Kakabadse, 2008; McNulty and Pettigrew, 1999; Morais et al., 2018; Roberts, 2002). The chair's role is important and central in all sectors, and as the SE sector is developing, we can see more and more studies about the chair's role (Kuan et al., 2011; Mason and Royce, 2007; Spear et al., 2007). A few of the interviewees, like CEO 1, shared that they have a close relationship with the chair and how they feel he is always there for them to consult and advise, which is also supported in the literature (Banerjee et al., 2020; Dulewicz et al., 2007; Krause, 2017; Ma et al., 2019; Stewart, 1991; Withers and Fitz, 2017). In the following example, it is unique to see a chair who wears two hats and knows how to balance them: he is very supportive of the CEO but also challenges her.

[Name of the chair] role is really to support and challenge what I do, to make sure that I'm supported but also challenge when decisions are made, I think that he.... Chairs the board, he ensures that the agenda on the papers that I am on time alongside myself... He regularly catches up with me, to just make sure that I'm co-opting and those things are going OK and I think having a chair like that is essential when you're a CEO and you've got, you juggle quite a lot. (CEO 1)

Another common role of the chair according to the interviewees is to manage the discussion in the boardroom and make sure all voices are being heard. Levrau and Van den Berghe (2013) emphasise in their study the difficulties in this role of the chair: *'It is a challenge for the chair to stimulate open candid discussion, to support directors to speak up and express their opinions but at the same time managing conflicting or dissenting views and resolving disagreements'* (p. 109). When it comes to decision-making, chair 3 shared that decisions are made democratically – every voice in the board is being heard.

My leadership style is democrat, so I'd normally want everyone to chip in which actually is very easy to achieve because everyone from the group wants to be part of any decision. (Chair 3)

An interesting perspective was of CEO 12 who has many years of experience with SEs and charities. She talked about the chair wanting her recommendation before making an important decision with the board as she is the person on the ground, knowing what is going on and what is good for the enterprise.

My chair did teach me something interesting – the temptation is to present options to the board and then they decide, and the chair here wants a recommendation from me because I know what I'm talking about, and they don't so... In many other charities the chair doesn't do anything, just loving the power of telling the CEO what to do. (CEO 12)

In the example above, the CEO mentioned the power element chairs sometimes enjoy. According to the literature, there are different leadership styles to chairs. Some enjoy the power and want to make all the decisions by themselves (Harrison and Murray, 2012; Levrau and Van den Berghe, 2013) and some redirect it to a positive discussion and share decision-making with

the rest of the board (Harrison and Murray, 2012). Although no one admitted in the study that he/she is doing their role because they love the power and control, one of the chairs did say about himself that it is important for him to always be in control, thus knowing what is going on in the SE on a regular basis and being involved is part of his role.

I like to be quite a hands-on chair, I mean, I'm chairman now of another organisation that will be created SE. It's at a point where it needs to be guided and led, given some ideas for them to discuss and hopefully buy into... So, as a chair, I like to be quite close to know what's going on. I am strategic, have a very good overview and I like, you know, to know what is happening.
(Chair 4)

When the chair is too involved in the SE, wants to know everything and be present at all times, it can also lead to some confusion among the staff, who are not sure which person they need to approach for questions and enquiries.

She does pop in but it's probably from the right reasons... But this is a conflict how much an NED needs to pop in to see the staff in a SE?... Sometimes there is conversation going on which is friendly but then if the staff are asking the chair and then she say 'yes you can do that' because it's a natural thing to do, then you can get confused. (CEO 6)

According to a study conducted in Asia, in many SEs the chair had a strong background in business administration and/ or management (Kuan et al., 2011). In some SEs the chair uses his/ her skills, getting involved and taking a very active role, but in some, the chair has a minimal role of chairing the board with remote connection to the staff (Spear et al., 2007). As the role is not the same in every SE it might lead to confusion in some enterprises, as CEO 6 and a couple of other interviewees mentioned. Therefore, it is important to make a separation between the chair's role and other management roles (especially CEO) to prevent confusion among staff and ensure that everyone knows what their area of responsibility is (Levrau and Van den Berghe, 2013).

Having discussed and presented the roles of the chair, who is the person that stands at the head of the board in SEs, the next sub-theme focuses on the differences between the management and board in SEs, as it seems sometimes that there is confusion about these roles.

4.4.3 Differences between management and Board in social enterprises

In the previous sub-themes, the author presented four roles that were discussed in the interviews. Each of them is different from the others in terms of main responsibilities, though there are some similarities between them as well. This sub-theme explores the differences between the management (including the CEO) and the board (including the chair) in SEs. According to the literature, sometimes the lines between the management and board are not clear, making it hard to understand the differences in roles (Leduc and Block, 1985). With that being said, the management is much more operational, dealing with different fields like marketing and budgeting (Cho and Sultana, 2015; Fauzi et al., 2021; Larner and Mason, 2014; Leduc and Block, 1985; Powell and Osborne, 2015) while the board has the legal responsibility of the enterprise and ensures the activities are aligned with the mission of the SE (Connors, 1980; Larner and Mason, 2014; Leduc and Block, 1985). CEO 5 focused on the macro and micro when discussing the differences; according to her, the board deals with bigger decisions and strategy (macro), and the management focuses on the daily decisions and running the enterprise (micro).

The board has the overall responsibility and the governance of the organisation. The day-to-day management is left to me really and [name of another manager]. We do the day-to-day decisions for the organisation. The board oversees things like accounts or major changes. So, we have our business plan and things like that would be shared with the board but it's really the high-level decisions. (CEO 5)

Another way of describing the differences between the board and management is by describing the board as the planning authority (Ball, 2015; Mason and Royce, 2007; Roger et

al., 2007) and the management as the delivering authority (Mason et al., 2007; Mason and Royce, 2007).

The board is definitely there for setting the strategic scene and to review proposals that are coming from the management and having consideration of whether it is the right time to go for it or not... So, the board is definitely strategy... The management will be getting on with it and delivering it. (Board member 5)

Another board member gave some examples in her interview for the board's responsibilities and described what the board is doing and how it connects, and in a way completes, what the management is doing.

The management role is very much day-to-day running, the board role is having that overview... Budget is a good example, we'd look at how the budget goes, where the costs are and where the tensions are. But we're not there every day checking the bills and if the money was spent the right way, there is got to be a flexibility. It is the same with policy decisions, that you know we would say if some project is suitable and we should get involved and what are the costs of the project and the issues we should think about before we go in, but (the name of the CEO) will manage that project and report us how it goes and our job is to ask questions about it and see if it benefits the organisation, and see all the things that can happen to make it more affective. (Board member 6)

CEO 16 shared in his interview that the board meets for very specific things: strategy, oversight, and business planning. The management is there on the ground doing everything for the SE and the board is involved only in the high-level decision-making away from the day-to-day operations. This claim was also reported in a few studies conducted by Chapman et al. (2007) and Kuan et al. (2014). According to these studies, the management is making the important decisions, dealing with all the operations and administration while the board isn't involved much and doesn't play a dominant role in the enterprise (Chapman et al., 2007; Kuan et al., 2014).

Board members get involved if they need to when there is crisis or whatever. The management is entirely operational, and I had very little time to think strategically, and we get together [with

the board] to think strategically. Strategic things and oversight. So... and business planning. (CEO 16)

An interesting point that has been raised is trust. Sometimes the board checks' the management in order to see if what they present is true, as the board doesn't spend much time in the enterprise like the management but has the overall responsibility for it. Mason and Royce (2007) gave an example in their study of a board that trusts and supports the management, therefore allowing the SE to continue being successful. It feels from the interview with CEO 6 that he would be happy to gain the board's trust in the management, which can be achieved if they spend more time in the SE and see how the work is being done:

The board expects reports and presentations from the management about the operations and they are holding people to account. The board should be setting the direction, I mean does, but business plan would be written with the help of the operational managers because they are on the ground. It's important that the board is involved in putting their ideas together from their experience and how they see the business going. They should set the strategic direction but listen to those who are on the ground and know what's going on. It's important that senior people will come to board meetings and ask questions and you need to be truthful. That is the risk in any business when there are NEDs who are not much involved, they can ask good questions, but they also need to believe what they are being told. So, the question is: "how they can be assured that what they were being told is true?" and they need to put some time to see what's going on in the business outside board meetings. I would encourage that. (CEO 6)

Another view on the differences was presented by CEO 12, who shared that from her perspective there is a clear separation between management and board's roles. She added that in her SE everyone knows what their duties are in order to make the right decisions and continuing the success of the enterprise. In many other organisations there is a separation between these roles, as each one is independent, it contains different behavioural expectations and has its own responsibilities (Cornforth and Edwards, 1999; Morais et al., 2018).

I don't want to read out what the duties are, but the board does not manage the organisation, they set strategy, and we deal with the day-to-day. They don't tell me how to do things and they

don't do the operational side, this is my job, how to do things... You need to give the options, but they want the recommendation because at the end they'll do the check and balances but I'm in it and I know everything that needs to be done so I can guide that decision making. Otherwise, people who didn't do research will make the decisions, which is ridiculous. (CEO 12)

From all interviews it felt that CEO 3 provided a clearer explanation regarding the differences between the board and management and summarised all the examples that were discussed above.

Well, one's the executives and one's the non-executives, so non-exec's job – board – is to oversee strategy, drive the direction, set the future, monitor the present. And an executive is to interpret that and run the day-to-day management of it. (CEO 3)

The next section will summarise the governance roles – CEO, management, board, and chair in SEs – as well as the differences between the management and board, as presented in Theme II.

4.4.4 Summary of Theme II

This theme has explored the different governance roles in SEs. The first sub-theme discussed the role of the CEO, followed by the role of the management. The CEO oversees the operational management and running of the SE. This person also presents to the board the status of the enterprise when it comes to goals achievement and finance. It can be said that in many cases according to this study the CEO is the face of the SE. The management's role, which the CEO is part of, deals with operations in different fields, and depends on the departments and skills of the people who work for the enterprise.

The second sub-theme focused on the role of the board, followed by the role of the chair. The board oversees the enterprise and management, as well as setting strategy and planning for the long term. The board also supports management in general, and the CEO in particular, and uses the skills and expertise of the members in order to improve and grow the

enterprise. The chair leads the board and provides ongoing advice and support to the CEO, as described by the interviewees. The third sub-theme discussed the differences between management and board that were shared during the interviews in this study. It can be clearly seen that the board is more strategic, while the management is more operational.

The next section will explore and develop Theme III, which discusses the impact of governance dynamics on the value that is to be delivered in SEs.

4.5 Theme III. Governance dynamics and its impact on value delivery in social enterprises

The dynamics within the governance of SEs is a very interesting topic, as it has a lot of effect on the performance of the enterprise. In most of the interviews conducted in this study, the CEO has a very good and positive relationship with board members and the chair. Some even described their close relationship like friends or family. Not many interviewees experienced major tensions in the boardroom, and some even claimed that the little tensions they experienced were healthy and helped the enterprise grow.

The decision-making dynamics in the boardroom are mostly good, and the interviewees described a democratic method or a discussion with consensus when decisions needed to be made. The dynamics between the CEO and board, which are at the heart of this study, are very good in most of the enterprises participating in the study. According to the majority of interviewees, the relationship is based on collaboration, partnership, and mutual trust, which aligns with the theory that is leading this study – stewardship theory (Davis et al., 1997; Donaldson, 1990; Donaldson and Davis, 1991). The CEO–chair dynamics in this study are also good in most of the cases, though there are a few interviewees who described tensions and challenges between the two. The tensions in SEs were mainly due to personal disagreements

between people in the board or due to external reasons. Many also reported healthy tensions because everyone really wants the SE to succeed. The solution to tensions is usually to sit and talk when everyone is calm, in order to solve the issues and move on. It looks like boardroom dynamics influence the value delivery of the SE; if the dynamics are positive and the relationship within governance is good, the performance of the SE is better, there is more value to deliver, and the SE is more successful.

Theme III discusses the decision-making dynamics in the boardroom, the tensions that sometimes arise, including sources and solutions, and the influence of governance dynamics on value delivery in SEs. It includes two sub-themes: the first sub-theme (**4.5.1** Decision making dynamics in social enterprises) focuses on the different dynamics and tensions within governance. This sub-theme contains three sub-sub-themes (**4.5.1.1** CEO–board dynamics; **4.5.1.2** CEO–chair dynamics; **4.5.1.3** Tensions in social enterprise governance) that specifically discuss different types of relationships in the governance of SEs and the tension between the CEO and the board (including the chair). The third sub-sub-theme contains two themes (**4.5.1.3.1** Sources and causes to tensions; **4.5.1.3.2** Solution approach to tensions) that focus on what's leading to tensions in governance and the ways to solve these tensions in the SE context. The second sub-theme (**4.5.2** The influence on value delivery) discusses how the dynamics between the CEO and board in SEs shape the value delivery. The discussion will include evidentiary data from both board and CEO interviews and conclude with a summary (**4.5.3** Summary of Theme III).

4.5.1 Decision-making dynamics in social enterprises

The decision-making dynamics in the boardroom is an interesting topic in all sectors, therefore also in the SE sector. In another study it was found that the process of decision-making, which is based on the values of the people who make the decisions, influences growth in the SEs

sector (Davies, et al., 2019). According to Defourny and Nyssens (2006) the process is democratic in SEs and follows the ‘one person, one vote’ principle. Although the high-level decisions are made by the board, there are external parties who also influence them (Low, 2006). It was interesting to discover how CEOs, chairs, and board members experience the dynamics and their thoughts about the decision-making process in their SE. The author was happy to find out that many of the interviewees reported the dynamics are very positive between all the people in the boardroom, like in the following examples.

I think there is good discussion and challenge... I think it works quite well, but we are trying to keep a very open culture. (CEO 6)

There are no political issues here. At the moment it's working really good. (CEO 13)

We had a ‘strategy aware’ session at the beginning of this year, we were there all of us... exploring things and advancing things. So, the dynamics is very good, particularly good. (Chair 5)

CEO 5 also gave an example of positive decision-making dynamics in her SE, when the board needed to make a financial decision.

We didn't take the decision lightly to take on 50,000 pounds cause for us it's a lot of money, because our turnover is about 350,000 pounds a year so we're not a huge organisation. But... that was a very serious conversation we had because at the end of the day everybody will be responsible for that money. I'd say that there is a really good dynamic, we all signed up for the same goal and I think it's the key for successful CIC, we won't set up as just a vehicle, I think that's been the problem with some CICs... that wasn't the motivation for us... (CEO 5)

Following the example above, a study conducted in Greece found that positive dynamics impact performance in SEs, both socially (Glaveli and Geormas, 2017) and financially (Ellsworth, 2002; Glaveli and Geormas, 2017). One of the board members described a different method of decision-making; according to him, the board divided into sub-units (e.g. financial, business development, marketing, etc.) and every sub-unit makes decisions

on the relevant topic. However, when there is a big decision to make, the whole board meets to decide on it, which is also supported in the literature (Larner and Mason, 2014; Low, 2006)

We've been trying to sort of decentralize so that now we have final subunits which all of us sit on, where we basically discuss and decide initiatives and things of budgeting, in terms of how to deal with the books, how to deal with all the accounting practices... Another sub-unit deals with the business development, reaching out and building communications with firms that contact us... When we feel that a decision is big and important and impactful like a change of policy, let's say, if we want to change the price for example... This is not something that we would decide without making sure that everyone is on board. (Board member 4)

A few interviewees described the decision-making process in the boardroom and said that when there are important decisions to make there is a full agreement about the direction of the decision.

So there is some debate... We never had to vote so usually... Usually we all agree with what we're going to do... We've never had a situation where there's... being such a disagreement when we debate... and he [the chair] just makes sure that everybody speaks... somebody who doesn't speak will be asked to say his opinion. (Board member 5)

We operate in a consensus and it's informal. We never fall over a decision, we always agree... The guys are very good at... presenting an external perspective which I need. (CEO 16)

Board member 7 emphasised that the consensus of the board comes from their pure will for the enterprise to succeed and meet its goals.

We talk about the relevant pieces of work that we need to talk about and we talk about whether we want to pursue particular bits of funding or particular bits of business. And overall, it's general agreement. I don't know that we've ever, any of us have ever been in disagreement with the sorts of decisions that we make. It's about making sure that the business survives, that it continues to meet its requirements as a CIC and that it delivers on its social purpose and that's the most important thing. (Board member 7)

As some of the interviewees talked about consensus when it comes to decision-making, others described a democratic process when the board votes in order to make decisions.

Different studies also presented a democratic decision-making process in order to avoid arguments and disagreements (Defourny and Nyssens, 2006; Defourny and Nyssens, 2017; Ridley-Duff, 2007).

It's pretty much... It's always the majority vote, you know... (CEO 8)

Board member 1 talked about the democratic discussion of the board when decisions need to be made, though he added that the chair is the person that leads the discussion.

[Name of the chair] is a very good chair of our board... He just has very good people skills and whenever is the decision-making process we very really had it almost... It's, it's almost just happen... It's a democratic discussion that goes on so ye... The dynamic is nice... There is an agenda that we work with and that's a mix... [Names of the CEO and the chair] really drive the content of the agenda and then we all just input to it as it goes... it works on our board, it really does and I think the word that puts everything together is probably trust... Openness and democracy. (Board member 1)

Like board member 1, chair 2 also discussed the democratic process of decision-making in the board and the mediating role of the chair in this process in order to create a good discussion culture within the enterprise.

I always try to make sure that with any subject we're talking about, every board member who wants to speak gets a chance to speak. We insist that there is respect between members and there's respect not just for the person but for the opinions expressed. And when we come to a decision, we make a decision on the basis of a proposed, a seconder and a vote. And then a decision is made... And we also had to learn, you know, it's the chair who invites us to speak and we can't just cut across people, so somebody giving a report which might have several different points in it, you can't just interrupt and point 2 because you want to talk about, no, no, you have to wait til the end of the report and then as the chair allows people to speak then... so that's one of the dynamics. But that's a kind of culture that people simply have to inhabit and learn now to inhabit. (Chair 2)

It is important to note that other studies in the field of SEs also found that chairs sometimes act as mediators in the decision-making process, in order to solve ambiguities and keep the discussion calm and productive (Crucke and Knockaert, 2016; Knockaert et al., 2015).

Having presented the types of decision-making dynamics in SEs, the author will now focus on the dynamics between the CEO and the board, as well as the CEO and the chair. Then the author will discuss the tensions in SE governance.

4.5.1.1 CEO–Board dynamics

When analysing the interviews, the author discovered that more than 90% of the interviewees reported a very positive relationship between the CEO and the board as a whole. They discussed the positive atmosphere in the meetings and between meetings, as well as a feeling of collaboration in sharing the same goals. These reports align with the stewardship governance theory (Davis et al., 1997; Donaldson and Davis, 1991; Muth and Donaldson, 1998) that looks at the collaborative dynamics and mutual trust between the board and CEO (Dart, 2004; Low, 2006; Mason and Royce, 2007). An example of this is shared by CEO 9, whose board are all volunteers who want to deliver something good for the community.

