MSc Prosperity, Innovation and Entrepreneurship Dissertation

Navigating Mission Drift: A Study of Sources and Mitigation Strategies in UK-Based Social Enterprise

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Abstract

This dissertation investigates the phenomenon of mission drift with a focus on identifying its sources and mitigation strategies. Mission drift – a deviation of social enterprises from their original social mission and identity in pursuit of financial sustainability - poses a significant challenge, particularly for younger organizations. Existing research provides a strong foundation, but there is a need for fresh perspectives on how mission drift occurs in various contexts, such as market, culture, and societal complexities, and how it is experienced by product-oriented versus service-oriented enterprises. Most studies have focused on older, more established organizations, leaving a gap in understanding mission drift in newer social enterprises. This research addresses this gap by exploring two key questions: the factors contributing to mission drift and the strategies used to mitigate or address this risk. Using qualitative methods, including semi-structured interviews with founders of UK-based social enterprises, this study captures nuanced insights based on participants' unique backgrounds and experiences. By applying institutional and organizational theory, the dissertation uncovers novel factors contributing to mission drift, including leadership dynamics, ownership shifts, political landscape, and organizational culture dilution. It also identifies innovative strategies, such as mission-led strategic evolution, stakeholders' alignment, and enhanced governance mechanisms, to help maintain mission alignment as enterprises evolve and grow. This research offers both theoretical and practical contributions to the field of social entrepreneurship. It deepens the understanding of mission drift in younger social enterprises and provides actionable strategies to help social entrepreneurs, investors, and policymakers safeguard the social missions of these organizations.

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Lastly, I dedicate this work to all social entrepreneurs who navigate the complexities of staying true to their mission. Your commitment to making the world a better place is the reason for this research, and I hope this dissertation contributes in some way to your efforts.

Thank you all.

List of Illustrations

1. Introduction

Entrepreneurs are increasingly pursuing opportunities to generate positive societal impact through their business activities, contributing to a growing number of social enterprises being founded (Defourny and Nyssens, 2008). These enterprises embody a hybrid nature, as they strive to achieve both social and financial goals (Santos, Pache and Birkholz, 2015). While they work to fulfill their social missions alongside achieving financial sustainability, the institutional and organizational pressures on these competing goals can lead to a shift away from their original purpose, commonly referred to as mission drift (Mersland and Strøm, 2010; Cornforth, 2014; Ebrahim, Battilana and Mair, 2014; Raišienė and Urmanavičienė, 2017). Mission drift can reshape an enterprise, as the very foundation of its – the mission – becomes misaligned with its operations identity (Gioia *et al.*, 2013).

Existing literature offers substantial insights into the causes of mission drift from both organizational perspectives – such as the multiplicity of stakeholders (Ramus and Vaccaro, 2017; Klein, Schneider and Spieth, 2021; Sachikonye and Ramlogan, 2023), organizational structure (Cornforth, 2014; Santos, Pache and Birkholz, 2015; Carpenter and Gong, 2016), and resource dependency (Pfeffer and Salancik, 2003; Ebrahim, Battilana and Mair, 2014; Raišienė and Urmanavičienė, 2017) – and institutional factors like market demand (Greenwood *et al.*, 2011; Pache and Santos, 2013), government regulations (Dart, 2004; Jones, 2007; Grimes, Williams and Zhao, 2019), and cultural influences (Harris and Ogbonna, 2002; Han and Zhang, 2009; Esposito, Doronzo and Dicorato, 2023). Additionally, various strategies to mitigate mission drift have been explored, including stakeholder engagement (Ramus and Vaccaro, 2017; Klein, Schneider and Spieth, 2021; Wagenschwanz and Grimes, 2021), resource diversification (Kwong, Tasavori and Wun-mei Cheung, 2017; Agrawal and Hockerts, 2019; Lyon and Owen, 2019), and fostering an adaptive organizational culture (Grimes, Williams and Zhao, 2019; Smith and Besharov, 2019; Wolf and Mair, 2019). However, while prior research has laid a robust foundation, there remains a need to explore novel perspectives and better understand how mission drift manifests in varying contexts including market, culture, and societal complexities, and the specific challenges faced by product-oriented versus service-oriented enterprises. Furthermore, most literature predominantly examines mission drift in older, more established enterprises (Battilana *et al.*, 2015; Sachikonye and Ramlogan, 2023). Despite extensive research, there is limited empirical focus on UK-based social enterprises, particularly those in their formative years (4–10 years old), which are critical stages where mission drift often begins. This research addresses this gap by complementing the current conceptual framework with empirical insights, exploring new sources of mission drift, and revealing innovative strategies that these enterprises employ to address or mitigate the risk within their specific contexts. The new empirical evidence not only broadens the scope of existing research but also offers actionable insights for managing mission drift effectively across diverse organizational settings.

Understanding mission drift in the UK context can inform policy, enhance support structures for social enterprises, and contribute to global discussions on social enterprise management.

The author's personal experience leading the Albanian division of AIESEC, the world's largest youth-led organization, revealed firsthand the significant impact of mission drift on organizational sustainability. Despite operating for over eight years, AIESEC faced mission drift challenges that threatened its long-term viability. This experience underscored the critical need to identify sources of mission drift and to develop strategies for mitigating any deviations that might already be occurring – a crucial requirement for any social entrepreneur.

By examining the experiences of social entrepreneurs in the UK, a country where social initiatives receive considerable political support (Aiken *et al.*, 2021; Liston-Heyes and Liu, 2021), this research provides diverse perspectives on both the causes of and strategies for mitigating mission drift. These entrepreneurs are expected to have better access to resources, investors, or external support due to the location of their enterprises and the market in which they operate. Given their contexts, it becomes essential to explore the potential institutional or organizational pressures they have experienced, and the strategies they have implemented to avoid or mitigate mission drift.

This dissertation thus aims to assess the sources of mission drift based on the experiences of social entrepreneurs in the UK, explore the challenges they face in maintaining alignment with their mission, and analyze the strategies they use to navigate mission drift from an organizational and institutional perspective. Consequently, it seeks to answer the following research questions:

1. What factors do social enterprises identify as leading to mission drift?
2. What specific measures do social enterprises take to address, or mitigate mission drift when developing strategic plans and operational strategies?

To explore these questions further, it is essential to first understand the nature of social enterprises, their operational dynamics, and the concept of mission drift from organizational, institutional, and alternative perspectives, while considering its potential causes and mitigation strategies. As such, the literature review addresses the following questions

1. What is a social enterprise, and how does its business model function?
2. What is the concept of mission drift, and when does it occur?
3. What are the perspectives of academics on mission drift?

4. What are the primary causes of mission drift?
5. What strategies are employed to prevent, address, or mitigate mission drift?

This dissertation is structured as follows: the second chapter presents a literature review that addresses the aforementioned questions. Then the third chapter describes the primary research, including the methodology adopted, limitations, and recommendations for further research. This section also includes the summary of the findings following a thematic analysis of eight semi-structured interviews with founders of social enterprises in the UK. Finally, the fourth chapter discusses the results and provides a summary of the dissertation's key contributions.