So, in my experience it's always been quite good. I think this is because remembering that the board are all volunteers so they're doing this on their own time to deliver social benefit. No-one joins if they don't want to deliver something positive for the community, you're wasting your time. And I think that recognition means that you've got a board who recognises that you've got to have an executive team who want to deliver something positive. (CEO 9)

Following the positive dynamics between the CEO and the board, one of the board members shared that he feels like they are a team that provides support. This claim was also mentioned in other studies, where it was found that management and board work effectively together (Spear et al., 2007) and the board provides support to the management in developing strategies to achieve the SE's goals (Mason and Royce, 2007).

It's very very very good... I mean... I think we've all come to [name of the CEO] board because knowing her as a person like what she's doing, so you know we're excited by her vision... So our relationship with the board there's a lot of informal links, I have with [name of the CEO]... We constantly share you know stuff on social media about good stuff that's going on... A good way to describe what we do, we are there all of us are say: "How can we support you? and your vision?". I don't feel any hierarchy at board meetings and things... It's a very non-hierarchy form. It's a team, team of different skills. (Board member 1)

Like board member 1, CEO 14 also claimed that there is no hierarchy in the board – all the people are equal – board members and CEO.

There is no hierarchy in the board, in the board meeting we're all, you know, we're all on the same page. (CEO 14)

Other interviewees discussed the relationship and shared the feelings of support and help the board provides to the CEO. The author got the impression from the interviews that boards in SEs provide a 'safe place' for the CEO to operate and move the enterprise forward. The CEOs talked about how grateful they are to be surrounded by those board members. Cornforth and Edwards (1999) state in their study that the management sees the board as a partner who adds value to the SE and significantly improves the process of decision-making, which aligns with the feelings of the CEOs in the following examples.

Informal... Supportive... There is a common interest. It's hard to come up with a word for that, I think supportive is the word, they were very supportive in the work we are doing. (CEO 10)

I think it's generally supportive and positive, I really do. I regard their expertise highly... They're good people who are on the board because they've got lots of skills and networks. And I think that's why we get on and work effectively. So I think it's a positive relationship because, as I said earlier, they do call me to account as well as support because I am... That's their job is to do that, is to make sure that I'm delivering a viable business that meets its objectives, that's their legitimate role. (CEO 4)

Another element that arises from the interviews is the mutual trust between the board and the CEO. It is emphasised in other studies that the element of trust between the board and

CEO is crucial, as it forms the basis for the SE's success (Mason and Royce, 2007; Mason et al., 2007). One of the board members described the relationship as 'critical friends' in a positive way, as they all want to improve the delivery of the service/product.

There is a lot of mutual trust there. She trusts us and we trust her to manage what we've put out... I think the board more takes the ideas and runs with it and asks the questions that need to be considered. I'd say it's more like a critical friend and critical can say that something is really good. Because some people say critical is negative but critical can be positive as well so it's more that role. but sometimes we say, 'Are we trying to do too much? Do we have the capacity for this?' It's a more mutual, equal relationship. (Board member 6)

Interestingly, CEO 11 also used the words 'critical friends' to describe the dynamics. He added that even when there are disagreements the discussion is always good as they value each other's thoughts and expertise.

On the whole, really positive, yeah, I mean, they say, again, you have these moments where you kind of – not disagree – but you have difference of opinion – but we've always had really good discussions, it's very open, I think they ask good questions of each other, we're good friends, I mean, we're kind of friends as well, because we see each other a lot... I think we recognise each other's expertise and skills like that, that's good... Yeah, on the whole, I think it's good, critical friends, you know, we ask each other good, critical questions. (CEO 11)

One of the only interviewees who experienced different dynamics, or as she describes it, 'not much dynamics at all', is CEO 15. According to her the board doesn't do much, therefore the relationship is very superficial and there is no support or collaboration like in the other SEs mentioned above.

I mean when you only see someone once every 3 months, it's not much of a relationship going... I do see the solicitor a bit more just because she is very local and... and... kind of great but, ye I mean it's fine, it's fine but you know it's a transactional relationship, they come to meetings, the nod, they gently send an apology for not doing all the things they haven't done and then they go away again, you know, pretty light touch really. (CEO 15)

As the last example is a bit uncommon in this study, it can be said that overall the CEO–board dynamics in SEs, according to this research, aligns with the stewardship theory (Davis et al., 1997; Donaldson and Davis, 1991; Muth and Donaldson, 1998).

Although this study focuses on the CEO–board dynamics, the next sub-sub-section will discuss the CEO–chair dynamics as these dynamics are crucial for the success of the SE and can easily impact the whole dynamic of the boardroom.

4.5.1.2 CEO–Chair dynamics

The CEO–chair relationship has been studied a lot in the academic literature. Something about these powerful people and roles keeps academics interested, therefore there are many studies in the governance field that focus on these dynamics (Banerjee et al., 2020; Harrison and Murray, 2012; Kakabadse et al., 2006; Kakabadse et al., 2010; Levrau and Van den Berghe, 2013; McNulty et al., 2011). Although this research focuses on the CEO–board dynamics in SEs, it is important to understand the CEO–chair dynamics, as the chair is an integral part of the board and in most of the cases leads the board, working closely with the CEO.

One of the board members shared his experience when he joined the board and observed the CEO–chair dynamics, which are based on trust, respect, and support.

I think [name of the CEO] can use [name of the chair] as a confidante at times, so whenever she is stuck I get the sense that the relationship goes way pre [name of the SE] and that there's a lot of trust there in terms of being able to kind of share their - certainly from [the name of the CEO] point of view – to share some real uncertainties or doubts that she's got, she'll look to use the chair as a sounding board kind of away from board meetings. I think that's one of the reasons why (the name of the chair) the chair. And I think the chair in response is again very respectful of what [the name of the CEO] is capable of and tries to give guidance that is again supportive and also challenging when he thinks it's necessary... Again, probably one of the things that, in hindsight, appealed to me when I first came in and met these guys, it was clear that there was trust in the room and so it was fairly easy to put my trust in that kind of relationship as well and kind of come on-board. (Board member 2)

The element of trust seems to be very important in CEO–chair dynamics, as it was discussed in other interviews as well. In the academic literature there is a highlight on the importance of mutual respect and trust between the CEO and chair for the creation of positive working dynamics, as it also affects other circles – both internal and external to the organisation (Cornforth and Macmillan, 2016; Roberts and Stiles, 1999; Sundaramurthy and Lewis, 2003). This claim aligns perfectly with the stewardship theory, which also discusses the importance of trust between the two, as they share the same interests and act for the benefit of the organisation (Cornforth and Macmillan, 2016; Muth and Donaldson, 1998). Chair 1, for example, talked about the mutual trust he has with the CEO, and added that, although they come from different backgrounds and perspectives, they can listen to each other and accept their differences of opinion.

The relationship, I think we're building it, I think it's, she clearly hasn't had a chair to work with in the past and I think it's helpful that I've come in from a completely different perspective from her. I think if I was also from her sort of background it might be a bit more difficult because by and large where I'm pushing an issue it's one that's she's open to views... I don't, neither of us, well she hasn't, I don't think I have done anything to breach trust and I think you have to start from an assumption that you can trust people until you see any evidence to the contrary and I think we do have a mutual respect for each other's knowledge and experience, so you build on that. (Chair 1)

CEO 12 claimed in her interview that the positive relationship she has with the chair drives the success of the SE. This claim aligns with the literature, as Exworthy and Robinson (2001) and Srour et al. (2021) also found in their study that a positive relationship between the CEO and chair led to a good and satisfying organisational performance. CEO 12 shared how the close relationship she has with the chair is based on support and ongoing discussion.

The most important thing is the CEO–chair relationship and it's the importance of this positive relationship that drives the success of the organisation... I have a brilliant relationship with my chair, and he knows what keeps me awake at night so once a month we'll meet and I'll tell

him what's going on but it's not a discussion for the board. It's a partnership relationship... It's the guidance, you're both at the top of your tree... My chair thinks I'm too senior to ask things like leave for example which is something sometimes CEOs do... A good chair is somebody who is experienced and worked in the area and has something to give... This is why I feel supported, and they don't monitor me because it's beyond that. But I do feel very mentored by my chair... I don't have mentoring sessions; he and I discuss... And he helps me to sort things out. He is trying to support, and I share things with him. (CEO 12)

Other interviewees, both CEOs and board members, also discussed the good relationships between the CEO and the chair, based on honesty and openness.

It's really good, yeah. He's great. He's really supportive. He's really open. He works really hard. He's always there, you can always contact him, I can always sound things out with him and so, like, I feel comfortable then talking to him about things that bother me and things that I'm not sure about and I need to say 'can I just run this past you', you know, so it makes me more open to talk to him, rather than hide things, you know, I want to have an honest, open relationship with him and I think we've got that. (CEO 3)

I Make sure that the current chief executive has full access to me, if he asks to see me, I always respond positively, because I line manage him. He and I meet to set his targets, which are then ratified by the board. I mean, it's not just me and him setting targets, but he has his discussions with me about those targets and they're then taken to the board... I dread the day he might tell me he's leaving. Because he is, I mean, he's been the chief executive since the beginning. And he is just utterly, utterly brilliant... There's a real sense of supportive partnership, you know, he wouldn't feel I was intruding, and I wouldn't feel that he's not up to it, you know, this is something we do together. Why? Because he and I are concerned about the good of this place. (Chair 2)

Despite most of the interviewees having positive relationships between the CEO and chair, it is known from the literature that this is not always the case. In a few studies it was reported that when the CEO–chair relationship is neither good nor positive, it negatively impacts the performance of the organisation (Exworthy and Robinson, 2001; Koskinen and Lämsä, 2017). Board member 5 shared a bit about those challenging dynamics and the differences in values which led in the end to the resignation of the chair.

Between the CEO and the chair, it wasn't very good... Not very good... It was because of the values held by both of them were different... Well, you know, we were very clear as a board that it's the responsibility of the chair and the CEO to get on and have a working relationship and they needed a closer working relationship than the rest of the board because... You know... They are more of a day to day working relationship, so we saw it as their job to get on... So, I see it as a failure on both sides... I see it as a failure on both sides that... that they didn't achieve it. (Board member 5)

Following this discussion of the two dynamics – CEO–board and CEO–chair – the next sub-sub-theme discusses the different tensions in the governance of SEs, and will focus on two elements: the reasons for the tensions and the different ways to solve those tensions.

4.5.1.3 Tensions in social enterprise governance

The author has seen different dynamics between the CEO and board, and the CEO and chair during the interviews. Most of the dynamics were positive and benefited the SE, though there were a few cases of tensions in these upper echelons. Tensions in SE governance can be negative or healthy, therefore in the next sections the author will explore the *sources and causes of tensions* and the *solution approach to tensions*.

4.5.1.3.1 Sources and causes of tensions

During the interviews, when talking about tensions, the author tried to understand more deeply the sources of governance tensions and determine whether they were healthy or not. Some of the tensions, according to Roger et al. (2007) are due to the variety of board roles (e.g. supervising, directing, supporting, and representing other stakeholders) and the fact they need to combine them when interacting with the CEO. Sometimes these different roles can collide and create tension. Other tensions that Roger et al. (2007) present are related to a confusion of roles between board and management (e.g. boards intervene too much in the SE) and another tension is between the social goal and the business goal of the enterprise (Cornelissen et al.,

2021; Glaveli and Geormas, 2017; Mason et al., 2007; Ridley-Duff, 2007; Roger et al., 2007; Siegner et al., 2018). One of the most notable tensions is related to the “double bottom line”, i.e. the social versus the financial measure of performance. CEO 4 described it as “creative tension”, as he comes from a purely social background, but most of the board members come from a commercial background, which can lead to different views when decisions need to be made.

I mean, the challenge they put to me, that balance between commercial and social, I'm really please I have somebody of the quality of (the name of a board member) to push me because, as I say, I'm very close to him, but he has a different perspective and that's tension, if you like, creative tension: 'yeah, you could do more to make more money', 'yeah, I could' and he's right and he can push me and he does push me. (CEO 4)

Board member 5 also talked about the differences in perspectives that lead to tensions, as the CEO is very socially oriented, which is different from the board.

Whether it's personal or strategic I don't know but it's... [name of the CEO] is very committed to helping the group of people that we help and... Possibly you know... I wouldn't... It's possibly political from that point of view so he... He wanted to campaign so the only thing he cared about was those people... (Board member 5)

A different type of tension was raised by CEO 8, as in her case the SE she is managing was established by a charity in the same city, meaning the charity is a major stakeholder. According to the literature, it is becoming more and more popular that charities establish a trading arm i.e. an SE (Larner and Mason, 2014; Low, 2006; Mason et al., 2007; Roger et al., 2007). The tension that might occur is related to the fact that the culture of charities is different from the culture of SEs, meaning that people who work in charities don't have the relevant business skills to run a successful SE (Roger et al., 2007). Therefore, the tension according to CEO 8 is between the charity and the SE and is related to finance and increasing profit.

It is different the tension between the charity and the business and... The bottom line is financial, but it is some... Sometimes affects the operation. But it is still about finances... For example the charity said, "Why don't you open at night? Because then you can make more money..." So they... Challenging you operationally but actually the tension is still financial, you know, so it is still, it is... It's all... financial but it's not anything other than profit... And then I'm like "it's stupid, there is no parking here, no one is going to park and walk here at night" you know... It's not a safe area. (CEO 8)

Another tension was about communicating and marketing the services to the stakeholders and people from outside the enterprise. This tension is found in the literature, as there is a lot of potential for sustainability and resilience of SEs if they choose to use more marketing tools; however, in reality, SEs often don't understand the business logic of it or have the budget and capacity for advanced marketing strategies (Bandyopadhyay and Ray, 2019; Powell and Osborne, 2015). In this study it was also mentioned several times that, because many of the SEs are small, they don't have a lot of power and/or budget when it comes to marketing, making it very hard for them to grow and succeed.

I think our biggest tension is how we communicate our message more clearly to our stakeholders, we're a small business, we don't have a big marketing budget, we want to communicate our values and our social impact much more clearly to our stakeholders and our tension there is do they really know and that thing about being sold to, you know, we try and sell our services, but do they want to hear? (CEO 11)

One of the chairs in the study normalised the situation and shared how there are small tensions all the time around things like growth and finance, but nothing is too major to really shake the SE, it is all part of the evolution.

The tensions are around the obvious stuff, I don't know how (the name of the CEO) would have described it to you but my reading of it is it's just different personalities and slightly different agendas. [Name of the CEO] was very driven by growth, so he wanted to grow the organisation out of the problem, which is: "we are not making enough cash", "we are not trading enough". And others might well not want that. That tension was not a big fall, you know, everyone's still

supportive, people come to Christmas to get together, which is great, that's a big part of the history. (Chair 5)

Surprisingly, few interviewees shared that they don't experience any tensions in the boardroom. Cornforth et al. (2015) and Stone et al. (2010) claim that in order to manage and reduce tensions a collaborative structure of governance should be applied in organisations as it is fluid and adaptive to internal and external changes. This collaborative approach to governance aligns with the guiding theory of this study – the stewardship theory (Davis et al., 1997; Donaldson, 1990; Donaldson and Davis, 1991). One of the board members said she might be lucky to have no tensions or maybe it's because they all truly believe in the enterprise and want to make a difference, so this mutual feeling makes them all get along with each other.

We're very lucky that we don't have tensions. I know that it's possible for that to happen and there are personality clashes and business clashes and all those, so I'm aware those things happen. I have to say that I'm on the boards of four SEs and I have never come across any of those things on any of those boards. So I think perhaps I'm just very lucky but maybe I just picked the right ones! I don't know. But with [name of the SE], yeah, we don't have those kinds of problems... I think we all come to it from a business perspective and with a business purpose and we're there because we believe in the company and the work that's being done and that we can make a difference. (Board member 7)

All in all, most of the interviewees didn't report any major tensions, and if they did, they usually knew how to solve them and continue working for the common goal of the SE. Therefore, in the next section we will focus on the solution approach to tensions that the interviewees believe in and/ or use in their SEs.

4.5.1.3.2 Solution approach to tensions

After discussing the different sources and causes that lead to governance tensions, this part will focus on the solutions the interviewees presented. Most of the interviewees talked about an

open discussion between the board members and the CEO as a way of solving tensions and the importance of this dialogue for the continuity and success of the SE. Openness and transparency were also discussed in the literature when it comes to good governance dynamics and the continuity of the enterprise (Larner and Mason, 2014; Mason et al., 2007; Simmons, 2008). One of the board members said that his approach is to talk and reach a compromise in order to make the right decision.

The approach is, I mean my approach, I don't know but I think also within the organisation is talking and reaching a common sense of compromise if there is a... If you actually disagree about the merit of something, let's talk about it and we know that again we need to make a decision... (Board member 4)

CEO 6 also thinks that the first thing one should do is gather everyone and talk about it in order to reach an agreement.

My view is that if you have problems let's sit around the table and have a chat... Sometimes none of us is right even if we think we are... But my philosophy is that if there are issues going on I'll get all the people around the table and just have a chat, try to get to a solution because things are never that bad when you look to people in the eye, or talk to them, usually. I think you've got to address these issues, and try to find ways, even if not direct ways, to solve it. But we never had serious stuff like that so it's always been very limited and not massive things. (CEO 6)

CEO 14 says it's important to talk about it in order to 'rush it out' but also that all the people are there because they share the same goal and want the SE to succeed and grow. They have something in common and need to make it work even if there are tensions.

Just to talk about it and rush it out, you know. I mean ultimately everyone's involved because they want to see a successful business so we're all kind of connected by a common driver, and I suppose it would be just getting it back to that, you know and look we're all, we're look in this together kind of thing. (CEO 14)

Another approach to solving tensions is to analyse the problem (Phillips, 2011; Phillips and Napan, 2016; Thorburn and Horrell, 2014). CEO 5 claimed that it's important to start with analysis of the tension or issue and then address it accordingly prior to finding a solution.

I think that's the way you need to go really, you need to sort of... Analyse the problem correctly to start with, I think sometimes there are solutions out there that others may not think of so I think that's where we personally have this collective look at the problem, which can be causing tensions. You have to address the issue. It could be any of us leading it, I think that's the thing...
(CEO 5)

When solving tensions between different people, one of the important things to understand, according to CEO 9, is the different perspectives of people. As members come from different points of view and backgrounds it is very reasonable that they'll have different opinions. These different opinions in governance were also manifested in other SE studies (Low, 2006; Low and Chinnock, 2008; Mason et al., 2007). After members recognise the differences, they'll be able to identify where the tension is and then go back to consider the reason why they are there, and how can they solve the tension.

Well, the answer is why do we have tensions, if we have tensions is it because of differences in approach, or differences in views? Well, if there's a difference in views, the answer is always to analyse what is it we're trying to achieve, what is the issue, what's the background, why do we think this is the right solution. Understand that, if you can understand where people's points of view are coming from, you can still disagree but understand the point of view and collectively there is a majority view. But the way to solve it is to always go back to what are we here for, what are we trying to achieve with this, why are we trying to make a decision, why do we have this tension, why do we have a disagreement? (CEO 9)

An interesting way to solve tensions was presented by board member 3. She described the relationship between the chair and the CEO and said that in order to solve governance tensions it is important that the chair respects the CEO and supports them; if they work well together it will be easier to solve tensions as they will have a mutual understanding. Cornforth and Macmillan (2016) and Koskinen and Lämsä (2017) also emphasised the importance of

trust, support, and understanding between the CEO and chair in order to keep the SE moving forward and avoiding unnecessary conflicts and tensions.

I didn't understand the dynamic for a long time, I used to think the chair was just horrible to [name of the CEO] and then I later started to realise and, from speaking to (the name of the CEO), I started to realise that they were actually working really well together as a team. So, I think the solution is to have somebody in place who respects [name of the CEO] vision and also understands...The chair was a perfect person and I think the solution would be to have somebody like him again going forward... So, I think it's really getting the chairman to be the really right person. I think that is integral to the whole success of that relationship. Because [name of the CEO] does need his wings clipped sometimes but the board also needs to understand that [name of the CEO] doesn't go about things maliciously, he just literally just cares that much about getting shit done. I think having the right chairperson is the solution.
(Board member 3)

CEO 7 also thinks a good chair is vital in order to solve tensions, but he adds that it's not just the chair – it's also about having a clear agenda and clear role descriptions so people will not cross the line too often.

Most of the time you get to these situations because board members forget they crossed the line, you need a good chair, a strong company secretary, a clear agenda, you need a very good piece of paper that says clearly what is it you ask from people. It's about being clear when you're asking for approval. It is about good governance, good chair, training and reminding board members of the kind of input you want from them and... Generally, it's just doing it politely and let people cross the line occasionally but bringing it back. (CEO 7)

After focusing on the decision-making dynamics between different characters on the board and the tensions – sources of tension and solutions for them – the next section looks at the influence of governance dynamics on the value delivery of the SE.

4.5.2 The influence on value delivery

The CEO–board and CEO–chair dynamics were discussed in previous sections, as well as the tensions. This sub-theme will focus on the influence of governance dynamics on the value delivery of SEs, which is a topic discussed in other studies as well due to its importance for the success of the enterprise (Cornforth et al., 2015; Iecovich, 2005; Low, 2006; Mason et al., 2007; Roger et al., 2007). The majority of the interviewees reported a positive and significant influence of the governance dynamics on value delivery of the SE, as summarised in the following excerpt.

Yes sure, it is a positive environment in the background and yes, it has an impact on what we are doing in the business, yes definitely. (CEO 14)

CEO 2 discussed the positive influence and emphasised the benefit of board members coming to volunteer and take an active part in the SE.

I think it's very positive and people feel that when they are in the building. Like I say, it helps that one or two of the board members volunteer as well at the [name of the SE] because they're getting first-hand experience and first-hand feedback from the members, the beneficiaries, so they're hearing first-hand the difference that the project's making to their lives and that's really good, that really helps. (CEO 2)

He continued to describe the close and supportive relationship he has with the board, which contributes to the daily operations and the organisational performance.

It also helps hugely in terms of the smooth, if you like, way of running things and the supportive way of running things so, you know, by having a board that takes its responsibilities seriously, there's a mutual respect, you know, I wouldn't dream of trying to pull the wool over their eyes, I wouldn't dream of trying to mislead them in any way because I trust them to back me, so it's a kind of mutual respect and that's really important and that will, it does contribute to the culture of the organisation. (CEO 2)

One of the board members shared in the interview that the board influences the vision of the SE, which influences the value delivery, as the model of the SE was adjusted and changed

in the last few years, and he believes it will continue and change in the future as well. The impact that the board has on the SE when it comes to vision, development, and sustainability was also presented in other studies (Diochon and Anderson, 2009; Low, 2006; Mason et al, 2007; Mason and Royce, 2007), meaning the thoughts and observations of board member 1 are common.

I think we do have an influence on, on (the name of the CEO) vision... I think the model that she had two, three years ago versus the model she has now has been a consequence of gently influencing things and that's constantly evolving... I mean I can almost predict in 5 years' time we're gonna be completely different... (Board member 1)

CEO 11 talked about the significant impact of the governance on the value of his SE and shared his thoughts about the importance of board meetings for the enterprise to continue operating and being successful. Scholars also discussed the importance of board meetings in order to make significant decisions and achieve organisational goals (Spear et al., 2007). It felt during the interview with CEO 11 that he is very grateful for the board members he has and that he truly appreciates their hard work. This was his answer when the author asked if governance influences the value of the SE he runs.

Yes it does, yeah, absolutely, you know, so when I go, so for me, as the founder acting as CEO sort of managing director sort of role, going to a board meeting and having to discuss more strategically the reason you made these decisions, I think helps. It helps us achieve that social mission... When I'm acting with my day-to-day hat on and trying to run the business, having some time out to go to the board meetings to take a step back, discuss it strategically, think it through particularly with other people's opinions... that really helps us... And every year, annually, having to write our governance impact report... It's a really profound moment in terms of the delivery of the governance and delivery of the mission which is going to the board of directors and that's reflecting on how we achieve our social mission every year so, yeah, I think the board role there is much more important and it's slightly weird because we're so small. (CEO 11)

Board member 2, who is part of an SE that operates in a big building, shared how he sees the influence of the board on value delivery and claimed that the enterprise was not in the same place without the impact of the board.

I think without the board input to date, we might not have been at the point of being able to have the breadth of offering or the breadth of value that the building brings... If you can feel valued in the work you do and understand that there are additional opportunities within an organisation, what better place to be I guess, would be my kind of view certainly of working life... So, to answer your question, I think it absolutely benefits, it's very hard to be able to say it's this much or this much, you know, but that's the piece. (Board member 2)

In contrast to the interviewees mentioned above, CEO 15 talked about the frustration with her board not functioning at all, and there being no added value from meeting them. This is an unfortunate case and it was the only one reported in this study. The function of governance is critical for the enterprise's success and performance according to both the literature (Child and Rodrigues, 2004; Low, 2006; Rhodes, 2000) and the evidence from participants in this study.

It's dysfunctional and makes me sad but a lot of what we do is very very positive and very happy, so I have a very good team so it's very frustrating for me personally and... I'm the person behind who builds the business and builds the value but ye... Increasingly the 3 to 4 hours I spend on the board doesn't get anywhere, you know, they literally bring no value, I do all the governance myself... so at the moment the... kind of 30 hours a year that I spend on writing the reports and attending the meetings, generates zero value. (CEO 15)

When asked about the influence on her and the SE when the board was functional and supportive, she said:

Yeah, absolutely, it'd affect me positively on me, 'cause I need support, I wish that... It was probably positive for the business, yeah absolutely. One hundred percent. (CEO 15)

Meaning she believes a good and collaborative board could affect her positively, which will also affect the value delivery of the SE, as she is the head and she would feel supported.

The next sub-section will summarise the focus of Theme III: governance dynamics and its impact on value delivery.

4.5.3 Summary of Theme III

This theme has explored the governance decision-making and the impact of the dynamics on value delivery in SEs. The first sub-section discussed governance decision-making in SEs. This was followed by the CEO–board dynamics, CEO–chair dynamics, and governance tensions. According to this study, there is usually a positive and democratic process of decision-making which influences the performance of the enterprise. When it comes to CEO–board dynamics, most of the interviewees shared the feelings of support, collaboration, and partnership between them, which aligns with the guiding theory of this study- the stewardship theory. Similarly, the CEO–chair dynamics discussed in this study were also presented as important and positive in most cases.

Governance tensions were separated into two parts: causes to tensions and solution approach. There was a variety of causes to tensions included roles confusion (between management and board), social vs. financial tension, power balance in the boardroom, culture differences and more. However, some claimed they haven't experience tensions in the SE and others said they experienced healthy tensions. When discussing solution approach, the prevailing opinion was that open and honest discussion is the best solution to solve governance problems and return to the positive dynamics.

The second sub-section analysed the influence of governance dynamics of the value delivery of SEs. According to most of the interviewees' evidence, the influence of the dynamics is very good, therefore it's contributing to the organisational performance, value delivery, and daily operations, helping SEs to grow and succeed.

The next section will summarise Chapter 4: Analysis and Discussion.

4.6 Chapter Summary

This chapter has identified and discussed three main themes that have emerged from the analysis the researcher conducted in this study. These themes are as follows:

Theme I: The nature of governance: CEO and board.

Theme II: Different governance roles: How do they work in social enterprises?

Theme III: Governance dynamics and its impact on value delivery in social enterprises.

Theme I was concerned with the nature of the CEO and the board. It opened with some evidence of the unique nature of boards in SEs. It then went deeper and explored how people became board members or chairs in SEs and what their personal motivation was – why they wanted to take part and volunteer to be on the board. The second part of the theme focused on the unique nature of CEOs in SEs and explored how people became CEOs in this type of organisation.

Theme II focused on four roles: CEO, management, board, and chair. The theme started with exploring the role of the CEO, responsibilities and characteristics then moved to the role of the management, which is more operational and works closely with the CEO on the day-to-day tasks. The second part of the theme discussed the board's role and main responsibilities which involve more strategic elements. Then it looked at the chair's role, which is a leadership position, as the chair leads the board and manages the discussion in the boardroom. The last part of the theme went deeper into the differences between the management and board in SEs, as sometimes there is a fine line between them, which can create confusion.

Lastly, **Theme III** explored governance dynamics and their impact on value delivery in SEs. It started with a discussion of the decision-making process in the boardroom – how decisions are being made in SEs. Then it focused on two important relationships: CEO and board, and CEO and chair. The examples of the different dynamics aligned with the guiding theory of this research – the stewardship theory. It moved on to discuss governance tensions in SEs, starting with the sources and causes that lead to tensions, followed by the different solution approaches to tensions described by the interviewees. It finished with exploring the influence of the positive dynamics on value delivery of SEs found in this research.

The next chapter will present the conclusions and findings of this study, presenting the model and propositions that arise from the analysis and discussion of the three main themes in this chapter. It will be followed by practical and theoretical contributions arising from this thesis as well as limitations and personal reflection.

Chapter 5: Research Conclusions

5.1 Chapter Introduction

This chapter brings the thesis to a conclusion. Starting with a summary of the main findings of this research, it then presents the emergent model, followed by propositions of governance dynamics and their influence on value delivery in social enterprises (SEs). It continues by evaluating the quality of this research focusing on transferability, confirmability, credibility, and dependability. It then examines the achievement of the research aims and objectives. This is followed by a discussion on the contribution of this thesis to both knowledge (especially stewardship theory) and practice. The limitations of this research are then presented, followed by suggestions for further research. The last part of this chapter is a personal reflection from the author and a summary.

5.2 Summary of key findings

The thematic analysis undertaken in this research was presented and discussed in Chapter 4 in relation to academic literature. The findings were consolidated into three main themes (please refer to **Table 9, Chapter 4**). The themes and analysis will be now summarised in terms of the key findings.

The first theme explored the unique nature of governance in the SE context, focusing on the Chief Executive Officer (CEO) and board. It started by discussing the nature and characteristics of the board (members and chair), discovering that most of the boards in this study are small (a finding supported in the literature) (Mason and Royce, 2007), as it is hard to recruit suitable people for these roles (Spear et al., 2007). An important finding is the level of teamwork between members that was reported in many of the interviews, as well as the high engagement, involvement (Bull and Compton, 2006; Jenner and Oprescu, 2016), and support

(Cornforth, 2004; Jenner and Oprescu, 2016; Lerner and Mason, 2014) of the board in the enterprise, which is a key element in the SE's success (Jenner and Oprescu, 2016).

Interestingly, this study found that most of the board members (and chairs) had a personal connection to the SE: through work, place where they live or, most commonly, a network connection. Joining a board as a result of these types of connections is proven to be a common way of becoming a board member among SEs across the world (Aulgur, 2013; Reficco et al., 2012; Spear et al., 2007).

When it comes to the motivation of members to join a voluntary board of an SE, two common reasons were found in this study. The first is the members' availability and will to contribute their time and knowledge to an enterprise they identify with, which is also a common reason according to other studies (Mason and Royce, 2007; Monteduro et al., 2009; Mswaka and Aluko, 2015). The second and most common reason among the interviewees of this study is their confidence and trust in the CEO of the SE and/or the vision of the enterprise. Their belief in the goals and purpose of the SE gave them the drive and motivation to take an active role and create an impact (Ball, 2015; Sacchetti and Tortis, 2014).

The theme also discussed the nature and characteristics of the CEO. It was found that CEOs in SEs usually have a clear vision, though they might experience challenges as their background is usually in either social organisations or business, but not both. However, they are very passionate, ambitious (Miller and O'Connor, 2016; Smith et al., 2013), and committed, as they aim to do good and solve social problems (Fowler et al., 2019; Siegner et al., 2018; Smith et al., 2013; Thompson et al., 2000).

When discussing CEOs' backgrounds and how they got to their current position, it is not surprising that they are so passionate about SEs, as most of them are the SEs' founders (Akemu et al., 2016; Katz and Page, 2010; Siegner et al., 2018). It was revealed in this study, and confirmed in the literature, that many of them are entrepreneurs (Katz and Page, 2010;

Kruse, 2020) who identified a need in the community and decided to be proactive and address that need by establishing an SE (Mair and Marti, 2006; Miller et al., 2012; Tracey et al., 2011; Wry and York, 2017).

The second theme focused on the different governance roles and how they work in an SE context. It started by discussing the role of the CEO in the SE context, which was found very similar to other sectors and included day-to-day management of the organisation, achieving goals, and leading it to the next stages (Daily and Dalton, 1995; Lorsch and MacIver, 1989; Roberts, 2002; Roberts and Stiles, 1999; Srour et al., 2021; Walton, 2011; Westphal, 1998; 1999). Additional dimensions to the role of CEO are presenting the vision and strategy of the enterprise to internal and external stakeholders, building the SE's reputation (Gravells, 2012), and learning new trends in order to develop the enterprise and improve its outcomes (Charan, 2005; Kuan et al., 2011; Shin et al., 2013).

After discussing the role of the CEO, this study then looked at the role of management in an SE context. It was found that the management, led by the CEO, is focused mostly on the operational side of running the enterprise, similar to other sectors (Fauzi et al., 2021; Heracleous, 2003; Mahoney and McGahan, 2007; Pearce et al., 2000; Sminia and Van Nistelrooij, 2006). Besides being operational, management also includes those who work in the marketing and finance side of the enterprise, which is also true of other types of organisations (Cho and Sultana, 2015; Fauzi et al., 2021; Powell and Osborne, 2015). Another side of management is related to their professional experience and background (Chandler, 1977; Dyer, 1989; Hayes and Abernathy, 1980; Meek et al., 1988), as their skills and expertise should be used in their role to improve the enterprise (Dyer, 1989; Schein, 1968).

The second part of this theme focused on the role of the board in an SE context. According to the findings, the main responsibilities of the board in SEs, as well as in other organisations, are setting strategy, making decisions in a macro level (Hillman et al., 2000;

Huse and Zattoni, 2008; Ingley et al., 2017; Low, 2006; Lyon and Humbert 2012; Zahra and Pearce, 1989), and making sure operations comply with the law (Low, 2006; Lyon and Humbert 2012). The board generally focuses much more on the future and long-term goals (Ingley and Van der Walt, 2001; Low, 2006), though this study discovered that they are very much 'here and now' when it comes to the ongoing support they provide to the management and CEO (Mason and Royce, 2007). Like the management, the board use their skills and experience in order to fill gaps, as they want the enterprise to be successful (Ingley and Van der Walt, 2001; Ingley et al., 2017; Low, 2006; Mason, 2010; Mason and Royce, 2007). Therefore, they are seen as experts and fill an advisory role when the management face challenges and need advice (Ingley et al., 2017; Mason and Royce, 2007).

After considering the role of the board, the role of the chair in a SE context was discussed. The main role of the chair in all sectors is to lead the board (Banerjee et al., 2020; Kakabadse et al., 2006; Kakabadse et al., 2010; Kakabadse and Kakabadse, 2007a; Kakabadse and Kakabadse, 2007b; Kakabadse and Kakabadse, 2008; McNulty and Pettigrew, 1999; Morais et al., 2018; Roberts, 2002). It was interesting to see that, in many cases, the chair has a meaningful role in advising, consulting, and providing ongoing support to the CEO (Banerjee et al., 2020; Dulewicz et al., 2007; Krause, 2017; Ma et al., 2019; Stewart, 1991; Withers and Fitz, 2017). It was also discovered that there are different leadership styles to chairs: some prefer to be in control and have the last say (Harrison and Murray, 2012; Levrau and Van den Berghe, 2013), while others prefer sharing the platform and hearing all voices (Harrison and Murray, 2012).

The last part of the theme focused on the differences that arose in the study between management and the board. The main roles of both management and the board are presented above, but, to summarise the findings, it can be seen clearly that the management deals with day-to-day operations (Cho and Sultana, 2015; Fauzi et al., 2021; Larner and Mason, 2014;

Leduc and Block, 1985; Powell and Osborne, 2015) while the board, with the legal responsibility for the SE, is focused on strategy and oversight (Connors, 1980; Larner and Mason, 2014; Leduc and Block, 1985).

The third theme concentrated on the decision-making process in the boardroom and the impact of governance dynamics on value delivery in an SE context. It started with the decision-making in the governance of SEs, discussing the democratic process many of the SEs follow (Defourny and Nyssens, 2006) and the influence of external parties on these decisions (Low, 2006). Examples of positive dynamics, reported by the interviewees, were presented. These positive dynamics have been proven to affect organisational performance (Glaveli and Geormas, 2017). Besides the democratic process that was mentioned above (Defourny and Nyssens, 2006; Defourny and Nyssens, 2017; Ridley-Duff, 200), many interviewees shared that there is usually a consensus between members when a decision needs to be made. As the chairs have an important role in boards' decisions, it was found that chairs sometimes act as mediators in this process in order for it to reach a smooth conclusion (Crucke and Knockaert, 2016; Knockaert et al., 2015).

The next part focused on the CEO–board dynamics in SEs. The majority of the interviewees talked about the partnership and collaboration between the board and CEO (Dart, 2004; Low, 2006), as well as mutual trust and respect (Dart, 2004; Low, 2006; Mason and Royce, 2007; Mason et al., 2007), qualities that align with the stewardship theory, which is the guiding theory of this study (Davis et al., 1997; Donaldson and Davis, 1991; Muth and Donaldson, 1998). Other qualities that were mentioned in the interviews and supported in the literature are support of the CEO by the board (Mason and Royce, 2007) and the effectiveness in this working relationship (Spear et al., 2007).