2. Literature Review

2.1 The concept of mission drift

The rise of the Sustainable Development Goals (SDGs) by the United Nations has spurred a growing interest among enterprises to actively contribute, either directly through core business operations or indirectly, to the achievement of these global objectives (Schramade, 2017; Pedersen, 2018). Consequently, there has been a notable proliferation of enterprises committed to expanding their societal impact while concurrently engaging in financial activities (Defourny and Nyssens, 2008). These enterprises, referred to as social enterprises have a hybrid nature as their business model is centred on creating social value – a reflection of their mission statement – while also generating monetary value to ensure financial stability (Zahra *et al.*, 2009; Dao and Martin, 2017). Considering the multiplication of social enterprises, this research will look into their journey while being driven by their social missions.
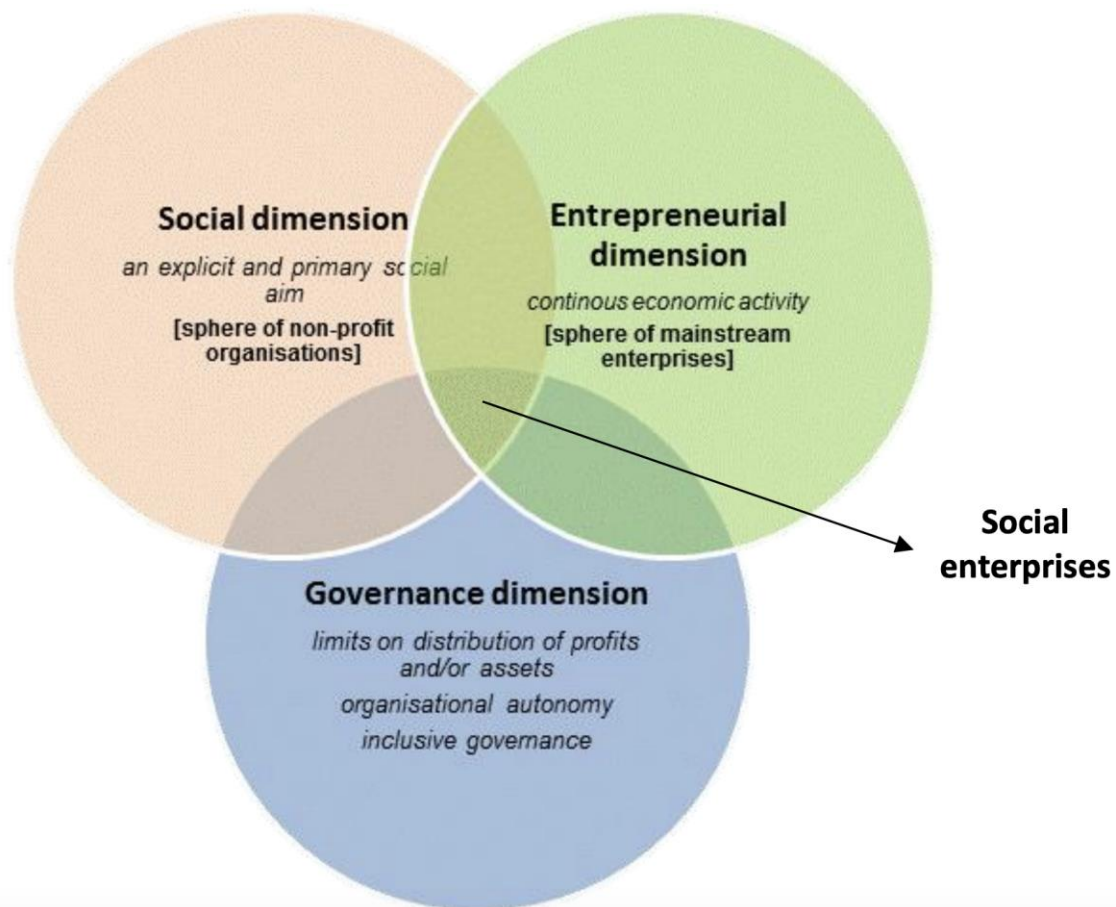
Figure 1: The three dimensions of a social enterprise
Source: European Commission (2015) A map of social enterprises and their ecosystems in
Europe Figure: Synthesis Report, p.6

Social enterprises, as hybrid organizations, can be delineated into two principal categories: differentiated and integrated hybrids (Ebrahim, Battilana and Mair, 2014; Santos, Pache and Birkholz, 2015). The classification is determined by the strategic approach that social enterprises adopt toward accomplishing their social mission. Differentiated hybrid social enterprises involve a clear demarcation between the customer, who pays for the service, and the beneficiary of the social activities. Their business model consists of distinct social and commercial activities that operate separately within the same organization. In this context, the attainment of social objectives does not necessarily ensure the achievement of business objectives, and conversely, success in business goals does not automatically imply success in social goals.

On the other hand, integrated hybrid social enterprises, are organizations where business activities and social impact are fully aligned, with revenue-generating products or services directly addressing the social mission. This integration is evident in the business model, where social and commercial operations are merged, and business activities directly contribute to the social mission. Therefore, as the business

becomes more successful in meeting its financial objectives, it tends to generate a greater social impact, suggesting a positive correlation between financial achievements and social contributions.

In contrast to Ebrahim *et al.* (2014) and Greenwood *et al.* (2011) traditional binary view of organizations as either structurally integrated or structurally differentiated, Smith and Besharov (2019) see the categorization as overly simplistic. These scholars argue that hybrids can simultaneously exhibit both differentiated and integrated characteristics, which can evolve over time rather than being fixed from the outset. In another work, Besharov *et al.* (2019) suggest that within organizations, the way different logics – sets of values, beliefs, or practices – are managed can be more dynamic and complex than previously thought. Hence, a variation of differentiating (keeping logics separate) and integrating (blending them together) can occur across all areas and levels – individual, group, or organizational. While this author acknowledges and supports Besharov *et al.*'s perspective, its complexity falls beyond the scope of this study. Conversely, the views of Ebrahim *et al.* and Greenwood *et al.* are more aligned with the nature of the enterprises involved and better suit the context of this research. Therefore, these perspectives have been adopted.

Nevertheless, these enterprises are characterized by their distinctive dual identity, propelled by the concurrent pursuit of social and financial objectives (Alter, 2007). Although hybridity can be advantageous for some organizations by expanding access to resources, it also carries a significant risk of conflicts and tensions developing over time (Smith and Besharov, 2019). This dual nature poses a threat to their sustainability, as there is a risk of deviating from their intended social objectives while prioritizing revenue generation, a phenomenon commonly known as "mission drift" (Cornforth, 2014; Ebrahim, Battilana and Mair, 2014; Raišienė and Urmanavičienė, 2017).

The concept of mission drift has garnered significant attention and sparked scepticism among scholars regarding the sustainability of these hybrid organizations (Battilana and Dorado, 2010). This shift can undermine the core values and goals that the organization was initially founded upon, leading to a potential loss of identity, credibility, and impact.