The next part discussed the CEO–chair dynamics in SEs. As the chair is the leader of the board, the relationship between him/her and the CEO was found to be critical and has been

extensively researched and investigated (Banerjee et al., 2020; Harrison and Murray, 2012; Kakabadse et al., 2006; Kakabadse et al., 2010; Levrau and Van den Berghe, 2013; McNulty et al., 2011). The elements of trust and respect were mentioned a lot in the interviews and literature when discussing the CEO–chair dynamics and its importance (Cornforth and Macmillan, 2016; Roberts and Stiles, 1999; Sundaramurthy and Lewis, 2003). These dynamics were also mentioned in relation to the SE’s performance, as good dynamics lead to better organisational performance (Exworthy and Robinson, 2001; Srour et al., 2021) and vice versa (Exworthy and Robinson, 2001; Koskinen and Lämsä, 2017).

After discussing the dynamics of the CEO with the board and chair, the next part of the theme focused on governance tensions in SEs. This was divided into two sub-sections: (1) sources and causes of tensions and (2) solution approach to tensions.

The reasons for tensions were varied and included the variety of roles of the board members, the confusion of roles between board and management (Roger et al., 2007), and the ongoing social–financial tension (Cornelissen et al., 2021; Glaveli and Geormas, 2017; Mason et al., 2007; Ridley-Duff, 2007; Roger et al., 2007; Siegner et al., 2018). The main tensions presented by the interviewees were the ‘double bottom line’, the culture and perspectives in governance, and budget and power issues. Some of the interviewees claimed they haven’t experienced tensions at all, and some others discussed healthy tensions that led to growth.

The solution approach to tensions by the interviewees was mainly that of open discussion in order to solve it instead of ‘sweep it under the carpet’. The finding of this approach was also supported in the other studies (Larner and Mason, 2014; Mason et al., 2007; Simmons, 2008). A different approach was to analyse the problem and then address it (Phillips, 2011; Phillips and Napan, 2016; Thorburn and Horrell, 2014). Yet another approach was to understand the different governance perspectives (Low, 2006; Low and Chinnock, 2008; Mason et al., 2007) that lead to tensions and then try to bridge the gap. The last suggestion by

interviewees was to start with a discussion between the chair and CEO – if they understand and trust each other it is easier to solve governance tensions.

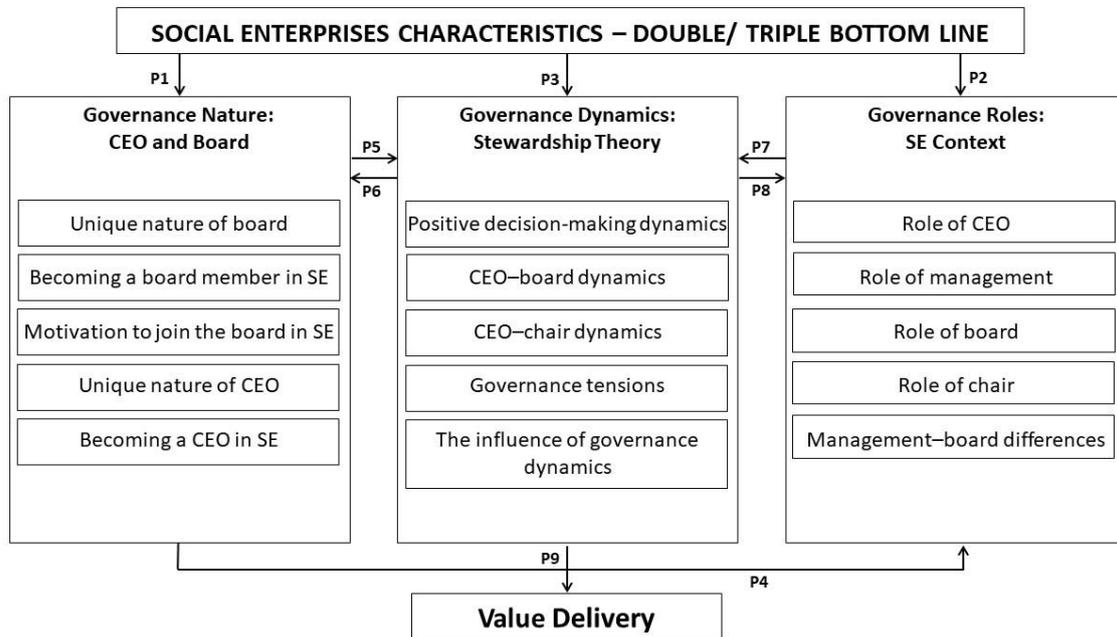
The final part of the theme presented the influence of the dynamics on value delivery. As this is the heart of the study, it was exciting to discover that most of the interviewees shared that the positive and close dynamics in governance has a positive impact on the value delivery of their SE. These positive dynamics affect the overall performance of the enterprise as well as the day-to-day operations. The influence of the board on the vision, growth, and performance of the SE was also discussed in the academic literature (Diochon and Anderson, 2009; Low, 2006; Mason et al, 2007; Mason and Royce, 2007). Different interviewees shared their thoughts about the meaning of having a board that is so ‘hands on’ and cares about the success of the enterprise. Besides one CEO whose experience is of a non-functioning board, it was found that most of the CEOs are grateful for the board they have, as they add value and truly impact the organisational performance.

The next section presents a model of the relationship between all the main themes and sub-themes discovered in this study and develops propositions that enable future investigation and testing of the model proposed.

5.3 Emergent model of governance dynamics and their influence on value delivery

The findings of this study have enabled the researcher to develop a model that attempts to explain how CEO–board dynamics in UK-based SEs shape the value delivered. This model is portrayed in **Figure 4**.

Figure 4: Emergent model of the influence of CEO–board dynamics on value delivery



Source: Developed by the author.

5.3.1 Developing propositions

The characteristics of SEs are unique and different from other types of organisations according to this study. SE is a hybrid organisation with a double (financial and social) or triple (financial, social, and environmental) bottom line, which influences its operation and strategy. In this study, most of the enterprises had a double bottom line and the interviewees expanded a lot on the question of balancing between the financial and social. All of the enterprises were established in order to do good in the community or change something in society, while trying to increase profit as much as possible, using business tools, and being sustainable.

The nature of an SE’s governance structure – CEO and board – and the governance roles of CEO, management, board, and chair were found to be affected by the unique characteristics of SEs, as teamwork, partnership, collaboration, and professionalism are key

elements of governance in a successful SE. Moreover, the SE characteristics and key elements mentioned above strongly impact the governance dynamics of both the CEO–board and CEO–chair relationships, and the attempts to balance the double bottom line lead to some governance tensions that were shared and discussed in the study.

There are several factors that influence the different governance roles while also shaping the top leadership of SEs. These include the nature of the people in governance, but especially their reasons for becoming CEOs and board members in SEs, as well as their reasons for joining a voluntary board. The governance nature and the CEO–board dynamics impact one another, as the supportive and collaborative nature of the CEO and board creates a positive dynamic. When the dynamics are good, this influences the nature and the will of the individuals to continue working together towards achieving the goals of the SE.

Similarly, the roles of the CEO, management, board and chair, and the CEO–board dynamics also impact one another, which is evidenced in how the CEO and management deal mainly with day-to-day operations while the board and chair deal mainly with strategy. When they work in harmony and complete one another it creates positive governance dynamics and vice versa. When the dynamics are positive, and the CEO and board see themselves as partners they can fulfil their roles better and be more proactive. Moreover, a positive decision-making process that results from the good governance dynamics and minimal tensions shape the value delivery and improve performance in SEs. From all of the above, the following propositions have been formulated:

P1: The unique characteristics of social enterprises influence the nature of the CEO and board.

As discussed in this study, SEs are hybrid organisations; they are not pure businesses but also not third sector organisations (i.e. NGOs, charities, etc.). Moreover, the double bottom line tension always exists and needs to be balanced in an appropriate way for the enterprise to

succeed. In order to establish an SE, one should have a creative and innovative mind, and excellent business skills, but also knowledge about social issues and challenges in society. Thus, the unique characteristics of SEs influence the entrepreneurial and innovative nature of the CEO and board, as well as the governance responsibilities and roles. Therefore, the following proposition can be put forward:

P2: Social enterprise characteristics, especially balancing social and financial goals, influence governance roles.

In the previous chapter, the governance roles were discussed and analysed, with a special attention to responsibilities that were created as a result of these people operating in a SE context. The social–financial balance in SEs has a major influence on governance roles as the CEO and board need to collaborate effectively in order to promote these two important goals and increase the success of the enterprise. Following the above, the next proposition arises:

P3: The unique characteristics and requirements of social enterprises impact governance dynamics.

The unique characteristics of SEs were discussed in depth throughout this study and, after presenting P1 and P2, the impact on CEO–board dynamics can be seen clearly. For the enterprise to succeed and achieve its social goal while making profit and being sustainable, the positive governance dynamics based on trust, honesty, and partnership are necessary, even crucial. Additionally, the contribution of knowledge, experience, and expertise of board members, chair, and CEO are valuable and important due to SEs' double (and sometimes triple) bottom line. The following proposition is advanced:

P4: The nature of the CEO and board influences governance roles (CEO, management, board, and chair) in social enterprises.

When analysing the interviews, both CEOs and board members were discovered to be ambitious, motivated, and passionate people. Board members' nature was characterised as supportive and team players, while the CEOs were characterised as visionary people with true commitment to solving social issues. This nature of governance impacts their roles, as this study revealed that boards (including chairs) are being supportive to CEOs and management, and work in partnership with them as part of their role, alongside fulfilling their strategic role. Similarly, CEOs lead the vision of the SE and act in the best interest of the enterprise, alongside fulfilling their operational role. This nature of both CEOs and boards creates synergy between them, influencing the relationship between them and, contrariwise, their working relationship (which has been discussed a lot in this study) influences their unique nature when operating in an SE context. The following propositions are therefore emerged:

P5: The nature of governance and shared vision impact the positive CEO–board dynamics.

P6: The positive CEO–board dynamics impact the unique and collaborative nature of governance.

The nature of governance, especially the mutual commitment to the SE's vision and goals, the collaboration, the hard work, and the shared belief in the necessity and importance of the SE led to positive dynamics between the CEO and board with only minor tensions (which in some cases were considered healthy). And the opposite is also true: SEs with positive CEO–board dynamics deeply influence the nature of the board and increase the feelings of honesty, trust, and partnership among them. The next propositions will now be put forward:

P7: The different governance roles and the correlation between them impact CEO–board dynamics.

P8: The positive CEO–board dynamics and partnership impact governance roles (CEO, management, board, and chair).

The roles of CEO, management, board, and chair were analysed in depth in Chapter 4. It was clear to see that, in a well-functioning SE, these roles complete each other, when the management and CEO are more operative, and board and chair are more strategic. When these two sides collaborate effectively, there is a huge impact on the CEO–board dynamics and vice versa. When the relationship and dynamics are good and positive, there is an open discussion and little tension, meaning different people in governance and top management know the role and responsibilities of their own position and of others. From the summary of P5, P6, P7, and P8, the last proposition can now be advanced:

P9: Positive CEO–board dynamics influence effective decision-making processes and value delivery in social enterprises.

In this study, the majority of interviewees reported positive governance dynamics. When the relationship between the CEO and board is good and effective, and the process of decision-making is positive, it shapes the value that the SE delivers, which is also reflected in the performance.

The model and propositions developed and described in this sub-section highlight the unique characteristics of SEs, and the nature and roles of governance in an SE context. They also show how all these elements are connected to one another and influence CEO–board dynamics. This model also describes the impact of CEO–board dynamics on value delivery and performance, which is embedded in practice and can be seen clearly among the SEs participating in this study.

The next section discusses how this study meets the quality criteria of qualitative research, and presents the several measures taken by the researcher to enhance the research quality of this study.

5.4 Evaluation of research quality

There is an ongoing international dispute between qualitative and quantitative research. Qualitative research is considered to be less reliable, especially if it is not evidence-based or embedded in a randomised control trial (Denzin, 2009). A common view in the academic field is that there is almost nothing that unites qualitative researchers and there is no united qualitative approach for practice or inquiry (Stige et al., 2009).

Guba and Lincoln (2005) presented some differences in quality criteria between paradigms. The positivist and postpositivist paradigms rely on objectivity, validity, and reliability, which is inadequate for this research and might harm the quality of the thesis. They added that the participatory action frameworks rely on propositions, presentations, and experiential knowledge (Guba and Lincoln, 2005). This thesis is being viewed in the interpretivism paradigm, which is based on the research process, understanding of the social world of the participants, and the meaning and purpose of their actions (Blaikie, 2007; Bryman and Bell, 2015; Denzin and Lincoln, 2013; Maxwell, 2004).

As several scholars (Altheide and Johnson, 1994; Hammersley, 1992; Kirk and Miller, 1986) suggested different criteria to evaluate the quality of qualitative research, the four criteria that form a consensus in this regard among the qualitative community are transferability, confirmability, credibility, and dependability (Denzin, 2009; Guba, 1981; Lincoln and Guba, 1985). **Table 10** summarises the steps taken by the author of this thesis to ensure a high quality of qualitative research standards.

Table 10: Criteria of research quality

Quality criteria	Strategy	Operations in this thesis
Transferability	<ul style="list-style-type: none"> - Thorough explanation of the research question to the participants and why it is relevant to them; - Description of the research context and its results – from macro to micro; - Personal reflection on the researcher’s thoughts and insights prior to the research; - Personal reflection on the researcher’s influence on the interview process. 	<ul style="list-style-type: none"> - All the participants were described in detail in the methodology chapter (including their role, seniority in the role, background and gender, as well as age, ethnicity, and industry affiliation). All of them were qualified to provide information and answer questions that are relevant to the investigated research question; - The research took place only in the UK, specifically among CEOs, board members, and chairs in UK-based SEs. Moreover, it elaborated on the different challenges and contexts the participants are facing through the analysis process.
Confirmability	<ul style="list-style-type: none"> - Reflexivity during analysis; - A thorough collection and documentation of all aspects of the research; - Demonstration and discussion of all research choices. 	<ul style="list-style-type: none"> - To avoid researcher bias and assure quality in research, the author used reflexive analysis throughout the thesis process; - The author collected all data using 2 devices and stored them in a safe place. The transcription of all interviews was accurate, and the multiple use of detailed quotes helped to illustrate the themes and sub-themes. There is transparency in the process of theme formation and a coding structure can be found in the appendixes; - The methodology chapter explains all the choices that were made and the rationale behind them.
Credibility	<ul style="list-style-type: none"> - Clear research design; - Close supervision and consultation by experienced and senior researchers; - Deep exposure and ongoing connections with the population under study. 	<ul style="list-style-type: none"> - The full process of the research design has been presented and discussed in detail in Chapter 3; - This research has been supervised by two specialists in qualitative methods and governance. The first supervisor is a senior professor, who is well known and experienced in those fields. There was an ongoing discussion about the analysis and interpretation of the results, as well as a personal reflection about the process;

		- The researcher had significant engagement with people in governance roles in UK-based SEs, including meetings, conferences, and volunteering on the board of a known SE based in London.
Dependability	- Demonstration and discussion of all research choices; - Proof of compatibility between research question, method, analysis, and findings.	- Chapter 3 explains in depth all the methodological choices taken in this research. It is based on constructivist ontology and interpretivist epistemology in order to explore the CEO–board dynamics in SEs and its influence on value delivery. The collection of data (in-depth interviews), analysis process, and the use of guiding theory (stewardship) are consistent and align with the philosophical principles of this research.

Source: Developed by the author.

In this thesis, the author wanted to assure that the four research quality criteria of transferability, confirmability, credibility, and dependability were met.

The first concern was to develop a clear and coherent research design, presenting all the decisions the author made (i.e. research question, philosophical background, and methods) and the rationale behind them. All of these elements are consistent in regard to the nature of reality and help to explain the explored phenomenon in this thesis: the CEO–board dynamics and its influence on value delivery. The development and execution of research design are probably the most important part when discussing quality of research, as they enhance credibility, confirmability, dependability and transferability.

The credibility of this study has been improved by ongoing discussion with two very experienced researchers (i.e. supervisors) both in qualitative methods and governance, as well as via consultation on a number of occasions with two other respected researchers who work closely with these supervisors. Discussions were held throughout the process, from literature review to methodology and interviews, as well as the analysis process and the study findings.

The confirmability was put into practice in this study by a reflexive analysis during the entire process of the research, as covered in Chapter 4 when the author developed themes, which were analysed and discussed in detail. During this part the author used multiple quotes in order to provide the reader with accurate information that reflects the thoughts and feelings of the participants on specific topics and strengthens the themes and sub-themes. Moreover, all the choices and decisions in this research were explained in detail in **Chapter 3** (e.g. philosophical position and methods) and they are consistent throughout the thesis, assuring confirmability and dependability.

The author wanted to assure transferability when conducting the research, therefore, the interviewees received information prior to the interviews, as well as full explanation about the research, its aims, and objectives when meeting with the researcher. All the interviewees were chosen to take part in the research due to the relevance of their role to the studied phenomenon, and they were described in detail in **Chapter 3**. As researcher's bias in the interpretive process can be a major limitation in qualitative study, the author reflected on the process before conducting the research and during the interviews process and the analysis, and also used stewardship theory as a theoretical framework in order to examine the data.

5.5 Achievement of research aims and objectives

In the beginning of this research the author set out the aim and objectives. The following summary will demonstrate how these were largely met.

Research aim: *To explore the CEO–board dynamics and its influence on value delivery in UK-based social enterprises.* The in-depth analysis of governance dynamics, and especially the CEO–board dynamics, allowed to identify a proactive decision-making process in the boardroom as well as good and supportive relationship between them. Those dynamics have a

positive impact on value delivery in SEs that leads to an improvement in organisational performance. The aim of this research has been achieved.

Research objective 1: *To examine the nature of CEOs and boards in a social enterprise context.* The analysis of the interviews with CEOs and board members in this research revealed their nature. CEOs were identified as passionate and motivated people, with entrepreneurial thinking, and true commitment to the vision and goals of the enterprise. Board members were identified as team players, with rich professional experience and background, who, similarly to the CEOs, truly believe in the enterprise. From the above it can be said that the main elements of the nature of CEOs and boards has been determined in this thesis, therefore this objective has been achieved.

Research objective 2: *To identify governance roles (CEO, management, board and chair) in a social enterprise context.* When interviewing all the participants and analysing the data, the author identified the different governance roles and responsibilities in SEs. The CEO leads the management, and both deal with day-to-day operations and execution of strategy. The chair leads the board and both deal with overseeing the enterprise (including management and CEO) and strategic long-term planning. This objective has been achieved.

Research objective 3: *To explore the CEO–board and CEO–chair dynamics in social enterprises.* As this thesis focuses on governance dynamics and its influence on value delivery, it was important for the author to examine different aspects of the dynamics, especially regarding CEO–board and CEO–chair. When analysing the data, the author deeply understood the decision-making process in the boardroom, as this has a major effect on the personal dynamics within governance and vice versa. Following this, there was a deep exploration of CEO–board and CEO–chair dynamics, which revealed a supportive and collaborative relationship that is built on trust, honesty, and partnership. This objective has been achieved.

Research objective 4: *To explore governance tensions in social enterprises.* To understand governance dynamics and influence, the author explored governance tensions and identified the sources and causes of tensions, as well as the common solution approach. No major tensions were identified in this research, but a few were related to the social vs. financial challenge or due to the conflation of governance roles, while others were perceived as positive tensions that only strengthen the enterprise. There were a few suggestions when it comes to resolving tensions; the main one was to conduct an open discussion between those concerned in order to resolve the tensions in a pleasant way. This objective has been achieved.

Research objective 5: *To propose a model of the influence of governance dynamics on value delivery.* The model described in **Figure 4** in this chapter has been developed by the author based on the discussion and results of this research. The model aims to explain the influence of CEO–board dynamics on value delivery in SEs. The model proposed relationships and connections between different elements that emerged from the analysis, which led to the formation of various propositions that can be tested in future research. This objective has been achieved.

The achievement of the aim and objectives of this research means that the research questions set at the beginning of this thesis have been answered. In short, this thesis reveals the importance of healthy and positive CEO–board dynamics on value delivery in SEs.

This section summarised the research aim and objectives, and how they were all met. The next section presents the proposed contribution of this thesis to both theory (i.e. stewardship theory) and practice.

5.6 Contribution to knowledge

This thesis contributes to both theory and practice. With regard to theory, it contributes to stewardship theory and its application to governance dynamics. It provides an understanding

of the CEO, board, and chair roles; the interactions between all of them; and the specific dynamics of CEO–board and CEO–chair in an SE context. This research also offers recommendations and provides insights for practicing CEOs and boards (including chairs) in the SE field and for SE regulators.

The next two sections discuss the contribution to theory and practice made by this research.

5.6.1 Contribution to stewardship theory

This research contributes to stewardship theory, especially to studies that focus on governance dynamics in an SE context. Stewardship theory is considered to be relatively new (from the late 80s, early 90s) and, during its development, the theory focused mainly on governance dynamics in the business sector (Davis et al., 1997; Donaldson and Davis, 1991; Muth and Donaldson, 1998). Studies that discuss stewardship theory in the SE field (Cornforth and Macmillan, 2016; Low, 2006; Mason and Royce, 2007; Mason et al., 2007) started to emerge in the last two decades, though there is still a lack of research on this topic. This thesis focused on the governance dynamics, especially CEO–board in UK-based SEs. It contributes to stewardship theory by demonstrating how collaboration, partnership, and support in governance has a positive influence on value delivery and performance in SEs. Moreover, this thesis reveals the unique nature of CEOs and boards in SEs, and discusses their roles according to the analysis; all lead to patterns of positive interactions and relationships in governance with minimal tensions.

Table 11 provides an overview of the different fields of contribution and the extent of this contribution with regard to stewardship theory; this will be followed by a discussion.

Table 11: Contributions to stewardship theory

Theory/research	Contribution	Extent of contribution
Stewardship theory (Davis et al., 1997; Donaldson and Davis, 1991; Muth and Donaldson, 1998)	Importance of collaborative work for goals achievement	This study <u>confirms and extends</u> the understanding of the importance of partnership and collaborative relationship between CEO–board and CEO–chair as they share the same interests and want to achieve the organisational goals.
Stewardship theory (Davis et al., 1997; Donaldson and Davis, 1991; Muth and Donaldson, 1998) and CEO-board dynamics (Cornforth and Macmillan, 2016; Low, 2006; Mason and Royce, 2007; Mason et al., 2007)	Positive CEO–board dynamics in an SE context	This study <u>extends</u> the preliminary research and findings related to stewardship theory that focused only on the business sector and <u>adds knowledge</u> to scholarly understanding that positive CEO–board dynamics can be examined and tested widely in the SE field.
	Influence of CEO–board dynamics on value delivery	This study <u>confirms</u> the existing stewardship theory that focuses on the mutual will of CEOs and boards to improve performance. This research also <u>adds new insights</u> to scholarly understanding of the importance of positive governance dynamics with minimal tensions, as it influences value delivery and organisational performance in SEs.

Source: Developed by the author.

The importance of collaborative work and partnership in governance for goals achievement. This study confirms the claims in the academic literature regarding the fact CEOs and boards have mutual goals and share the same organisational interests as they want the organisation to grow and succeed (Davis et al., 1997; Donaldson and Davis, 1991; Muth and Donaldson, 1998). This research also extends the understanding of the importance of governance teamwork, collaboration (Banerjee et al., 2020; Cornforth and Macmillan, 2016; Spear, 2004), and partnership (Cornforth, 2004; Cornforth and Macmillan, 2016; Larner and Mason, 2014; Spear, 2004). This thesis found that CEOs and boards (including chairs) who work together and feel like partners, trust each other, truly believe in the vision and aims of the

enterprise, are very much engaged and committed to the SE, and work hard in order to achieve the organisational goals. Evidence from this study suggests that people who choose to be in these roles have a unique nature that includes an entrepreneurial mind, high levels of motivation and ambition, and a wish to do good for the community. Therefore, it can be said that these people (CEOs, board members, and chairs) are not motivated by external incentives or prestigious status, they are involved because they believe in the enterprise, and they understand that working together will advance them toward achieving organisational goals.

CEO–board positive dynamics in an SE context. This research extends the studies conducted in the 90s, which focused of governance dynamics in the business sector (Davis et al., 1997; Donaldson and Davis, 1991; Muth and Donaldson, 1998). Stewardship theory was developed in contrast to agency theory which assumes that there is a control relationship and hierarchy in governance (Beasley, 1996; Eisenhardt, 1989; Jensen and Meckling, 1976), which lends themselves to being examined in the business sector. This thesis extends the understanding that stewardship theory can be applied in the social sector as well (i.e. SEs). Moreover, the study adds scholarly knowledge to other studies in the field of SEs that started to emerge in the last two decades (Cornforth, 2004; Cornforth and Chambers, 2010; Cornforth and Macmillan, 2016; Greiling and Grüb, 2014; Huybrechts, 2010; Hyndman and McDonnell, 2009; Kluvers and Tippett, 2011; Low, 2006; Mason and Royce, 2007; Van Puyvelde et al., 2012; Viader and Espina, 2014) and focused on CEO–board dynamics. This study found that the majority of SEs participating in the research experience very positive CEO–board dynamics as well as CEO–chair dynamics. The relationship between the CEO and the board is based on trust, honesty, collaboration, and support, as both sides see themselves as partners who want the enterprise to grow, succeed, and be sustainable. Therefore, it can be said that stewardship theory and specifically CEO–board dynamics can be tested in SEs and not just in the business/commercial sector.

The influence of CEO–board dynamics on value delivery and organisational performance. According to stewardship theory, the CEO and board share the same interests and goals – to improve the organisational performance (Davis et al., 1997; Donaldson and Davis, 1991; Muth and Donaldson, 1998). This study confirms the theory – it was found in the analysis that the CEO and board work together to achieve mutual goals, as both sides want to see the enterprise grow and succeed. Moreover, this study adds important insights to scholarly understanding in the field of SEs regarding the influence of CEO–board dynamics on value delivery. Previous studies confirmed that the board is critical for the success and development of SEs (Bull and Compton, 2006; Diochon 2010; Jenner and Oprescu, 2016; Peattie and Morley 2008b), but this study adds another aspect to it: **positive** CEO–board dynamics and healthy relationship shape the value delivery of the enterprise and improve performance. The majority of the interviewees in this study reported a very good and supportive relationship between the CEO and board (including chair). The governance tensions they have experienced were not major or dramatic and were easily resolved by an open discussion between all parties involved. Some of the interviewees even shared that they experienced healthy governance tensions that strengthen the enterprise. This study found that collaborative and positive governance dynamics have a major impact on value delivery and performance in the SE field.

5.6.2 Contribution to practice

This thesis explores a question that is of high importance for practicing CEOs, board members, and chairs. Its insights and findings can be of practical value in understanding and improving the governance dynamics in the SE field and its influence on value delivery and organisational performance, especially in the UK.

There is a consistency between the findings in this thesis and the academic literature (Bull and Compton, 2006; Diochon 2010; Jenner and Oprescu, 2016; Peattie and Morley

2008b) in the fact that governance dynamics in SEs are critical for the growth and success of the enterprise, and are based on collaboration, support, and trust (Banerjee et al., 2020; Cornforth, 2004; Cornforth and Macmillan, 2016; Larner and Mason, 2014; Spear, 2004). This thesis has found that these critical dynamics have a huge impact on the value delivered in SEs: when the dynamics are positive it makes both CEOs and boards feel more committed to their role and that ‘they have each other’s back’, meaning they are not alone in trying to promote and improve the enterprise. Moreover, when governance dynamics are positive, they feel they have other people to consult with when there are challenges and/or issues that need to be resolved, especially when it comes to financial sustainability, as there are more people with experience and expertise involved in the SE and affecting its performance. This is particularly relevant to newer SEs participating in this study, as they are less financially stable and need to develop the right strategy for the enterprise to grow and become sustainable. According to the results of this study, when the enterprise is stable, both financially and socially, it can better deliver the value to the relevant community it serves. In summary, it was found that there is a high importance attached to governance dynamics in SEs due to its impact on value delivery; therefore, practicing CEOs, board members, and chairs need to take this into account and make it a priority when building their working relationships and setting common goals.

A second contribution to practice relates to the nature of CEOs and boards in SEs. Although much discussed in the past on the roles and responsibilities played by the CEOs (Daily and Dalton, 1995; Lorsch and MacIver, 1989; Roberts, 2002; Roberts and Stiles, 1999; Srour et al., 2021; Walton, 2011; Westphal, 1998; 1999) and boards (Hillman et al., 2000; Huse and Zattoni, 2008; Ingley et al., 2017; Low, 2006; Lyon and Humbert 2012; Zahra and Pearce, 1989), not much research has been conducted on their unique nature in different types of organisations. This study analysed their unique nature, discussed during the interviews, in order to understand what the common characteristics are that lead these people to be involved in SEs.

The CEOs in this study are very passionate about SEs and doing good for the community. They know how they want to lead the enterprise and they live and breathe its vision. When it comes to their experience and background, taking into account that SEs are considered to be a new type of organisation, they usually have knowledge in either social organisations *or* business, meaning that they need to fill a knowledge gap, which they do as they are very ambitious people. This finding can contribute to practice by providing the legitimacy for potential CEOs of SEs, who have the characteristics described above, to come from a specific background (which is not necessarily an SE background) and acquire the missing knowledge, skills, and practices that can help him/her to become a successful CEO. This is an important finding for practicing boards in SEs as well, so they will know what to look for in candidates for the CEO position. Boards can also provide a good deal of help to CEOs lacking in specific skills and knowledge, due to their diversity in experience, and support CEOs in filling professional gaps.

The board's nature was also widely discussed in this study, and it was found that they are team players who work closely together and share the responsibilities due to their high levels of engagement in the SE they govern. Moreover, they are supportive people: they support the SE in general and the CEO in particular, as they truly care about the enterprise and want to see it grow and succeed. As they are all professionals who come from a diverse background, in most cases, they can contribute to the SE from their knowledge and expertise, and provide mentoring in specific fields to the CEO. It may be of value for practising boards (including chairs) to reflect on the support they provide to the enterprise and CEO, and on their level of engagement in the SE. An important aspect relates to the professionalism of the board – practicing boards can use their skills and experience to improve the enterprise and train the CEO and management when they identify a lack of knowledge or expertise. Practicing CEOs, on the other hand, can feel more comfortable to approach the board, and ask for advice,

mentoring or training from relevant members, as all of them share the same interests and want the enterprise to succeed.

Practicing CEOs, board members, and chairs can also benefit from the insights regarding governance tensions. According to a finding of this study, the main tension in SEs is the social–financial balance, or in other words the ‘double bottom line’ (Cornelissen et al., 2021; Glaveli and Geormas, 2017; Mason et al., 2007; Ridley-Duff, 2007; Roger et al., 2007; Siegner et al., 2018). Although not all interviewees experienced tensions, it is important that practitioners pay attention to this matter and don’t ignore it in case there are disagreements in the boardroom. Furthermore, the common solution approach to tensions in this thesis was to openly discuss the issues with all the members in order to get to an agreement, instead of ignoring it, which was also supported in the literature (Larner and Mason, 2014; Mason et al., 2007; Simmons, 2008). This approach can be adopted in practice by CEOs and boards of SEs, as well as other recommended solution approaches in this study, such as analysing the problem before addressing and solving it, understanding the different perspectives and finding the right way to bridge the gap, and starting with a conversation between only the CEO and chair before involving the others.

The next section will present the few limitations of this study.

5.7 Research limitations

This study, like other studies in the social field, has several limitations.

This study was conducted in the knowledge that its findings and conclusions are valid only for UK-based SEs. The models for SEs around the world vary, and every country has its own rules and regulations when it comes to what is considered to be an SE. Although academics and practitioners around the world can benefit from this thesis and the conclusions about the importance of governance dynamics and its influence on value delivery, the governance

structure and organisational procedures might be different among SEs, therefore this should be taken into account.

Another limitation is related to the fact that most of the participating SEs are small or very small. The majority of them operate in the local community and only a few of them are national. Thus, the management team (including the CEO) and board (including the chair) are quite small as well (approximately 4–8 people in each team) meaning the findings are mostly suitable for small and local SEs. Larger SEs who want to benefit and learn from the results of this study, should take into consideration the size of their management and board, and be mindful that creating close and positive governance dynamics, based on trust and partnership, might be harder and take more time in a large group.

It is important to remember that this thesis focused on governance dynamics only in an SE context. SEs are different from other social organisations (like NGOs, charities) and regular businesses, due to their ‘double bottom line’ that affects their strategic plan, daily operations, and governance structure. Therefore, all the elements that were examined in this study, as well as the findings, can be implemented in other SEs though they might not be relevant to other types of organisations.

The last limitation of this study – although a few measures were taken to reduce it as much as possible (see **section 5.4**) – is the interpretive, subjective nature of the study. The author acknowledged the fact that the results and conclusions of this study were affected in every stage of the execution by her values, perceptions, experience, feelings, and connections with interviewees. It is known in qualitative research that it’s impossible to eliminate researcher-induced bias completely. However, in order to retain the credibility and authenticity in qualitative research as discussed in the study of Lincoln and Guba (1985), the author has made all efforts to stay honest and exact, maintaining the integrity of the research and the participants, while trying to conduct a study that is based on true evidence, the findings and

conclusions of which merit credibility and trustworthiness among both practitioners and researchers.

The next section will recommend some opportunities for further research.

5.8 Further research

This thesis has answered several substantial questions that justify future research, which is a great value of qualitative research.

The first option for future research is related to the model and propositions that emerged in this study. The suggestion of the author is to test and refine them in order to extend their applicability among SEs across the UK.

In order to expand the current study and its findings, it might be useful to explore governance dynamics and its influence on value delivery in medium to large SEs. This study found that positive CEO–board dynamics that are based on honesty, trust, collaboration, and partnership influence value delivery and increase the organisational performance. These findings are crucial for the growth and success of SEs. As this study comprised mostly small SEs, it is important to examine whether these findings are generalisable for medium to large SEs, and if governance dynamics in bigger enterprises align with the stewardship theory (Davis et al., 1997; Donaldson and Davis, 1991; Muth and Donaldson, 1998) like the enterprises in this study.

As outlined in the research questions, this thesis focused on the CEO–board dynamics in SEs. Therefore, a future opportunity would be to focus specifically on the CEO–chair dynamics. Although CEO–chair dynamics have been widely studied and investigated in the business sector (Kakabadse, 2007; Kakabadse and Kakabadse, 2007a; Kakabadse et al., 2006; Kakabadse et al., 2010; Roberts and Stiles, 1999; Stewart, 1991), it is still a new field in the SE world. This study analysed the CEO–chair relationship, as part of the governance dynamics,

though the main focus of this thesis was the CEO–board relationship. However, some interesting patterns and dynamics between the CEO and chair were raised by the interviewees, which significantly affect both the dynamics with the other board members and the value delivery of SEs. These findings led the author to recommend – and emphasise the importance of – conducting a future study on the influence of CEO–chair dynamics on value delivery in SEs in order to complete the picture, along with this study, of the influence of governance dynamics.

A further aspect that might be interesting to examine is the influence of CEO–board dynamics on value delivery in both purely social organisations and businesses. This research focused on the influence of governance dynamics in SEs. It was widely discussed in this thesis that SEs have two main goals: social and financial (Cornelius et al., 2008; Cornforth, 2014; Defourny and Nyssens, 2010; Geurtsen et al., 2010; Salamon and Sokolowski, 2016; Teasdale, 2011). Therefore, further studies can focus on the influence of governance dynamics in purely social organisations (who have only social goals to do good for the community/society) or purely business institutions (who have only financial goals to increase income and be profitable). These further studies can be compared to the current study to identify similarities and differences which can lead to improvement in governance dynamics as well as organisational performance. For example, this thesis found that the positive CEO–board dynamics, according to the majority of the interviewees, align with the stewardship theory and is based on trust, collaboration, and partnership. It will be interesting to discover how CEOs and boards in social organisations or businesses experience the governance dynamics – is it usually positive? Is it based on trust? Do they share the same interests? Do they work in partnership in order to achieve the organisational goals? All of these aspects can be compared, as different types of organisations can learn from each other and improve their governance dynamics for a better organisational outcome.

Another opportunity for further research is to compare governance dynamics in the UK to other countries (e.g. US, Canada, Australia). This study focused only on SEs in the UK (which is one of its limitations) due to the requirements of the research scope in a PhD thesis. However, there is a global trend for SEs, and this sector continues to grow every year (Cornelius et al., 2008; Defourny and Nyssens, 2010; Mason et al., 2007; Peattie and Morley, 2008b). The governance structure and legal requirements of SEs in the UK were presented in this study. Further studies about the influence of governance on value delivery in SEs in other countries will shed some light on this phenomenon in a worldwide perspective. Then it will be interesting to compare different countries, identify the similarities and differences, and understand what can be improved in governance in each of the countries in order to better influence value delivery.

The next section reflects on the author's personal process of conducting this study and writing the thesis.

5.9 Personal reflection

Writing this part of my thesis makes me feel both anxious and excited. On the one hand the PhD journey has been part of my life for the last 5+ years and it's been a rollercoaster of feelings, thoughts, challenges, failures, and successes. I often found myself asking: am I good enough as a researcher? Do I understand the essence of research? Can I truly contribute to both research and practice? All of these questions kept me awake at night during this long period as I always aim to be good in what I'm doing, and I never compromise on something less than excellent. On the other hand, so much happened in my personal life during this time: I moved to Reading alone, leaving my husband (who was my fiancé back then) in Israel for a year; I got married; I moved to Oxford with my husband so he could start his PhD; I established an Israeli community in Oxford; I joined an NGO based in Europe as a consultant; I opened a boutique

chocolate company in Oxford with my husband; I had my first child; COVID-19 happened with many lockdowns and restrictions; I moved back to Israel with my family; I started a new full-time job in a leadership position; and I'm now about to have my second child.