To fully grasp the concept of mission drift, it is important to understand that it involves more than just a change in strategy or operations (Ebrahim, Battilana and Mair, 2014; Santos, Pache and Birkholz, 2015). It is a deeper, more fundamental shift that affects the enterprise's unique nature by transforming its identity. Looking at the enterprise from a conventional lens, it may still be considered successful while achieving financial growth, expanding its operations, or entering new markets (Copestake, 2007). However, in this process, the essence of what the organization had originally come to

life for – their *raison d'être* - loses significance or fades completely (Ebrahim, Battilana and Mair, 2014). Mission drift often happens gradually, and in lack of vigilance, can go unnoticed until the enterprise has dramatically moved away from its initial identity. For instance, Nokia went through an incremental shift in its identity without being aware of nor being in control of the process. Peltonen (2019, p.163) describes Nokia's journey and drift as "one of the most significant failures in modern business history". The enterprise was constantly looking to develop new products and to enter new markets which made it very difficult to maintain focus and stay authentic to their core of producing durable and reliable phones (Monaghan, 2013; Topham, 2013). When Apple launched the iPhone in 2007, Nokia realized they were significantly behind and far away from what they aspired to be originally. Despite efforts to innovate and develop new products, these attempts ultimately led to a deviation from Nokia's core mission and identity, contributing to its significant decline. The downfall of this "giant" is largely attributed to leadership and organizational shortcomings that brought about inconsistency in Nokia's identity and image (Brahma, 2015).

On the other hand, there are cases where there's a deliberate shift in the mission with the purpose of achieving broader business goals or realigning their image (Grimes, Williams and Zhao, 2019). Facebook is a perfect illustration of mission drift in such a context. The global enterprise went from "To give people the power to share and make the world more open and connected" to "[g]ive people the power to build community and bring the world closer together" (Chaykowski, 2017; Bell, 2019). The shift occurred due to several reasons, starting as a response to criticism and scandals, and continuing with a focus on meeting market needs to strategically strengthen the enterprise (Kelly, 2017; Dance, Confessore and LaForgia, 2018; Brown, 2020). Since Facebook faced a lot of scandals related to data privacy and misinformation, the shift would partly show a more positive and responsible role of the enterprise in the global society (Hall, 2020). Especially after the Cambridge Analytica incident, where Facebook was accused of a data breach of 50 million profiles, many users lost trust in the app and some of them ended up even deleting it (Cadwalladr and Graham-Harrison, 2018; Brown, 2020). Besides these infamous situations, the platform had reached almost 2 billion users making it the world's most ubiquitous social media network at the time (Kelly, 2017). In response to these events, Mark Zuckerberg, the CEO, highlighted the critical significance of the new mission, stressing that it is an extension of the original one rather than a completely new direction. He asserted that Facebook's responsibilities have now expanded (Chaykowski, 2017). As demonstrated, mission drift in Facebook's case is not something that has gone unnoticed as experienced from Nokia's example; rather, it is a carefully considered strategic decision.

Overall, the phenomenon of mission drift underscores a critical challenge faced by differentiated or integrated organizations as they strive to achieve their social and

financial goals. While hybridity can offer expanded resource access and opportunities for growth, it also risks eroding the core mission that defines an organization's identity (Battilana *et al.*, 2015). Therefore, it is crucial to closely monitor mission drift, as it consistently poses a significant threat to the equilibrium of an organization (Golbspan Lutz, Petrini and Aguilar Delgado, 2023).

2.2 Perspectives on Mission Drift: Organizational, Institutional, and Beyond

The concept of mission drift has garnered significant attention and sparked discussions among scholars regarding the hybrid nature of these organizations and the potential challenges that come with it (Battilana and Dorado, 2010; Pache and Santos, 2013; Smith and Besharov, 2019). Academia has analyzed this phenomenon through various theoretical lenses with a predominance of organizational (Ebrahim, Battilana and Mair, 2014; Grimes, Williams and Zhao, 2019; Wolf and Mair, 2019), institutional (Greenwood *et al.*, 2011; Jaquette, 2013; Zhao, 2014), and paradoxical perspectives (Jay, 2013; Battilana *et al.*, 2015; Golbspan Lutz, Petrini and Aguilar Delgado, 2023). Furthermore, several studies have been conducted from both organizational and institutional viewpoints simultaneously (Jones, 2007; Cornforth, 2014).

2.2.1 From an Organizational Perspective

From an **organizational perspective**, internal dynamics, including leadership decisions, governance structures, and organizational culture, have been identified as critical factors influencing mission drift. These internal elements can either anchor an organization to its core mission or push it toward adaptation and potential deviation (Wolf and Mair, 2019). To navigate the conflicting pressures inherent in hybrid organizations, Wolf and Mair (2019) advocate for a strategy of compromise. Conversely, this approach has been critiqued as more apt to trigger internal conflicts as it requires balancing opposing priorities, that oftentimes create tension among stakeholders with different views on the organization's direction (Kraatz and Block, 2008; Cornforth, 2014). However, as stated by Ebrahim *et al.* (2014) "a key task" of governance in hybrid organizations is the coordination of diverse and occasionally contradictory interests and objectives through robust organizational mechanisms, which will be elaborated later in this chapter. This coordination is vital, especially during critical moments when the risk of mission drift is heightened. Governance must then act decisively to prevent or mitigate mission drift, ensuring the organization maintains its hybrid nature. Offering a different perspective, Grimes *et al.* (2019) contend that mission drift, while often perceived as a liability, can also bring unexpected benefits to the organization under certain conditions. For instance, Facebook's intentional mission deviation during a period of public scrutiny enhanced its image, positioning the company as more responsible and accountable. This case

illustrates how mission drift, when strategically managed, can align with broader organizational goals and public expectations.

2.2.2 From an Institutional Perspective

On the other hand, the **institutional perspective** emphasizes the role of external forces, as regulatory environments, market conditions, and broader sociocultural norms, in shaping the direction of hybrid organizations (Greenwood *et al.*, 2011; Jaquette, 2013). These institutional factors orchestrate the decision-making processes that determine the prioritization and trade-offs between an organization's social and financial goals (Zhao, 2014). The presence of multiple, often incompatible institutional logics – an environment known as institutional pluralism – creates a condition of institutional complexity, which threatens to destabilize the enterprise's founding goals (Kraatz and Block, 2008). For instance, Jaquette (2013) highlights that organizations may align with dominant institutional logics to secure resources or bolster their reputation, sometimes resulting in a shift away from their original mission. Conformity to external pressures thus emerges as a strategy to gain or maintain legitimacy, albeit at the potential cost of the organization's core mission (Greenwood *et al.*, 2011; Zhao, 2014).

However, the organizational responses to these pressures are highly context-dependent. Scholarity identifies several strategies such as selective coupling, loose coupling or decoupling can be employed to navigate institutional complexity and mission drift (Kraatz and Block, 2008; Jaquette, 2013; Ometto *et al.*, 2019). Selective coupling, for example, allows organizations to strategically align with certain institutional logics while distancing themselves from others, thus maintaining both legitimacy and mission integrity (Pache and Santos, 2013; Ometto *et al.*, 2019). Loose coupling offers another approach by enabling different organizational units to operate independently, thereby reducing the risk of overarching mission drift while allowing flexibility (Kraatz and Block, 2008). On the other hand, decoupling involves creating a symbolic separation between formal policies and actual practices, satisfying external expectations without fundamentally altering core operations (Greenwood *et al.*, 2011; Jaquette, 2013). The choice of strategy depends heavily on the specific institutional environment in which the organization operates.

Interestingly, Greenwood *et al.* (2011) argue that institutional pluralism does not always have to lead to organizational fragmentation. Under the right circumstances—such as cohesive organizational identity, strong leadership, compartmentalization, and strategic framing —these pluralistic pressures can instead serve to hold the organization together by fostering a more resilient, adaptable, and inclusive organizational structure (Kraatz and Block, 2008; Ometto *et al.*, 2019). This review will

further explore these strategies, evaluating their effectiveness in various institutional contexts.

2.2.3 From a Paradox Perspective

Shifting to a less conventional perspective, some scholars advocate for the use of the **paradox theory** to examine the phenomenon of mission drift in social enterprises. At its core, the theory posits contradictory yet interdependent elements can exist simultaneously, appearing logical individually but inconsistent together (Smith and Lewis, 2011; Jay, 2013; Smith and Besharov, 2019). An example would be Digital Divide Data (DDD), a nonprofit IT outsourcing company founded in 2001 which Smith and Besharov *et al.* (2019) studied for over a decade. DDD operates with dual objectives: providing job training and education to disadvantaged Southeast Asians while also functioning as a revenue-generating business. As one of DDD's leaders highlighted, pursuing a social mission while simultaneously keeping costs low and striving for growth is inherently contradictory. In this context, their social imprinting — characterized by the founders' early dedication to the organization's social mission, which shaped its development, priorities, and performance — contributed to a positive impact on social performance. However, as Battilana *et al.* (2015) hypothesized, social imprinting occasionally was followed by a negative impact on economic productivity. Jay (2013) similarly asserts that while paradoxical situations may present initial challenges, they can, if managed effectively, create opportunities for future innovation. Golbspan *et al.* (2023) reinforce this perspective, stating that efforts to resolve paradoxical tensions by selecting just one option tend to escalate the conflict, further emphasizing the critical need to embrace and balance these opposing forces. While the literature suggests that paradox theory offers valuable insights into the complex dynamics of mission drift in social enterprises, there is a need for more empirical research to test these insights across different contexts and types of social enterprises. Future studies should aim to investigate these dynamics more comprehensively and assess their applicability in various organizational settings.

2.2.4 Integrating Multi-Theoretical Perspectives

Some scholars adopt a multi-theoretical approach, primarily combining organizational and institutional theories to investigate the causes of mission drift in social enterprises and to develop strategies for maintaining mission integrity. This paragraph specifically focuses on the work of two academics, Jones (2007) and Cornforth (2014), who in addition to using multi-theoretical lenses in their studies, extend the analysis beyond the commonly acknowledged risk of commercial activities leading to mission drift. Both scholars highlight the significant threat posed by resource dependency on external entities, which can jeopardize the mission or identity of hybrid social enterprises. Many organizations often rely heavily on financial resources from government bodies, foundations, and investors (Lyon and Owen, 2019; Lee and Battilana, 2020). This

dependency makes them susceptible to the influence and expectations of these financial supporters, who may impose constraints or dictate "the rules of the game" – that is, the operational framework (McWade, 2012; Agrawal and Hockerts, 2019). For instance, Jones (2007) illustrates how Black schools and colleges modified their curricula to align with the requirements of the Slater Fund Foundation as a condition for receiving financial support. From an institutional perspective, such pressures from markets, states, and cultural norms can lead to shifts in organizational identity. Cornforth (2014) adds an organizational perspective, identifying scenarios where mission drift can occur, such as when an organization prioritizes the growth of its endowment over its core mission, allocates funds to projects beyond its mission scope, or invests in initiatives that benefit the individual interests of board members. Although Jones (2007) focuses on the origins of mission drift and Cornforth (2014) on strategies to address it, both agree on the importance of governance and control mechanisms in mitigating this risk, underscoring the complexity of maintaining mission alignment in social enterprises and highlighting the need for further analysis.

2.3 The Causes and Impact of Mission Drift in Organizational Settings

2.3.1 Multiplicity of stakeholders

The multiplicity of stakeholders in social enterprises often creates a complex landscape where organizational actions may diverge from original intentions (Sachikonye and Ramlogan, 2023). These stakeholders—including employees, beneficiaries, funders, and external bodies—each introduces distinct institutional or organizational pressures that can pull an enterprise in various directions. Such divergent influences frequently challenge social enterprises to navigate conflicting stakeholder interests, often leading to difficult decisions about which interests to prioritize (Dao and Martin, 2017).

This challenge is further compounded by the fact that stakeholders often hold differing perceptions of what constitutes the core identity of a social enterprise (Doherty, Haugh and Lyon, 2014). Internal stakeholders may emphasize commercial and operational efficiency, while external bodies might prioritize adherence to social objectives. As a result, any perceived deviation from the original mission – whether due to internal restructuring or external adaptations – can raise concerns about mission drift (Wolf and Mair, 2019). For example, when a social enterprise adopts a new business model perceived as misaligned with its stated mission, it risks undermining its legitimacy in the eyes of both internal and external stakeholders (Klein, Schneider and Spieth, 2021). This loss of legitimacy can lead to diminished support, which is vital for the organization's survival and success, especially in resource-constrained environments (Ramus and Vaccaro, 2017).

To mitigate these risks, Klein *et al.* (2021) and Ramus *et al.* (2017) suggest that social enterprises must adopt a broad stakeholder orientation, integrating stakeholders into decision-making processes and maintaining transparency. This approach not only aligns organizational actions with stakeholder expectations but also reinforces the enterprise's legitimacy, reducing the likelihood of perceived mission drift (Dart, 2004). In addition, collaboration with partners who share similar values further strengthens the social mission, ensuring consistency in the organization's behavior and enhancing its credibility (Klein, Schneider and Spieth, 2021). Such collaborations often require thorough reflection on activities, aligning them with the enterprise's core mission.

Moreover, the establishment of internal guardrails – mechanisms designed to prevent mission drift – is essential. These guardrails, which operate both at the organizational and individual levels, help ensure that the enterprise's activities remain aligned with its original mission (Wagenschwanz and Grimes, 2021). Founders and leaders play a crucial role in instituting these guardrails, thereby maintaining congruity between the venture and the founder's intentions (Sachikonye and Ramlogan, 2023). Through these strategies – proactive stakeholder engagement, value-aligned partnerships, and strong internal guardrails – social enterprises can navigate the complexities of stakeholder multiplicity while keeping their social mission at the forefront of their operations.

2.3.2 Resource Dependency

The misalignment of financial and social goals in social enterprises is a significant contributor to mission drift, as these organizations often struggle to balance their dual objectives (Ebrahim, Battilana and Mair, 2014). While social enterprises are designed to fulfill social missions alongside achieving financial sustainability, the inherent tension between these goals can lead to a shift away from their original purpose (Mersland and Strøm, 2010). This challenge becomes particularly pronounced when the demands of those controlling the resources – vital for the survival of the organization - begin to influence the enterprise's priorities (Pfeffer and Salancik, 2003; Jones, Krasynska and Donmoyer, 2021).