My supervisors, close friends, and family know that this journey wasn't easy for me. I'm a people person and doing research, which is usually very lonely, was hard for me both mentally and emotionally. I received a lot of support from the people around me, especially from my supervisors, partner, and parents, which makes me feel so thankful. Although I'm a person who always finishes projects and always stands behind my commitments, there were times I didn't believe in myself as much as they believed in me – they gave me strength and made me feel I can do this. Thanks to them I'm now at the finish line.

I know now that my research can make a real change in the field of SE governance, and I'm aware of the significant contribution of this thesis to both academia and practice. Although I decided to focus my career on the field of social change, I can proudly say that I'm capable of conducting a ground-breaking qualitative research. I can manage large amounts of data, I can speak with confidence about this study and present in important conferences. I can start a big project from scratch and complete it. This is something no one can take away from me. I did it.

5.10 Chapter Summary

This chapter concludes the thesis. The author hopes that it is now clear what the contribution of this study is to both knowledge and practice in the field of SE governance. The author will continue her journey in social change and social action, with a hope to contribute, enrich, and impact businesses, communities, and society for a better future.

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Appendix 1: Third Sector Definitions

Focus	Definition
Characteristics of the sector	<p>‘...the third-sector organizations have taken on more characteristics of state organizations (e.g. in terms of formalization) and of market organizations (e.g. maximizing their income, but without maximizing their profit).’ (Brandsen and Pestoff, 2006, p. 494)</p> <p>‘It can be described as a domain in society comprising organizations that are private (not belonging to the state), nonprofit (not distributing the profits to economic owners as market organizations do), and formal... the “third sector” is a hybrid domain amidst the three ideal typical or “pure” domains of society.’ (Brandsen et al., 2005, p. 751)</p> <p>‘...the third sector is part of the public sphere of modern democratic societies, a sphere that cannot be attributed simply to a civil society “sector” as opposed to a state sector.’ (Evers and Laville, 2004a, p. 22)</p> <p>‘...a form of collective action based on consensus.’ (Ferris, 1998, p. 137)</p> <p>‘...formal, private (independent of government), self-governing (organizationally), not-for profit (nondistribution of profits), voluntary, and for the public benefit.’ (Ferris, 1998, p. 139)</p> <p>‘...composed of organizations where a category of agents other than investors is awarded the role of explicit, intended beneficiaries of the organizational economic activity.’ (Gui, 1991, p. 552)</p>

	<p>‘The third sector always tended to be treated as something of a left over... An organisation is said to belong to the third sector if, at the same time, it fits into both of the groups described above. It could be said , then, that the third sector spans the gulf between the two.’ (Mertens, 1999, p. 502)</p> <p>‘...a "third sector"... that combines: formal and informal elements at the level of organisation (market, state, volunteering, self-help and the domestic economy), market and nonmarket- oriented production and valorisation of goods and services, monetary and non-monetary resources at the level of funding... Terms such as social economy, third sector, solidarity economy or alternative economy, non-lucrative sector, non-profit sector, not-for-profit sector, voluntary sector, idealist sector etc. are increasingly used as synonyms.’ (Moulaert and Ailenei, 2005, p. 2042)</p> <p>‘...comprising all the activities that are not public and not profit-oriented... .’ (Rifkin, 1995, quoted in Moulaert and Ailenei, 2005, p. 2043)</p> <p>‘A set of institutions or activities that are private, primarily public serving in purpose, and engaging people without compulsion... thus yield a coherent operational definition of the third sector/social economy, or TSE sector, amalgam.’ (Salamon and Sokolowski, 2016, p. 1530)</p>
The role of the sector	<p>‘Nonprofits play a variety of social, economic, and political roles in the society. They provide services as well as educate, advocate, and engage people in civic and social life.’ (Boris and Steuerle, 2006, p. 66)</p> <p>‘...the growing interest in the third sector is its involvement in the provision of public services. In some countries, the third sector has traditionally played a large role... where it has been an essential part of the construction of the post-war welfare state. In</p>

others... it took shape in the context of outsourcing... In addition, there has been the growth of organized initiatives in which citizens play a direct role in the production of the service.’ (Brandsen and Pestoff, 2006, p. 494)

‘While debate over how to serve our needs has focused on the public versus the private alternative, a third alternative, indeed sector, has grown between the state and market sector. Actually this third sector may well be the most important alternative for the next few decades, not by replacing the other two, but by matching and balancing their important roles.’ (Etzioni, 1973, p. 315)

‘...the role of third sector organizations, especially as far as their role as providers is concerned, is closely linked with the development of social services. It is in the field of social services that they have a special role as pioneers of new ideas, or as organizations that fill gaps, cooperate with the public authorities or even take a para-state role as providers.’ (Evers and Laville, 2004b, p. 237)

‘Improving social welfare and reinvigorating a sense of civil society... .’ (Fyfe, 2005, p. 536)

‘The Third Sector has a very particular role to play in pressing politicians to take action against powerful corporate interests which, in the absence of that countervailing public pressure, may well have utterly dominated political life.’ (Goodin, 2003, p. 22)

‘...the rapid institutionalization of a third sector as the primary partner with government in the following: (1) provision of human services, (2) promotion of culture and the arts, and (3) advocate and core of the civil society.’ (Kramer, 2000, p. 1)

‘Nonprofits have been able to establish a dominant position in some new fields of activity and to secure a meaningful beachhead in several fields historically dominated by public sector providers... The nonprofit sector’s role in bridging the service gaps, improving the wellbeing of society, and advocating for the public interest has increased in most social policy fields.’ (Nałęcz et al., 2015, p. 2359; p. 2375)

	<p>‘...reconfiguring the allocation of societal resources, as it evolves in the for-profit sector, in a way that meets those human needs that extend beyond the concerns of individual businessmen.’ (Valentinov, 2012, p. 358)</p>
<p>Characteristics of organisations</p>	<p>‘A common view of third sector organizations is that they are all in one way or another caring organizations, providing services or goods with a “dual” public (collective) and private (individual) nature... the desire to work not-for-profit, voluntarily, and/or for a better society seems fundamental to any definition of a third sector.’ (Brandsen et al., 2005, p. 760)</p> <p>‘...many seem to do significantly superior work than either the federal or local governments, and they are able to carry out missions which are not profitable enough to attract the private sector. In fact, the most promising solutions to our domestic problems are among the third sector approaches now evolving.’ (Etzioni, 1973, p. 315)</p> <p>‘...do not focus on... but rather on more tangible results such as satisfactory delivery of essential services to the community and maintaining social and community values.’ (Fletcher et al., 2003, p. 524)</p> <p>‘Self-governing associations of people who have joined together to take action for public benefit, that are independent, do not distribute profits and are governed by non-paid volunteers.’ (Fyfe, 2005, p. 538)</p> <p>‘The term third sector refers to a set of organizations which are neither capitalist, nor governmental.’ (Mertens, 1999, p. 501)</p> <p>‘...to be considered part of the TSE sector, entities must be: Organizations, whether formal or informal; Private; Self-governed; Non-compulsory; and totally or significantly limited from distributing any surplus they earn to investors, members, or other stakeholders.’ (Salamon and Sokolowski, 2016, p. 1533)</p>

<p>Comparison to other sectors</p>	<p>'Although no organization can be regarded as 'pure', many organizations now reach the point where the ideal types of state, market or third sector no longer help us truly to understand them.' (Brandsen and Pestoff, 2006, p. 494)</p> <p>'Third-sector organizations are involved in activities that: business and government are either not doing, not doing well, or not doing often enough.' (Brandsen et al., 2005, p. 751)</p> <p>'...do not focus on profit generation and wealth distribution to shareholders but rather on more intangible results.' (Fletcher et al., 2003, p. 524)</p> <p>'...the use of the term 'third sector' supposes abandonment of the duality between social life (first sector) and economic life (second sector) and the market/state dichotomy... .' (Gaiger, 2000, quoted in Moulaert and Ailenei, 2005, p. 2043)</p> <p>'Because they are motivationally and organizationally distinct, Third-Sector organizations are capable of doing many things that neither the state nor the market sectors can do reliably or well.' (Goodin, 2003, p. 2)</p> <p>'...a "third sector", different from the traditional public "general interest serving" and the private market sectors... the "third sector"... co-exists with the private and public sectors.' (Moulaert and Ailenei, 2005, p. 2042)</p>
<p>Types of organisations</p>	<p>'The sector is also extremely diverse. It includes religious congregations, universities, hospitals, museums, homeless shelters, civil rights groups, labor unions, political parties, and environmental organizations, among them.' (Boris and Steuerle, 2006, p. 66)</p> <p>'Research shows the third sector to be many things (private nonprofit or nongovernment organizations, social movements, volunteer groups, cooperatives, etc.) that seem to have little else in common other than what they are not.' (Brandsen et al., 2005, p. 750)</p>

	<p>‘...the third sector, which is neither governmental nor private. Some are created out of a mix of private business and governmental elements. Others take form of voluntary associations and the nonprofit corporations...’ (Etzioni, 1973, p. 315)</p> <p>‘Third sector or nonprofit sector are used to denote the set of organizations with different legal forms, including associations, foundations, cooperatives, mutual companies, labor unions, business associations, professional associations, and religious organizations.’ (Salamon and Sokolowski, 2016, p.1526)</p>
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Source: Compiled by the author.

Appendix 2: Interview Guide

The following structure have guided the inquiry process during the interviews:

Initially attention will focus on the CEO-Board dynamics as central points of information, following by the nature of challenges and tensions they face which are unique to social enterprises (SE) and the way these challenges influence value delivery. The scope will further consider:

- The structure of SE in the UK and its development in the last few years (including legal registration, accreditation, government involvement, influences etc.)
- The organisational purpose in being a SE
- The challenges of SE in comparison to "regular" businesses and third sector organisations
- The differences between management's roles & board's roles in SE
- Motivation of Board (voluntary/ non-voluntary)
- Decision making dynamics and tension inside the Boardroom (social vs. financial, power, authority relations)
- Nature of CEO-Board relationships in SE
- Nature of CEO-Chair relationships in SE
- Nature on Board-external stakeholders relationship in SE
- Main sources (internal/ external) and causes (financial/ personal/ strategic) leading to tensions between the CEO and the Board (healthy tension vs. conflict or lack on tension)

- The influence of CEO-Board relationships in SE on value delivery/ performance
- The perspective of the board and other important stakeholders on solution approaches to the tension with the CEO
- The critical key issues for SE in general and Hope Centre in particular in coming years

Appendix 3: Research Invite Letter



Invitation to participate in a Doctoral Research

Title of Study: Social Enterprises Governance

Supervisors:

Prof. Nada Kakabadse – email: n.kakabadse@henley.ac.uk

Dr. Nadeem Khan – email: nadeem.khan@henley.ac.uk

Researcher:

Nitzan Winograd (PhD student)

Email: n.winograd@pgr.reading.ac.uk

Telephone:

Dear Sir/Madam,

I am a second year PhD student and these semi-structured interviews will constitute a part of my PhD degree. I am a student of Henley Business School, University of Reading in the United Kingdom and my PhD is supervised by Prof. Nada Kakabadse and Dr. Nadeem Khan. Before you decide to participate, please take your time to read the information below about this study.

This study will examine the CEO-Board dynamics in social enterprises in the UK. My research question is: "How do the dynamics between the CEO and the Board of UK-based social enterprises shape the value that is to be delivered?". Therefore, I will conduct interviews with

board members and CEOs from all over the UK. You have been selected on the basis that you are over 18 and are a CEO/ Chair/ Board member of a social enterprise in the UK.

You will take part in a semi-structured interview about your personal experience of being involved in a social enterprise and your view of the board's performance in general and the dynamics between the CEO and the board in particular. During this interview, you will be asked to give your personal opinion about few subjects, such as the enterprise performance, the challenges of social enterprise and the interaction with other stakeholders. You have the right to withdraw from the study at any time, without explanation or detriment. Your data can also be withdrawn from the study, at any time before the point of any publication. The UK Data Protection Act 1998 will apply to all information gathered. This will either be held on password-locked computer files or locked cabinets within Henley Business School. In all instances your identity will be anonymised, and this will certainly be the case if any of your data is disseminated in any way. At all times there will be no possibility of you as an individual being linked with the data. Personally identifiable information will be held for 5 years before secure disposal. Anonymised data from this study might be made available to other researchers, in line with current Research Council Guidelines for data sharing. Please feel free to ask any questions that you may have about this study at any point, the results of this study can be supplied to you at the end, if requested. Expenses are not expected and are not covered.

This application has been reviewed by the University Research Ethics Committee and has been given a favourable ethical opinion for conduct.

Thank you for your help.

Nitzan Winograd

Appendix 4: Example of an Interview Transcript

Interview Date: 18.07.2018

Transcribed: 29.08.2018

Interviewee: Participant X (Code: CEO XX)

Interviewer

So thank you very much.

Respondent

Right, OK.

Interviewer

And if you we can start if you can present your name, your role and your background?

Respondent

Sure, yeah. So I'm [name of interviewer]. And I've got three jobs really that relate I think to this quite closely. So firstly I am the director and founder of my own social enterprise, which is called [name of SE], CIC – Community Interest Company. We've been going since 2011 and I'm effectively the Managing Director of that company. I'll come back to more about that in a minute. The other roles are I'm, kind of, [1.50] I'm the Chair of Plymouth Social Enterprise Network. So that's a business network of about 80 social enterprises in the city -

Interviewer

Eighty? 8-0?

Respondent

8-0, yeah.

Interviewer

Wow, OK.

Respondent

So we do a lot of work supporting, promoting and lobbying for social enterprise in the city. We were the ones that were behind Plymouth becoming the first social enterprise city in the country and did a lot of work to promote social enterprise in the city. Personally, I used to do a lot of work with governance as well, legal structures and that sort of whole domain. And finally, I'm currently the Social Entrepreneur in Residence at Plymouth University. So I do a very small contract with Plymouth University which is about helping the University in different ways. I do a lot of lectures on social enterprise, social entrepreneurship. I do quite a lot of mentoring of students who are looking to set up social enterprises. And I also do quite a bit of strategic policy work when it comes to the University trying to understand what being a social enterprise means for a University, which is quite a different scale to a lot of businesses, including my own really. So there's three sort of roles really. I mean, I'm involved in other sort of policy stuff, so I was on the CIC Technical Panel for a while around CIC governance. I was a Chair of Social Enterprise sub-group of the Local Enterprise Partnership as well. So I've got lots of different, kind of, other voluntary roles around social enterprise. But my main job is running my own social enterprise.

Interviewer

Your own social enterprise.

Respondent

We're a tiny business with four staff, so.

Interviewer

OK. So, yes, I think we will focus on your business because this is your main role.

Respondent

Yeah.

Interviewer

And just before, so you know Robin and Father Sam?

Respondent

Yes, yes from Millfields, yeah.

Interviewer

Yes, I interviewed them, Millfields, yeah.

Respondent

OK, yeah.

Interviewer

Yeah because they are, in a way, pretty old social enterprise in Plymouth, right -

Respondent

Old school, yeah, yeah.

Interviewer

- more than twenty years now, so OK. Yeah, that's nice, OK.

Respondent

Yeah, so we're quite new, so we've been around seven years. God!

Interviewer

Yeah, so if you can tell me a bit about your own social enterprise?

Respondent

Yeah, so we started 2011 and, as I say, we're a Community Interest Company limited by shares, so we have two member owners, which is myself and my partner, four directors. Fundamentally, our vision is trying to create a more socially enterprising economy. We want to see more social enterprises, creating jobs, creating wealth, but also tackling social problems, environment problems in the city. So that's our vision, if you like. To do that, we provide business advice services, so we're a kind of consultancy based CIC. We do a lot of work helping social entrepreneurs start up. We do a lot of work on legal structures and governance. We do a lot of work then helping them move on to get investment and funding and finance. And then finally we do a lot of social impact work, so evaluation, proving the difference that social enterprises have made. So it's kind of, like, yeah, those are the three areas of work. Quite generalist within that but our specialisms are around social enterprise, particularly legal structures and starting up, that sort of stuff. My background before that is I used to work for the public sector, I worked for the Big Lottery Fund giving out money, then got a job as a private sector consultant in Cornwall, got made redundant from that job and then started my own business, yeah, seven years ago, moved to [name of interviewer's city], and thought hey let's try and give it a go, you know, quite keen to try running my own

business and seven years later here we still are. So we've grown slowly, started off with me in my bedroom, as a lot of businesses do, just me and, well my partner sort of background really, but we've gradually expanded so we've got four staff and we've got one [5.26] director as well who sort of comes along to board meetings. Yeah, we've been...I mean, one of the key things the way we deliver our social impact really is fundamentally in the services we provide, but also we've done a lot of...donated a lot of time to the social enterprise community in that networking role, so that's done voluntarily in terms of raising awareness of social entrepreneurship in the city, yeah, liaising with the council [5.52] trying to promote the concept of social enterprise, I think with reasonable success, you know, that social enterprise city badge – I don't know if you knew that – but we were the first social enterprise city and quite proud of that achievement really, that's been a big context for Plymouth's social enterprise community, developing, getting investment in, it's got about £6m in because of that. And different funds: Rank Foundation, Power to Change, Esme, the council, C-BED have all put money in because of that, you know, because something interesting's going on here around Plymouth, you know, and what we're doing so, yeah, that's kind of background if that makes sense?

Interviewer

Yeah. So I just want to make sure I got it. So you actually advise other social enterprise, I mean, this is the purpose of the social enterprise, you advise on social enterprises, right?

Respondent

Yeah.

Interviewer

You help them meet with their establishment, accountancy, governance, I mean, all the issues the social enterprise deal with.

Respondent

Yeah, so we provide that advice to other social enterprises and social entrepreneur individuals. So if you wanted to start a business and you were scratching your head thinking what do I do, how do I start – come and sit down with us and we can provide that free business advice to help you get on the right track to start off. So, yeah, that's kind of our -

Interviewer

Great, I will have a question at the end after the interview, because I am establishing with my husband a business now in Oxford, so.

Respondent

OK, yeah.

Interviewer

OK. And your clients are social enterprises in Plymouth or you work with people all over the country?

Respondent

Mostly south west, yeah, I'd say Cornwall, Devon, Plymouth, Somerset and Bristol. We've had a couple of bits and pieces of work that have been further afield but mostly in the south west and probably mostly Plymouth. I don't know what the percentages are but, yeah, mostly Plymouth.

Interviewer

OK. And what was the purpose of being a social enterprise?