A common scenario is the need for significant capital to support social missions, which often forces enterprises to engage in commercial activities for fundraising (Ebrahim, Battilana and Mair, 2014; Raišienė and Urmanavičienė, 2017). In such cases, the alignment of activities with donor interests, which typically prioritizing financial stability over social impact, becomes almost inevitable. Although this alignment secures the financial resources essential for survival, it simultaneously creates vulnerabilities to mission drift, as the focus increasingly shifts from social objectives to satisfying funder demands (Henderson and Lambert, 2018). This phenomenon is particularly evident in Work Integration Social Enterprises (WISEs), which aim to provide employment

opportunities for marginalized groups. The pressure to generate revenue often forces WISEs to prioritize commercially viable activities over their social mission, potentially leading to a focus on more profitable clients or investors that may not align with their original purpose (Battilana and Lee, 2014). Conversely, there are instances where the enterprise places too much emphasis on social objectives at the expense of financial sustainability, leading to reduced economic efficiency. This occurrence is referred to as reverse mission drift (Staessens *et al.*, 2019).

To mitigate the risk of deviating from the enterprise's original identity, diversifying streams of resources emerges as a crucial strategy. By reducing dependency on specific donors or funding bodies, social enterprises can lower external influence over their mission and aim to scale (Lyon and Owen, 2019). One approach to addressing resource constraints is bricolage—the creative process of making do with available resources by repurposing or recombining them to solve problems or seize opportunities (Kwong, Tasavori and Wun-mei Cheung, 2017). This strategy is particularly valuable in resource-constrained environments, allowing social enterprises to operate despite limited access to traditional resources by "recycling" pre-existing assets.

While bricolage can enhance social impact by enabling organizations to expand their offerings, it also highlights the critical relationship between social enterprises and their resource partners. The dependence on certain resources and the nature of these partnerships can, however, lead to mission drift, as enterprises might be compelled to adapt their goals to secure these necessary resources (Ometto *et al.*, 2019). Therefore, it is essential for social enterprises to engage in strategic partnerships with like-minded individuals and organizations that genuinely support the enterprise's mission (Agrawal and Hockerts, 2019). Even though bricolage is a valuable strategy for addressing resource constraints, its need for constant adaptation and innovation (Mateus and Sarkar, 2024) may inadvertently contribute to mission drift if not carefully managed (Kwong, Tasavori and Wun-mei Cheung, 2017).

2.3.3 Leadership, Governance and Organizational Structure

The structure of an organization and the alignment of its employees with its mission significantly influence the potential for mission drift, particularly in social enterprises. A clear, well-defined mission is essential for guiding organizational efforts and ensuring consistency between the organization's objectives and its workforce's (Carpenter and Gong, 2016). When a workforce is aligned with the mission, it collectively strengthens the enterprise's commitment to its goals (Ingelsson, Eriksson and Lilja, 2012). Therefore, attracting, selecting, and properly onboarding individuals who resonate with the enterprise's values and mission is crucial (Cornforth, 2014; Santos, Pache and Birkholz, 2015). For instance, Walt Disney World Co. is meticulous

in its recruitment process and conducts a two-day Traditions Orientation training to familiarize new employees with both the mission and job expectations, fostering a sense of ownership and daily commitment to the mission (Ingelsson, Eriksson and Lilja, 2012; Grimes, Williams and Zhao, 2019).

However, as an organization's mission evolves over time, it can lead to challenges, potentially creating misalignment with the employees' idea of the enterprise and increasing the risk of mission drift (Carpenter and Gong, 2016). Leadership and strong governance structures play a pivotal role here, as these bodies must navigate the transitions while maintaining mission integrity (Smith and Besharov, 2019; Wolf and Mair, 2019). If they fail to do so, besides the organizational mission drift, they might experience "personal mission drift," which occurs when individuals within leadership, governance bodies, or the workforce begin to diverge from the original mission due to personal reasons (Beisland, D'Espallier and Mersland, 2019). This is especially evident in sectors like microfinance, where institutions may prioritize financial performance over their social mission (Grimes, Williams and Zhao, 2019). For example, microfinance institutions that emphasize financial returns often prioritize lending volume and efficiency over serving the poorest members of the community. Incentive structures that focus financial performance over social goals can lead to 'personal mission drift' among credit officers, causing them to concentrate on more profitable clients rather than on serving vulnerable populations (Beisland, D'Espallier and Mersland, 2019). The same can occur with leaders or managers who may choose to drift from the mission due to factors that influence them directly.

Overall, the alignment between leadership, governance, staff, and mission is crucial for creating a robust organizational culture that is resilient to external pressures and less susceptible to mission drift (Ebrahim, Battilana and Mair, 2014; Wolf and Mair, 2019; Sachikonye and Ramlogan, 2023). Consequently, careful attention to organizational structure, leadership practices, governance, and hiring processes is vital for social enterprises to safeguard their missions over time.

2.3.4 Institutional Pressures

Institutional pressures from government, culture, and markets significantly contribute to mission drift in hybrid social enterprises, which aim to balance social and economic objectives while managing complex stakeholder expectations (Kraatz and Block, 2008; Greenwood *et al.*, 2011). This institutional pluralism manifests in various forms, from market-driven demands for profitability to cultural norms and governmental regulations that influence organizational behavior and decision-making processes (Pache and Santos, 2013). As social enterprises operate increasingly in competitive markets, they are compelled to adopt strategies that maximize efficiency and profitability, often at the expense of their social missions (Ramus and Vaccaro, 2017).

This market-driven shift can dilute the core mission of social enterprises, steering them away from their foundational goals of creating social impact (Cornforth, 2014).

Jones (2007) argues that government and other regulatory institutions can significantly divert hybrid social enterprises from their original missions. Regulatory frameworks and legislative demands often impose constraints that compel these enterprises to adjust their operations, sometimes leading them to prioritize compliance over their social objectives. For instance, many academic institutions find themselves aligning their activities with the priorities of regulatory agencies and funding bodies, which can cause a shift away from their foundational missions (Grimes, Williams and Zhao, 2019). Similarly, social enterprises that rely on government funding may feel pressured to prioritize the funder's objectives over their own, resulting in mission drift (Dart, 2004; Liston-Heyes and Liu, 2021).

Cultural pressures further complicate this dynamic. Cultural elements of the environment, including widely accepted norms and ingrained beliefs, frequently guide the organization of hybrid social enterprises, influencing their structures and processes (Harris and Ogbonna, 2002; Cornforth, 2014). To gain legitimacy and acceptance within these contexts, organizations often adopt institutionalized beliefs and practices, which may not always align with their social missions (Esposito, Doronzo and Dicorato, 2023). For instance, when Starbucks entered the Chinese market in 1997, it had to adapt to a deep-rooted tea culture (Chuang, 2019). The company introduced localized products to cater to Chinese tastes (Han and Zhang, 2009; Smith Maguire and Hu, 2013). While this strategy resulted successful, it could be seen as a drift from its original mission of promoting coffee culture to meet local cultural expectations.

To mitigate these pressures, social enterprises have developed various governance mechanisms and strategies (Kraatz and Block, 2008; Cornforth, 2014). Drawing from Kraatz and Block (2008), some organizations compartmentalize different aspects of their operations, separating commercial activities from social missions to maintain focus through loose coupling. Others attempt to integrate competing institutional logics, forging new identities that accommodate both social and commercial objectives. However, despite these governance mechanisms, the challenge of balancing social objectives with economic and institutional demands – while preserving legitimacy – remains significant, especially under the pressures of market forces, government regulations, and cultural expectations (Cornforth, 2014; Grimes, Williams and Zhao, 2019). Although there is extensive literature on strategies to manage market and governmental challenges, the influence of national culture on mission drift remains relatively underexplored (Esposito, Doronzo and Dicorato, 2023).