Respondent

So I think it was really quite an important moment for me actually. So I was working for the private sector for seven years and although quite a bit of that work was with other kind of charities and community groups and voluntary sector organisations, I kind of got a bit fed up just kind of making money for my boss without any real kind of obvious value. I've always thought at heart for me personally, I've got quite a strong public service ethos and, yeah, I've always been keen to try and make the world a better place, or whatever you want to call that, you know, in terms of trying to do the right thing. But also I have a quite fiercely independent spirit within me, so I tended to struggle a bit in working for the public sector because I felt it thwarted kind of entrepreneurial ideas, it was quite tricky. So the idea of being both independent, running my own business, but also having very strong social values and strong social features and a mission was really compelling and profound and as I worked in this sector for the last 20 years really, it just started to really appeal to me. And what also appeals to me around social enterprise specifically is [agency 8.52] amongst entrepreneurs that it's not about charity, it's not about just giving donations away and sort of, like, that classic kind of model of charity, it's actually creating value, creating a positive product or a service you can buy because they want to buy from you – and that's quite important for me, is that it's a business, not just a charity, if that makes sense, which is why we chose CIC for us as a good governance structure, because it gives us that flexibility. Yeah, just kind of really inspired by businesses that make the world a better place, you know, I think that's really interesting and it's kind of where every business should be that, shouldn't it, I mean, ultimately?! [Laughs]

Interviewer

This is what I say all the time, every business should be a social business!

Respondent

Absolutely. And then the term wouldn't exist because every business would be...

Interviewer

Yeah.

Respondent

And it comes back to this idea for me, you know, business is a really important force in the world, isn't it, it creates taxes, it creates jobs, it does amazing stuff, it's 40%/50% or 60% of the world's economy at least, but there's that fundamental principle that in pursuit of profit alone is dangerous, it can be problematic and there's a lot of...how many more business scandals do you have to read about before you get, you know...but if you put values at the heart of it, I think you can create something really positive, so that's kind of where I come from with that, so.

Interviewer

OK. And because you're involved with social enterprise for many years, so did you see any development in the structure of social enterprises in the UK?

Respondent

Do you mean sort of legal structure or do you mean -

Interviewer

Legal structure, accreditation, government involvement, influences - ?

Respondent

Sure, yeah. It's a good question. I mean, I know there's a lot of impetus came from the then Labour Government in early 2000, because I think 2001/2/3 there was a social enterprise unit within the new Labour Government -

Interviewer

1998.

Respondent

Yeah. And Ed Miliband was involved in some of that, wasn't he, so I know originally there was quite a stimulus there, although the history of social enterprise in Britain goes back hundreds of years, so you've got the co-op movement founded in 1844 or -

Interviewer

Right, mutual -

Respondent

- yeah, Fenwick Weavers, you know, 1769. So there's a strong history of community businesses working for the benefit of society. I think we're quite strong on that. My reading of it is that social enterprise as a phrase, as a concept came about in the late 70s, 80s and 90s it started to emerge, so I think there's been a long history of social enterprise structures, although I think what's I think particularly interesting in 2005 was particularly the CIC structure, so in terms of a governance structure, what I see across Europe is actually there's

quite a lot of envious eyes looking at Britain thinking actually we've got a specific legal structure that's for social enterprises, whereas a lot of countries don't have that. So that I think was a big movement in 2005 when that happened. I think some of the big work we've seen, certainly in Plymouth over the last seven years, is just more general public awareness of social enterprise, it's something we've worked really hard to try and do, you know, to make social enterprise not fringe, it's not alternative, it's not weird, it's actually just a lot of people are inspired by it and certainly university students I work with, I think if you can sit down and work with them and can talk to them about social enterprise, the penny drops a little bit and it's a really great way of achieving values in business. I think within the council, the local authority, public government here, I think it's swings and roundabouts, so it's interesting that that social enterprise unit in national government existed, but then obviously closed down and I think at national government level, social enterprise has got a bit lost. It sits within the Department for Culture Media and Sport and it's like actually should it be there? I think it should probably be in Business. And in the local government, we had a Labour...so, again, if you think about 2010/11, you know, the Conservative Government, local government council, who didn't really understand social enterprise or didn't really bother about it. But as the social enterprise community got organised we then had a Labour council locally, it was a co-operative council, I don't know if you've come across that Labour move-, in the Labour movement there's quite a lot of co-operative councils, they call themselves it's a co-operative council innovation network. And they're really interested in alternative models of ownership and alternative models of delivering business. And we had a great opportunity – we had the university as a social enterprise, we had the council as a co-operative council, we had a really strong social enterprise community and network that this membership organisation campaigning and those three things came together to really give some impetus to social enterprise development in the city. So that's quite strong. What's

interesting then is the then Labour Government, local government, was voted out and we had a Conservative administration for two years and I found interesting there was structurally they sort of supported it but on a much more hands off basis. They were less driven and less passionate about it but were much more kind of, yeah, 'laissez-faire' about it, you know, yeah get on and do what you want really. So we were freer to do what we want but had less government support for the agenda, although the new Labour Government that's just come back in in Plymouth is talking quite a lot about co-ops and mutual and in that sense of ownership it's quite interesting. So in terms of changes of structure, I mean, I see that particularly Community Interest Companies tend to have a legal structure and a governance structure, have become very popular and they really provide a great way, great vehicle for social entrepreneurs to run. Obviously the big spin outs coming out, like Live Well South West, these big health spin outs, I think that's a big movement as well that's happened over the last ten years, I think that's made people think about social enterprise in a different kind of way. I suppose in terms of your questions that I can see on here, you know, that kind of CEO/board sort of stuff, I can see that works a bit differently at that bigger scale to say our scale – we're a micro business, you know, we're sort of owned and run by a board of directors who are also the employees in that sense. But I think also what's interesting for me is in the charity sector, I see a lot of quite traditional charities moving towards social enterprise and they do have a very strong CEO/chair relationship -

Interviewer

Right, or they're open, I mean, they are a charity but then they establish a social enterprise.

Respondent

Yeah, some of them do, some of those charities set up specific trading arms.

Interviewer

Yeah.

Respondent

But some of them are trading charities and they've got charity shops or they have cafés or they have half of their income at least is earned through selling services to the public sector, but they have a more traditional governance role. That's quite interesting, compared to say CICs, which is a bit more entrepreneurial in my mind. So, yeah, what was the other part of your question – structural changes? I see social enterprises becoming more confident, more ambitious. I still think there's work to do to raise public awareness. I see the political context like social investment is quite interesting, you know, what's Big Society Capital trying to do to push the agenda. I think there's more and more awareness of the need in consumers as well to buy ethically and it comes back to values, you know, how do you articulate the values of your business so consumers understand it and buy into that. So, yeah, quite a lot of changes. Also quite a lot of things that stay the same, you know, there's still the need for good management, good governance, good relationships as well, so.

Interviewer

And when you look at social enterprise and you try to compare them to regular businesses, you know, for profit organisation or to pure non-profit organisation, what are the main challenges of social enterprises when you compare to the other two?

Respondent

So I think compared to private sector, the mainstream standard private sector, I think the main challenge is integrating a social mission into the business, so you've got this dual role of trying to achieve social impact but also achieve a profitable business. I think, you know, if

you're just worried about profits and just making money, you haven't got that kind of worry about social value although, you know, a lot of private businesses have strong CSR or have strong family values or give money to charity so, you know, we shouldn't discount that but I think, fundamentally, for them it's optional whereas for us, social enterprises, it's in our DNA, we can't get out of that mission. So that's always a challenge for social entrepreneurs is balancing that mission with the vision. I think another big challenge for social entrepreneurs compared to private businesses is the lack of capital. I think social enterprises are massively undercapitalised, they lack the equity finance that private businesses raise, venture capital and angel investors just doesn't really exist in the social enterprise space, so the barrier at the beginning of our journey, we don't have that capital, so that's quite a big barrier. I think in public policy sense, I think that there's still a lot of...the growth mindset of government, local enterprise partnerships, local councils is still dominated by that kind of traditional private business chamber of commerce model and I think, use an example in Plymouth: despite the fact we're a social enterprise city, despite the fact that we've got on the board of the growth board and we're in good positions, we are sometimes still afterthought, you know, if a government minister's coming down they will always invite the best private businesses to the table to discuss business agendas, but social enterprises won't be invited to that. Or if they are, it's like the University gets invited but the University's invited because it's the University, not because it's a social enterprise in its own right, [18.56]. I think compared to the charity world, I mean, there are charities, I suppose public perception I think as well. I think if you say I'm donating to charity no-one questions you, although charities have had a lot of negative press from the last couple of years around fundraising. I think people broadly still understand charity, I mean, it's been around for hundreds of years so, as a concept, it's kind of well ingrained into British society. So I think there's a big challenge there. I think it lacks...social enterprises can struggle to access, again, for different reasons,

the investment the charities can...the Grant Foundation, the donations – they don't access that kind of money so easily. But I think by sitting in the middle there between the two I think we've taken the best of both. I try and see it as opportunity. I think this is about yes let's learn from business, let's learn from charity and deliver a better business model than both, you know, if that makes sense?

Interviewer

Yeah.

Respondent

So, yeah, kind of what the differences are, the main differences: I think in governance terms, I see a big difference between charities and what I would call more entrepreneurial social enterprises, because I think charities have the kind of, on one hand, you see it as a burden of trusteeship. I think trusteeship is a real barrier to charities developing social enterprising solutions to problems, because trustees are inherently risk averse and are managed in a different kind of way. Whereas CICs particularly and community benefit societies to a certain degree are much freer to get on and do stuff. I think that opportunity to innovate, be quick, be agile I think is much more prevalent in the kind of mainstream social enterprise sector than the traditional not for profit sector, so I think there's a big difference there as well.

Interviewer

Yeah. And can you describe me a bit the board of your organisation, who is in the board?

Respondent

Yeah, so we have four directors. So that's myself, we've got [name of a board member] who's our operations- HR director, she's officer manager sort of role and she's the other

shareholder, so we're the actual owners, but we're also two directors. We've got a third director who's paid, a guy called [name of a board member], he leads on business advice, more the business contract management sort of oversight sort of stuff. I tend to be on more the strategy and bigger picture vision stuff. And then the fourth director is a non-executive director called [name of a board member], who was the CIC regulator, so we're quite lucky that she comes to voluntary board meetings and she provides a really fantastic sounding board. She provides great strategic insight, she's really governance. She's not involved in the day to day running of the business but is useful and she comes officially to board meetings but also is on the end of a phone or an email if you've got a specific question about something that you want her opinion on, you know, whether it be governance, money or business or cashflow or contracts or whatever, she's really helpful for that. So that's the four directors, that's our board.

Interviewer

And what is the difference between the management's role and the board's role?

Respondent

Yes, good question. I think in our sort of business, the two sort of sit close together. We don't have a separate management team. We've got one employee who's not a board member so, in our role, the board and the management work together. I think the way we differentiate it is at board meetings we take a more board level role, at those board meetings we are directors looking at the big picture, looking at strategy, looking at governance, looking at social impact in its broadest sense, we're looking at the kind of bigger picture -

Interviewer

Like the macro in a way picture?

Respondent

Yeah.

Interviewer

OK.

Respondent

The much bigger...and the governance, you know, are we reporting regularly, are we doing our accounts properly, are we doing...so it's much more that level. But, the same people meet as a management team every week. And we are much more concerned about the day to day running of the business, the cashflow forecast, are the contracts being delivered, are they on time, who do we need to chase, what are the marketing opportunities. Some of that's straight into the board meeting, so particularly marketing, we talk quite a lot about marketing at the board meeting but, you know, yeah, it's much more functional, it's much more going through a list of contracts and itemising what you're ticking off the deliverables for the contracts at the management level, so the board is much more sort of...and also the board's much more around I think the values on the social impact side of it. I suppose because that's what we're there for, the directors are there to kind of deliver the fundamental mission which is a social mission alongside a financial mission, so we're much more exercised by social impact at the board than we are probably on day to day, you know, day to day we're just kind of there's quite a lot of functional can we pay the bills this month, you know, cashflow forecast.

Interviewer

And because [name of a board member] volunteers and you also volunteer as a chair -

Respondent

Yeah.

Interviewer

- so what is the motivation of being a board member, I mean, because you're not getting paid for it, so what is your motivation?

Respondent

Yeah, good question. So, I mean, I think the best way I can answer that is through my motivation as the chair of Plymouth Social Enterprise Network. So my motivation for joining that network was fundamentally kind of I believe in the concept of social enterprise so strongly, I think we've got a really strong message to say and being involved in a wide organisation I think provides a better platform for that message than my own business. So my own business, yeah, we run a business – it's not so much self-serving is kind of the wrong word – but we're much more focused on our success and the business, whereas in the bigger picture for the network, I'm much more concerned about the success of social enterprise across Plymouth or across the south west, it's much more the much bigger picture again, more strategic, more policy based. I think motivation's there, we're kind of a mixture of a bit of prestige, you know, it's good to be involved in a wider organisation that's successful. I think there's a bit of...there's also I suppose a slightly kind of useful...when I'm invited as the chair of the network to discussions, it puts me in different positions of kind of where there's lots of interesting discussions going on that could be of benefit to my own business as well, so there have been business opportunities that have come out of being chair of the network. I think one of the big challenges for us, particularly for me, has been I'm probably better known as the chair of the social enterprise network than I am as director of my own

business. So that's sometimes a bit of a challenge for my business, but there's a sort of...for us there's a very strong motivation about this is our way of giving back to our community interest, you know, we have a strong community interest which is other social enterprises and other social entrepreneurs and, fundamentally, that was a way of discharging our duty really clearly, so OK [name of SE] can donate...if you add up the hours it's £10,000 a year of time to that network voluntarily. Sometimes it's paid, we do sometimes have small contracts that we deliver so there is a little bit sometimes of financial reward, if you like, for doing that work, not a reward but an honorarium or a payment, depends on the nature of the work. But I always feel that it's interesting really, sometimes for me personally I find it easier to talk about the wider community, it's classic kind of British mentality I think, I find it hard to sell my own business, but I find it easy to sell the social enterprise and the social enterprise network because I'm almost like representing other people, it's not just mine, I'm not just blowing my own trumpet, I'm blowing the trumpet of everyone in the sector and that's quite interesting in terms of that split there. Yeah, they're the main observations.

Interviewer

OK, that's interesting. And how would you describe the decision making dynamics in the board room in board meetings?

Respondent

For my own business or for the network?

Interviewer

For your own business.

Respondent

Um...the dynamics...ooh another good question. So we try to be consensual, we try to bring...we've never had any sort of votes on the board meeting, we've never had a vote where three voted 'for' and one voted 'against'. I think we've got different personalities on the board so I suppose because I founded the business, I'm kind of probably in a leadership position and I'm sort of notionally the chair of the board -

Interviewer

You don't have a different chair?

Respondent

No we don't have a chair so, I mean, we don't have a named chair as such. But I suppose I chair it because I'm kind of -

Interviewer

Leading the -

Respondent

- sort of leading it, yeah. And we've got difference of opinions but we tend to always come to consensual decision making. [name of a board member] quite balanced and [name of a board member] and I tend to be different ends of it, so [name of a board member] much more pragmatic, much more kind of...yeah, much more kind of organised! Whereas I'm much more about the bigger picture, the strategy broad brush. He's much more detail and sometimes that could cause tension, he'll sort of say 'OK', because I'm thinking here's a strategic piece of work we need to do, so yes we do need to donate my time to the social enterprise network because the network is campaigning for business advice. Three years'

time that business advice contract might pay [name of SE] to deliver work. Whereas [name of a board member] saying immediately where's the return in that investment of time more immediately. But so I see the bigger picture more up here, [name of a board member] much more across the detail here. And that's different ways of working isn't it. So that's the sort of...there are sometimes some tensions there but we've never fallen out about it, it's always been discussed, because [name of a board member] and [name of a board member], again, [name of a board member] quite kind of pragmatic and [name of a board member] gets both sides of it, I think she's quite good in that sense, it's quite a good balance having her as a non-Executive. In some respects, she might be a better chair looking at that now, she could be, you know, make her the chair of the board and be more neutral, that might be a good role for her to take on actually.

Interviewer

And so do you experience some tension, you just mentioned it, so what are the main tensions, are there social versus financial or is it like sometimes over power or control or like authority relations, I mean -

Respondent

Yeah, good question. I think the main tension is about...is not so much social, I think we all get the social financial mission, we understand that, we understand we've got to do both, that's our remit. I think the big tension is around what I would call where I'm putting my time in strategically to a piece of work up here that's...so it comes back to this thing of the social enterprise network, if I'm volunteering for that network and they've invited me to go to a strategic meeting in London or strategic meeting in Exeter for the south west – so do you know the Local Enterprise Partnership model in south west?

Interviewer

No.

Respondent

So Local Enterprise Partnerships are sort of Government backed organisations across England. I think there's 30/40 of them in the country. And they're all about economic development in the region, so we've got all the Devon/Somerset, there's a Local Enterprise Partnership. It's all about growing the economy. I fundamentally think as a social entrepreneur we've got a duty to go in there and try and get them to grow the economy in a fair way and as inclusive, prosperous way, so much more about taking care of social enterprises and lobbying for the voice of social enterprise there and in Plymouth. Now, the tension there is I think some people will question what's the point of going to those meetings, you could be delivering this contract for this client and get that contract done, signed, sealed, delivered, but you're spending time over here at the strategic meetings talking about social enterprise, what's the benefit there? And that's the tension. What I say in response to that is well actually piece of work over here has led to millions of pounds of investment in the city. It's led to us getting contracts ultimately, but it can take a long time, it can take 3/5 years. The work I did 5 years ago is bearing through now because we do now have an LEP sponsored business advice programme for social enterprises. If I hadn't have put my hand in the ring 5 years ago, that might not be here and we're benefitting from that, we're delivering that contract. So that's sometimes a tension, the real long term versus short term I think is the main one. Yeah, I think we sometimes have what's the best way of achieving social impact, is it about should we take this contract, should we not take that contract, should we bid for this piece of work, we have discussions about that, but they're normally fairly less kind of – contentious is the wrong word, it's quite a strong word – but they're much more practical and

you can weigh them up quite well. But, yeah, that bigger picture, vision. I think, for me, there's quite a strong thing about I really buy into the philosophy and I want my company, our company to be much more thought leaders in the world of social enterprise, whereas [name of a board member] and [name of a board member], to a certain extent, but [name of a board member] particularly is much more about 'right, let's deliver really good business advice here in Plymouth', he's less interested in the kind of philosophy of it and that sometimes is where the tension lies I think.

Interviewer

Yeah, OK, that's really interesting. And how do you experience between you and the other board members, I mean, what is the nature of the relationship between you and the other people on the board?

Respondent

On the whole, really positive, yeah, I mean, they say, again, you have these moments where you kind of – not disagree – but you have difference of opinion – but we've always had really good discussions, it's very open, I think they ask good questions of each other, we're good friends, I mean, we're kind of friends as well, because we see each other a lot, we're a tiny micro business, we have to get on, we do get on, we have recognised our strengths and weaknesses. Because [name of a board member] really good in the detail, he can do that. Because [name of a board member] really good at governance and particularly public sector policy, she's great. I think we recognise each other's expertise and skills like that, that's good.