	Source	Mitigations Strategies
Organizational	Multiplicity of Stakeholders	1. Stakeholders integration 2. Transparency 3. Collaboration 4. Seek Feedback
	Resource Dependency	1. Diversification of funding sources 2. Engage in strategic partnerships 3. Bricolage approach
	Organizational Structure	1. Selecting/ Attracting/ Onboarding of employees 2. Enteprise's culture and values incorporation 3. Strong governance mechanisms 4. Leadership
Institutional	Market Demand	1. Loose-coupling, de-coupling, selective coupling 2. Governance mechanisms 3. Commercialization 4. Compromising and forging new identity
	Government and Institutional Regulations	
	Cultural Factors	

Figure 2: Table summarizing sources and mitigation strategies
for mission drift from the current literature

3. Research

Given that mission drift is an emerging area of research, and this dissertation aims to examine mission drift's sources, and strategies of mitigation within young social enterprises in the UK, qualitative research methods were selected as the most appropriate approach (Fossey *et al.*, 2002). The author conducted twelve semi-structured interviews with founders of social enterprises across the United Kingdom. Focusing on gathering rich, detailed insights and perspectives from the participants through open-ended questions allows for a nuanced exploration of the experiences and challenges faced by founders of social enterprises in the UK (Knott *et al.*, 2022). This approach contributes to a deeper understanding of the presence and impact of mission drift in their strategies and, therefore, insightful results for the research (Huyler and McGill, 2019; Adeoye-Olatunde and Olenik, 2021).

The United Kingdom serves as a thriving environment for growth and innovation, particularly within the social enterprise sector (Aiken *et al.*, 2021; Liston-Heyes and Liu, 2021). Many young entrepreneurs have bravely launched their ventures and worked tirelessly to scale them. However, amidst the pressures of starting and growing a business, one significant risk often goes underacknowledged: Mission drift. As this phenomenon remains relatively new to many entrepreneurs, discussing its sources and mitigation strategies can be challenging, especially if some founders are not fully aware of its implications.

To mitigate this potential barrier, the author started each interview by assessing the participants' knowledge of the phenomenon and then providing explanations to avoid any misconceptions. The author then proceeded with general questions about the participants' responsibilities within the enterprise, the story of their venture, and the value they bring to the market through their products, services, and social impact. Considering the sensitive nature of mission drift and its potential impact on organizations, all ethical standards were rigorously upheld throughout the research process. Before the data collection, ethical approval for the study was granted by Dr. Onyaglanu Idoko, the dissertation supervisor at UCL's IGP. The safety and integrity of the participants were prioritized, ensuring a respectful and ethically sound study.

3.1 Participants' Selection and Sample Overview

Initially, the author aimed to recruit founders of social enterprises that had been operating for at least two years, based on the hypothesis that these organizations might have begun encountering mission drift. However, after conducting three scoping interviews, it became evident that enterprises in their early stages (two to three years) were often still in the process of establishing their mission and vision. This made it difficult to meaningfully discuss mission drift when a stable mission had not been solidified yet. Consequently, the selection criteria were revised to focus on social enterprises with more than four years of operational experience. Purposive and snowball sampling methods were employed to recruit participants, as these techniques are well-suited for identifying individuals with specific knowledge or experience relevant to the study (Naderifar, Goli and Ghaljaei, 2017).

To initiate the recruitment process, the author utilized her established network, which was developed through prior collaborations with several social enterprises. Referrals were also sought from this network and beyond, identifying founders and co-founders interested in and willing to participate in the research. The UCL's Hatchery Startup Incubator was pivotal in this process, as its current and alumni network became the principal source of participants, significantly facilitating recruitment. Additionally, the author attended the "Social Enterprise Conference" in London – a conference targeting social entrepreneurs - where she engaged with and eventually interviewed one participant. Furthermore, virtual platforms such as Goodsted and LinkedIn were crucial in sourcing and contacting participants, accounting for 60% of the study's interviewees. Communication with potential participants involved a combination of emails, messages, and posts, tailored to the virtual platforms, channels, or participants' preferences. Ultimately, twelve interviews were conducted, but only eight of them were included in the final analysis, as they met the revised maturity criterion and exhibited a hybrid nature.

Participant	Founder's Profile		Enterprise's Profile				
	Background	Awareness	Years	Model	Offering	Market	Mission Drift Status
PI1	Other	Yes	8	Integrated	Product	UK, East Africa, India, Central America	Acquired
SI1	Business	Yes	4.5	Integrated	Service	UK	Resilient
SI2	Business	Yes	4.8		Service	UK	Dissolved
SD1	Business	Yes	9	Differentiated	Service	UK, USA	Resilient
PD1	Business	No	10	Differentiated	Product	UK, UAE, Asia	Resilient
PD2	Other	Yes	10	Differentiated	Product	UK	Acquired
PI2	Other	Yes	7.5	Integrated	Product	UK	Resilient
SI3	Business	Yes	4	Integrated	Service	UK, USA	Drifting

Figure 3: Table presenting background information of the interview participants and their social enterprises

Mission Drift Status Legend for Figure 2:

Dissolved – Failed fighting mission drift and the enterprise closed.

Acquired – Enterprise acquired by another company and likely experiencing mission drift.

Resilient – Enterprise faced mission drift but successfully avoided it before it started.

Drifting – Enterprise is currently experiencing mission drift.

Values	Number of interviews	Average Maturity	Enterprise's Model		Offering		Mission Drift Status			
			Integrated	Differentiated	Product	Service	Acquired	Resilient	Dissolved	Drifting
Absolute	8	7.2	4	3	4	4	2	4	1	1
Relative	100%	N/A	50%	38%	50%	50%	25%	50%	13%	13%

Figure 4: Table presenting the frequency of distribution

All the twelve participating social enterprises are based in the UK, though their operations are not limited to this market (see Figure 2 & 3). The enterprises vary in operational duration, ranging from 2 to 10 years, with the majority falling within the 8-9-year range. Considering all interviews, 40% are product-based, while 60% are service-oriented. Excluding the scoping interviews, these percentages shift to 50% for each. All participants are founders or co-founders, though some are no longer working in the same company or role. Participants were anonymized using codes such as PD1 for "Product Differentiated" and SI2 for "Service Integrated," reflecting their primary business model and type of offering. These codes provide a way to categorize and reference participants based on their specific business focus and approach while maintaining confidentiality.

3.2 Data collection and analysis

The interviews varied in length, averaging between 30 and 45 minutes. Of the twelve interviews conducted, eleven were held virtually via Microsoft Teams due to the geographical dispersion of participants, while one was conducted in person. All interviews were recorded using Microsoft Teams and Voice Memos, capturing both audio and/or video. Transcripts were automatically generated through Microsoft Teams and TurboScribe. Before the interviews, participants were provided with the Participant Information Sheet and Consent Form to ensure they were well-informed about the nature of the research and their rights in the process. To maintain

confidentiality, all data collected were anonymized and securely stored on the author's UCL OneDrive. Although English was the language of communication — a language that was not native to all participants or the author — it did not present any barriers to comprehension.

The interview questionnaire was organized into several sections, beginning with general questions regarding the participant's role and background. In the subsequent section, the author aims to grasp the enterprise's context, seeking to reduce potential biases in data analysis by understanding the environment in which the enterprise operates. The core sections of the questionnaire focused on: (1) awareness and factor leading to mission drift, (2) challenges related to mission drift, and (3) strategies to mitigate and responses to mission drift. Questions were strategically designed to elicit insights directly relevant to addressing the research questions. These included: "What is your understanding of the concept of mission drift?", "How do you prioritize maintaining alignment with your startup's mission amidst competing business priorities?", and "What specific challenges or barriers have you encountered in preserving alignment with your startup's mission?". Additionally, the questionnaire was adapted to address the unique experiences of each interviewee. For example, if a participant indicated success in avoiding mission drift, the author further explored the specific strategies they employed to achieve this outcome. For participants unfamiliar with the concept of Mission drift, the author employed paraphrasing and provided concrete examples to facilitate understanding. For instance, rather than using the term 'mission drift', the author described it as 'deviations from your original mission' or as 'shifts driven by market demands or investor pressures for quicker returns on investment'. These explanations helped clarify the concept for participants and improved the quality of their responses.

Transcripts were standardized and revised using Microsoft Word. Based on the thematic analysis framework by Braun and Clarke (2006), inductive and deductive methods were used to analyze the data. A thorough coding and analysis process was carried out, resulting in the emergence of six key themes (Maguire and Delahunt, 2017) (See Figure 5). Microsoft Excel was utilized to assist in organizing, coding, and analyzing the data.
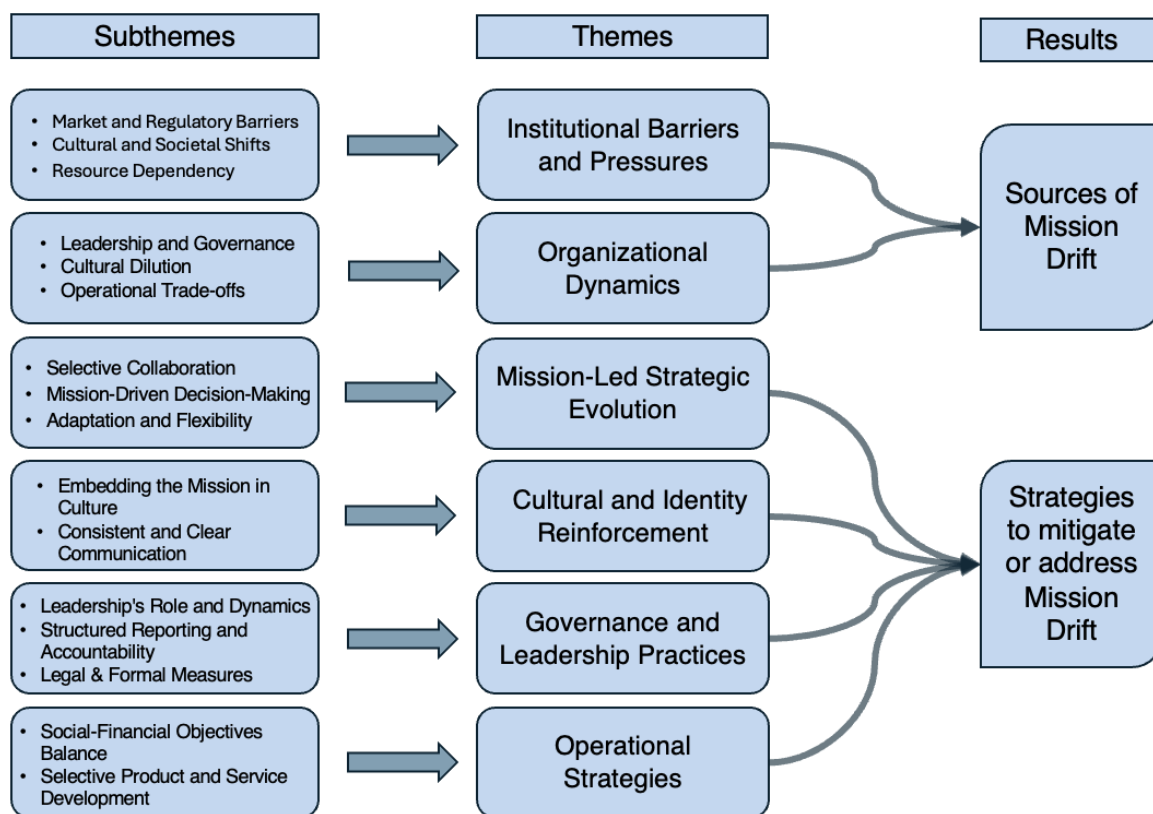
Figure 5: Data structure

3.3 Limitations

While this study offers valuable insights into the phenomenon of mission drift in social enterprises in the UK, several limitations must be acknowledged.

Initially, the sample size of eight interviews, though adequate for qualitative analysis, restricts the ability to generalize the findings to the broader population of social enterprises. Additionally, the study's focus on social enterprises operating for over four years restricts the applicability of the findings to newer enterprises, which may experience different challenges concerning mission drift, if any at all. The most mature enterprise included in the study was ten years old, meaning the temporal scope (4 to 10 years) may not fully capture the range of experiences across all social enterprises, particularly those outside this timeframe. Younger enterprises may not have encountered mission drift, while those older than ten years might have faced different or more advanced stages of mission drift. For both, guiding forces of mission drift and mitigation strategies could be different from the ones identified in this study. Consequently, the findings may not fully represent the complexities or evolution of mission drift across different stages of a social enterprise's lifecycle. Since this study collected data at a single point in time, the sources of and mitigation strategies for mission drift could be more thoroughly assessed with longitudinal data in future research.

The reliance on purposive and snowball sampling methods, while appropriate for this exploratory research, may have introduced selection bias. This is particularly relevant given that 4 out of 8 participants were alumni of the Hatchery, potentially skewing the findings toward enterprises with similar support structures. Furthermore, although the study aimed to target social enterprises across the UK, the fact that 7 out of 8 participants' enterprises are headquartered in London may limit the generalizability of the results to other geographical contexts. However, this concentration may also reflect London's role as a significant incubator for social enterprises (Aiken *et al.*, 2021).

The use of semi-structured interviews as the primary data collection method introduces the potential for interviewer bias and may affect the consistency of the data collected (Adeoye-Olatunde and Olenik, 2021; Ruslin *et al.*, 2022; Braun and Clarke, 2023). In addition, the participants' varying levels of familiarity with the concept of mission drift could have limited the depth of their responses, as several participants were only beginning to reflect on their experiences with this phenomenon during the interviews.

Despite efforts to standardize the interview process, the subjective nature of qualitative data collection cannot be entirely eliminated (Ruslin *et al.*, 2022). This author's personal experience with mission drift, though offering valuable context, could have impacted the interpretation of responses and the development of themes, even with attempts to remain objective. Moreover, the use of interpretation-focused coding, relies heavily on the researcher's perspective (Adu, 2021). As a result, the findings from these interviews are context-specific and may not be easily generalized to all social enterprises.