Interviewer

Do you feel you work in partnership?

Respondent

Yeah, I do. I think because I'm the kind of founder of it and one of the owners of it, I think probably...I do wonder whether there's a perception of it being my business and therefore there's a bit of a power...there is a power imbalance a little bit, if you like, because ultimately the buck stops with [name of a board member] and I as the owners and [name of a board member] and I are partners so, you know, we're always going to pretty much agree on the direction. So there may be that that's a dynamic that's a little bit kind of...it's just there in the background, it's never really discussed, it's probably something that's kind of just taken for granted maybe, but it's kind of our business so fundamentally we have the final say, you know, yeah.

Interviewer

But do you sometimes feel people on the board are trying to monitor you or it's more like supportive and challenging on the other hand kind of relationship?

Respondent

Yeah, on the whole, I think it's good, critical friends, you know, we ask each other good, critical questions, so if [name of a board member] says to me 'why are you going to that meeting' or 'why are we putting money into this' or 'why are we doing that' or if [name of a board member] asks that, I think it's done in a good way, I mean, I think it's done from the right place, if you know what I mean, yeah, critical friends are the way I'd describe it rather than challenging I think, yeah, it's all about kind of, yeah, let's kind of, are we all...is this the best way to achieve our mission as a business, you know, that's the kind of questions we have, but I think we're all bought into the success, we want it to succeed, we recognise that if the business succeeds we get paid and we get fulfilled because not only are we delivering

services we're good at, we're also delivering a social mission behind that as well, so I think having that social mission behind it really helps actually, you know, having a social value and having a...I think if we were purely private sector, I could imagine those tensions being much more overt because I think we wouldn't...if fundamental profit is the ultimate thing then I think we'd be much more ruthless about stuff and maybe those conversations might be sharper, but I think people see that there's a really strong social mission here as well. And whether that's detrimental to company performance, I don't know, I think it's still creating value in different ways. So we do a social impact report every year and we're very good at counting the numbers of people we support and we're trying to get better at counting the difference we've made and the outcomes we achieve in terms of creating value for people, so it's that sense if you were a client of mine and you were say starting a business, I could say 'right, I've helped Nitzan, that's one person I've helped, but has it made a difference to you, have you felt more confident, are you more informed, do you have some of the foundations for your business', if you can answer those questions as well that's much more qualitative information to help back up our impact story and we're trying to get to that as a piece of work around creating [36.14]. But then also the value we've created through being more involved in a policy sense and strategic sense around the social enterprise community wider than that I think is really profound but hard to measure, so the social enterprise city badge, we were architects for that badge, as in the best ideas, what benefit has that brought to Plymouth? And I think it's brought a lot of benefits, not in money but awareness and that sort of stuff, so that's a bit more intangible, but [name of SE]'s board structure's allowed us to do that.

Interviewer

Yeah. And what is the nature of your relationship with external stakeholders?

Respondent

So we kind of have a range of stakeholders from direct clients who get the work, I mean, we've got partners in the wider social enterprise world, we've got partners in the University, regulators, we have got a stakeholder map somewhere. I'd like to think it's good! We have sort of, I think we're respected for our expertise amongst our stakeholders. I think it's a really interesting relationship with some stakeholders who are sort of potential competitors, so use [name of a company] for example, [name of a company] who run this building, they're a really good example of where I think [name of a company] and us sometimes... I mean, they're a much bigger organisation than us, so we're tiny compared to them, but sometimes we compete head to head with [name of a company], so they will pitch for a piece of work or a tender and we will pitch for a piece of work or tender, so we're directly competing but, at the same time, we're also working really strongly together around a whole range of stuff around the social enterprise community, so [name of a person] who runs [name of a company], and myself, we are co-chairs of the Inclusive Growth Group in Plymouth, we're working for them. So the way I think we see it, the way I see it certainly is I think by working together we build a bigger market for us all, in theory, this has not been tested and I've not done any numbers on this but this is kind of philosophically the way I approach it. Yes, so if we create a bigger market for us all, even if we compete within that market, it's a bigger slice, yeah bigger cake -

Interviewer

Yeah, bigger cake.

Respondent

- and I think that works quite well, particularly with those businesses like [name of a company] and [name of a company] and a few others who are sort of competitors. I think amongst the wider, more strategic stakeholders, so with Plymouth University, I think they're a funny stakeholder because, in some parts of the University we've got very strong relationships, so with their entrepreneurship team and with their business school. I think with other bits of the university, their research and development or their sort of more academic end, I think we've got a more distant relationship and I certainly would like to get a better relationship there. I think there's certainly things we could do with the University more that would be quite strong for us all, so their senior leadership team who, you know, in theory, are trying to deliver their social enterprise mission as a university, I find them very distant and I've never really engaged at that level, but with the business school and entrepreneurship department, we engage very strongly. The council's funny. I think the council as a kind of key stakeholder has its ups and downs. We have engaged quite strongly politically with the council quite well in the past as my own business and as a network, so that's quite good. I think you've got to be very savvy there and very conscious, you know, so when the right wing local government was in the Conservative administration, it was quite a different relationship, it was much more hands off but much more free than say with the Labour council I think we're much more conscious that they are wanting to be in the driving seat but they will help you push the agenda, so sometimes personalities are involved in that, it can be sometimes quite tricky and there's some councillors will some quite strong opinions, you've got to navigate that but within the officers there, again, on the whole, it's pretty positive, you know, sometimes frustrating from a small organisation and entrepreneurial point of view you want to get on and do things and they don't, they're very slow. I think with other social enterprises in other organisations, we've broadly got a good relationship, we try and keep a

clear mission, if we're clear what we do and how we're different, how we can help them achieve their mission but how we work collectively for the benefit of everyone really. I think that's the dream isn't it. Yeah, there's bound to be some tensions sometimes, particularly when a contract comes up for grabs or whatever but I think we're all grown up...

Interviewer

So these are the main tensions when it comes to the contracts and -

Respondent

Yeah but even then I think we're all grown up about it and I know that certain businesses are going to bid for contracts and so are we but sometimes we work in partnership, we've been together, you know, so we run a contract for the council with another organisation and we bid for it in partnership, we actually decided to go for it together rather than putting separate bids in, let's put one in together, so that happens.

Interviewer

Yeah. So what are the main sources and causes leading to tensions sometimes, you know, are they usually internal, external and are they usually, like, strategic, personal, financial, I mean, what are the main causes, sources that lead to the tensions, especially in the boardroom but also with the other stakeholders you mentioned?

Respondent

Yeah. I think in our boardroom, I think we've discussed that already with there's sometimes tensions about the strategic vision, the philosophy, the long term kind of goals compared to short term -

Interviewer

But it's internal, it's because of external...

Respondent

Yeah, that's much more internal, yeah. I think within the wider stakeholder...I think for us as a business as [name of SE], I think our biggest tension is how we communicate our message more clearly to our stakeholders, we're a small business, we don't have a big marketing budget, we want to communicate our values and our social impact much more clearly to our stakeholders and our tension there is do they really know and that thing about being sold to, you know, we try and sell our services but do they want to hear? Maybe there's tension there but...I suspect, yeah, there's sometimes tensions where if the national government announces £1m fund for social action across the country then there's sometimes a bit of a bunfight to who sits round the table to get involved with that. The biggest tension we've had over the last year, interestingly enough actually, was between the Voluntary Sector infrastructure organisation and us as a social enterprise community, there was an absolute kind of - I don't know, what's the word I'm trying to find – a tension around the mission of their business, because they badged themselves originally as the VCSE – I don't know if you've come across that phrase – VCSE? Voluntary Community and Social Enterprise organisation. They were calling themselves Plymouth VCSE. Yeah. In the social enterprise network, we had Plymouth Social Enterprise Network, very clearly active as an infrastructure organisation for social enterprise in the city. Yet they came along with this SE so it caused some confusion, what are you saying you're doing about social enterprise when we've already got the social enterprise world and then some money came in, Esmee Fairbairn Foundation put £1m on the table and said 'here's £1m for developing some interesting stuff in Plymouth'. There was big tension around that, around who's doing what, because Esmee Fairbairn came

to Plymouth partly because it was interested in the social enterprise community here because we were a social enterprise city, but most of that money has been taken into the voluntary sector, which is not really socially enterprising. So that was tricky. Again, we had to eventually sit round the table and thrash it out, had some robust conversations and we ended up signing a Memorandum of Understanding, you know, it did get that far, we agreed and it got there and it was six months of quite challenging work but that's probably the closest I can think to a real, strong tension in the more stakeholder environment and that was fundamentally about money and vision, mission and what's their mission, because we would say as a social enterprise community, you know, we're delivering this year, why are you saying this and you go to their meetings and they talk about the charity and the voluntary sector work but wouldn't mention social enterprise but had it in their mission, well that was just needed to kind of...and some of it was due to sloppy language really, let's be a bit more precise in the terms we use and that sort of stuff. So that's confidential because that was a bit tricky!

Interviewer

Yeah. And what do you think is the influence of the CEO board dynamics on the value delivery of your enterprise?

Respondent

Um...I think it's intrinsic to it, fundamentally what the board does, the board runs, oversees the organisation. It holds the flag out of the candle for the value we create, social value we want to create, so I don't think they are...they're completely wound up with each other, they're intrinsic to the delivery of the board operations and the governance is all about achieving the value and social value, so I don't see them as unrelated.

Interviewer

No they are related but I was saying, I mean, because you said it's a supportive, collaborative relationship -

Respondent

Yeah.

Interviewer

- so do you think it has like a positive impact on your performance as an organisation?

Respondent

OK, yeah. Um...yes it does, yeah, absolutely, you know, so when I go, so for me, as the founder acting at CEO sort of managing director sort of role, going to a board meeting and having to discuss more strategically the reason you made these decisions, I think helps. It helps us achieve that social mission. If you like, I'm the CEO and chair in one, which is kind of weird, I'm not sure that works for your questions, but when I'm acting with my day to day hat on and trying to run the business, having some time out to go to the board meetings to take a step back, discuss it strategically, think it through particularly with other people's opinions like [name of a board member] and particularly the non-executive director on there is really strong actually, that really helps us because the three of us, the other three directors are much more executive directors, we are our heads in the camp are delivering a business, we're trying to be strategic over here, that sometimes is quite oo-er! But having [name of a board member] as a sounding board at those board meetings I think is really powerful because she can just like cut through some of the kind of...cut through and simplify it, crystalize it sometimes, which is really helpful. So, yeah. And every year, annually, having to write our governance impact report, that's the IC34, absolutely is quite a profound

moment, it's a really profound moment in terms of the delivery of the governance and delivery of the mission which is going to the board of directors and that's reflecting on how we achieve our social mission every year so, yeah, I think the board role there is much more important and it's slightly weird because we're so small. I think it's difficult for us, I can imagine...I mean, what I see from other organisations that I work with, that's bit more tricky because there's a board of directors up here, there's employees down here and they're slightly different. But I think for us, because we're enmeshed in it, it's less of a problem.

Interviewer

Yeah.

Respondent

Does that answer your question?

Interviewer

Yeah.

Respondent

Sort of!

Interviewer

And do you think that sometimes the tensions are actually healthy tensions?

Respondent

Yeah, absolutely. I think everyone comes with a different opinion, I think it's good to hear those opinions and talk it through and we'll always try to achieve decisions by consensus and it's kind of, on the whole, I think it's healthy. I can't think, in our business, I don't think

there's ever been anything that's been unhealthy. I think it's been good to probe the reasons for that, good to question them, '[name of interviewer], why are you going to this meeting', '[name of a board member], why are you going to that meeting', '[name of a board member], why are you doing that'. I think it's good to ask those questions, yeah, in a positive way, not in a challenging...challenging in a sort of tactful way, sort of, yeah, rather than a blame kind of way, it's more of a positive – is this the best way to achieve it and if you can articulate a good reason then I think it's fine, you know.

Interviewer

And what is your perspective on solution approach to tensions that sometimes occur?

Respondent

Um...I think in our business, it's more about kind of open discussions at those board meetings. We have some values around sort of, like, questioning and being a critical friend and trying to be...we think our clients value that and try and take that value to the board meetings as well, let's be open about these discussions. I think on a day to day basis more managerially we kind of regularly try and chase each other and say '[name of interviewer], have you done this action on this contract, you know, management', we go through our list of contracts, so it's much more sort of, like, technical project, project management. I think the board, we don't have a sort of system, we don't have a kind of specific bespoke kind of model we adopt, it's much more just about people sitting around a board meeting and talking it through, there's no official...I think with my board role at the Social enterprise Network, that feels a bit more formal, it's a bit more we are a board of twelve people and it feels less informal, those board meetings, feel to me they've got to be better...they're much more clearly minuted, they're much more clearly structured, they're much more stick to the agenda, much more focused. Whereas for our own business it's a bit more flexible, a bit freer

because we are such a small business, whereas for the network my role as a director of that group feels more a formal role because it's more...not more important but it has more of a public statement, we are more publicly accountable, because we're accountable to wider members, so therefore it feels like we've got a different relationship there because our board is trying to discharge its duties on behalf of a wider membership, so it feels like it's a bit more – what's the word I'm looking for – a bit more under the microscope in Plymouth Social Enterprise Network, so it's a bit more formal, if that makes sense?

Interviewer

Yeah. And what do you think are the critical issues, or the key issues for social enterprises in general and your organisation in particular in the coming years?

Respondent

Cashflow, cashflow, cashflow for our business!

Interviewer

For all businesses I have to tell you!

Respondent

Yeah, I mean, absolutely. I mean, what I find interesting about that discussion, a lot of people talk about the split between social mission and financial mission. I see them as two sides of the same coin and they are wrapped up in each other, you know, there's no point being a social enterprise if you don't have a social mission, but you can't deliver the social mission without the financially viable business, so the two things aren't separate, they are one thing wrapped up together, so I don't have an issue with it being separate but, you know, the day to day thing that exercises me is what it's always been – the cashflow of the business. It's the

no.1 thing that I sort of manage. I think kind of the challenge then is trying to look above that and say 'OK what is our bigger picture here, what's our strategy for achieving better cashflow', because the day to day issue of like chasing invoices, but above that sits a bigger picture issue which is how do you make this business more sustainable in the long term, how do we get to a net positive cashflow position more consistently. So can we build a reserve that means we've got a cushion for six months, which means our business is more sustainable in the long term. How do we invest in...digital products for example, we recognise that digital is a way that all businesses have to go, what can we do more digitally to improve the success of [name of SE] I think is one thing we're trying to work with right now, you know, what products, what services can we deliver. We do a lot on Skype, we do a lot of webinars, that's an issue for us in terms of going forward, can we still deliver our social mission that way and if we can it's just we've got to work that out. I think for us is reputation as well, how do we deliver the contracts with a reputation of quality and excellence but also an understanding of the social mission, that's something the board is trying to grapple with right now, you know, we've got to make sure we deliver really quality services but also build...the big tension I find a challenge is running a small business is contract delivery over here and marketing over here, how do we deliver the work to get the contracts to get the cashflow going but, by the same token, spend time over here marketing, getting new business in to kind of, like, for the longer term. That's always tricky I think particularly in our business. So say the question again, what was the rest of it?

Interviewer

What is the critical key issues for social enterprise in general in your organisation in particular in the coming years.

Respondent

Yeah, I think in general, more generalised, I mean, what I see is access to finance, access to markets and improving social impact. So I think those three things are really interesting, so let's take access to finance: as I said at the beginning, I think social enterprises are massively undercapitalised, don't have access to equity, struggle to attract say grant funding with charities, so there's a challenge there around how they get good finance to build their businesses and grow in scale and start-up, whatever. So that's a key issue. I think access to markets is a big one. So there's the kind of on a basis level, lots of social enterprises are small and they don't have big marketing budgets, how do they get marketing to kind of [55.06] but, more than that, how do they reach in to public sector markets or private sector markets so, you know, how do they get into supply chains, so not just private sector buy from a social enterprise because it's a sort of nice thing to do, I want big private organisations to buy from social enterprises because we really fulfil a great part of their mission, actually really bang on their kind of...and we deliver great work as well. And particularly in the public sector opening up those markets for social enterprise is much more effective I think if you set the social value at and, you know, more awareness locally about social enterprise. And the final one from me is I think it's a really critical thing for social enterprises to prove their social impact more effectively. So it goes back to that concept, if I say...our vision as a business was that we think social enterprises are better for the economy because they tackle social problems alongside delivering good businesses. I think we've got to prove that more effectively as a sector. I think there's a lot of myths out there, a lot of stuff that we're not very good at communicating. I think there are some great examples like Fifteen and Eden and Social Bite and Divine Chocolate are big brands who are getting out there, but we've got to crack social impact because then that opens a door to me to sort of consumer, public awareness. So if public awareness of social enterprise grows, more people will buy from

social enterprises, again, you're creating markets in the consumer world. So it's certainly about that. And I think what's interesting there for me comes back to the governance issue is how, as boards, we have to manage our social impact more effectively, so we're not just obsessing about the measurement tool, we're actually kind of, like, talking about it much more strategically. I suspect in some organisations there's tension around that because you're back to that thing about, you know, what's social mission, what's financial mission, what's the CEO say, what's the chair of the board say, you know. So we run a workshop where we take three groups of people, one group acts as a role player, one group acts as a beneficiary, one group acts as the funders and investors, one group acts as the staff and the board and everyone looks at this issue from a different lens. That's quite interesting because you're looking three different stakeholder groups on the social mission of the business, so managing the impact. But I think, to me, there's a key there we can unlock which could be really quite profound for the social enterprise community. Yeah, that's I suppose the role of Social Enterprise UK and universities and research and all this sort of stuff, you know, you read about – is it Maria [57.40] and I can't remember her name, you know, politically where we are now in the world, what's going on. I think social enterprise has a strong solution to a lot of the problems we see in the world but we've kind of got to step up to the plate, we've got to lead those organisations back to, you know...

Interviewer

Thank you so much.

Respondent

Is that alright, is that it?

Interviewer

Yeah.

END OF INTERVIEW

Appendix 5: NVIVO-12 Coding Structure

Nodes			
Name	Files	References	
Activities of SE	25	45	
Background	0	0	
Personal	28	34	
SE	25	49	
Board	28	71	
Motivation	28	29	
Challenges of SE	28	37	
Decision making dynamics	28	36	
Nature CEO-Board	28	44	
Nature CEO-Chair	26	37	
Tensions	28	59	
Causes and sources	18	19	
Solution approach	23	23	
Differences board-management	26	28	
External stakeholders	28	32	
Extra	16	24	
Future key issues	27	30	
Influence of dynamics on value delivery	28	28	
Purpose of being SE	26	29	
Roles	1	1	
Board	28	63	
CEO	16	30	
Chair	11	15	
Management	26	37	
SE structure	14	18	
Legal structure	18	30	
SE's development	27	34	
Summary	13	13	