Based on the eight interviews conducted, data saturation is considered to have been achieved. However, conducting a more comprehensive study that includes a wider range of enterprises at different stages of maturity and additional data sources (e.g., observations, case studies, etc.) would provide a more thorough exploration of the concept of mission drift. Since this risk persists throughout various phases of a social enterprise's lifecycle, future research should focus on developing practical frameworks to assist organizations in addressing or mitigating this risk within their unique settings. Despite these limitations, the study provides a nuanced understanding of mission drift and establishes a foundation for future research in this emerging field.

3.4 Findings

In this dissertation, thematic analysis uncovered six key findings from the data, each of which addresses the research questions. The first research question, "What factors

do social enterprises identify as leading to mission drift?", is explored through the following prominent themes:

3.4.1 Institutional Barriers and Pressures

3.4.1.1 Market and Regulatory Barriers

Institutional pressures present significant barriers to social enterprises in achieving their missions (Greenwood *et al.*, 2011; Pache and Santos, 2013; Ometto *et al.*, 2019). As these enterprises enter new markets, they frequently encounter regulatory hurdles imposed primarily by state and government entities (Jones, 2007). Such regulations often influence the operational direction of these enterprises, potentially leading to mission drift if not managed effectively. In this research, several founders have shared their experiences with these challenges, which vary based on their enterprise's stage and the specific markets they target.

For example, Participant PD1 described how regulatory challenges predominantly impacted logistical aspects, requiring changes to product packaging. Although this enterprise was slightly affected by the regulations and did not experience significant mission drift, such adjustments can still incur costs related to the execution of the mission and the conduct of operations, as illustrated by Participant PI1:

"If you're dealing with batteries that have come from an electric vehicle and they're deemed waste, you can only deal with those batteries at an approved site, which has to have a license. The cost to get licenses are site specific, so it's not company specific but site specific. And that license can cost £150,000…as an early-stage company you don't have access to that kind of money to be able to afford a license to then do that work."

Alongside regulatory pressures, political factors substantially influence the growth and mission of social enterprises (Wolf and Mair, 2019). A country's political landscape or government stance on certain topics can lead to a drift from the enterprise's initial mission. Some participants, especially those dealing with sensitive societal issues, found themselves compelled to adjust their mission in response to external pressures. During the interview, Participant SI3 expressed concerns about how the current political climate in the US could impact their strategic decisions and force them to withdraw from that market. This participant also points to difficulties encountered in Canada due to sensitive regulatory frameworks:

"We didn't enter Canada because they have very specific laws again around race. Because they've had like some issues with their indigenous populations and it's like a crazy sensitive topic at the moment."

This shows how political sensitivities can act as a barrier to entry for social enterprises, especially when their mission touches on controversial or delicate topics. In such cases, enterprises are forced to either avoid these markets altogether or adapt their messaging and practices to comply with local regulations. For instance, Participant SI3 proposes a workaround for restrictive regulations in Florida:

"In Florida, we can't have sales collateral or our product even mention racial equity because the state will not allow schools to use that language…well to be honest we've just ended up avoiding trying to get into that state but what we could have done would be like replace the words racial equity with like cultural competency and some sort of synonym that is a bit less specific."

Social enterprises, especially those operating in multiple, politically diverse markets, must strike a fragile balance between maintaining their mission and navigating restrictive political and regulatory environments (Staessens *et al.*, 2019; Wolf and Mair, 2019). Over time, these compromises – whether drifting away from the market or the mission - can complicate social enterprises' ability to expand and scale while remaining true to their core identity.

3.4.1.2 Challenges in Scaling Social Enterprises

As social enterprises pursue growth and expansion, they face other challenges such as resource dependency and financial pressures that can lead to mission drift. These challenges often compel the enterprises to seek external funding opportunities. However, securing funds proves difficult, as competition for limited financial resources is high (Henderson and Lambert, 2018) and the number of investors who align with the enterprise's social mission—either personally or professionally—remains low. Participant SI2 captures the competitive nature of this landscape:

"There's too much congestion. They're all going for the same funding because they think their ideas better."

Securing funds becomes even more difficult when it is about finding investors that are willing to support social enterprises with a specific mission. Due to their personal interest or how much they trust on the mission, they can make their decision on the potential investment. In these cases, if the societal issue being addressed by the mission is not enough "popular", it might make it more difficult for the social enterprise to get funding and reach financial stability. Furthermore, in this competitive

environment, an enterprise's track record becomes a fundamental factor in attracting investment. Investors often prioritize organizations with proven success, putting early-stage social enterprises at a significant disadvantage. Enterprises that lack an established reputation may struggle to secure the funding they need to grow, as reflected in the experience of Participants SI2:

"When I realized, we would not go to get funding and another example of this is where you if you're not proven within this environment, you are not able to generate enough traction either. They're gonna listen to the right sort of people who have proven agendas and can deliver. Not some guy who thinks he can."

Additionally, the pursuit of funding often brings pressures to prioritize financial returns over the enterprise's social mission (Henderson and Lambert, 2018). Investors may not directly alter the enterprise's core mission or vision, but they often require that the external presentation of these elements be adjusted to emphasize financial potential and profitability. This expectation can create a dichotomy between the enterprise's internal values and its external communication, potentially leading to mission drift if the enterprise feels pressured to align its outward-facing narrative with investor expectations. Such pressures highlight a broader issue in the funding landscape, where financial considerations may overshadow social goals, forcing enterprises to navigate complex trade-offs between maintaining their mission and appealing to investors.

The dynamics with investors can push social enterprises to consider strategic decisions like majority sell-offs or acquisitions to prolong their survival and achieve growth. However, participants expressed concern that these shifts could compromise the integrity of the enterprise's mission. Participant PI2 reflects on this dynamic:

"And that's I think to be expected when once a company's acquired that the priorities can shift based on the larger companies priorities. But it's not just the priorities in terms of market or even in terms of mission, but sometimes also in terms of business pressures."

This quote highlights how acquisitions can lead to shifts in priorities not only related to market strategies but also to underlying business pressures. Such shifts can dilute or alter the original mission, raising concerns about how well social enterprises can maintain their core values amid changes in ownership and organizational direction. As Participant PD2 succinctly puts it: "If you never want any mission drift, then you cannot

give up control." This statement underscores the risk that relinquishing control exposes social enterprises to external pressures, which may steer them away from their original mission. Consequently, strategic decisions like acquisitions, while offering necessary growth opportunities, also pose a risk of aligning the enterprise more closely with the financial objectives of investors or acquiring entities, potentially compromising the mission-driven focus that initially defined the enterprise.

3.4.1.3 Cultural and Societal Shifts

Besides investors, customer perceptions shaping cultural and societal attitudes can significantly influence the dynamics of enterprises and their missions. These attitudes are increasingly diverse and rapidly changing due to globalization and the swift dissemination of information and trends (Staessens *et al.*, 2019). As a result, they directly affect the relationship between customers and the products or services offered by companies worldwide. Social enterprises, in particular, face unique challenges in this context, especially when expanding internationally.

Participant SI3 reflects on the complexities encountered during internationalization:

"I think probably the biggest barrier was, when we internationalized in the US, understanding that racial equity and the perception around it was very different here to the UK. And even within the US, the US is like 50 different countries, those all the states are very, very different. And how honest we can be with our mission varies state by state…"

This statement underscores the challenge of aligning the enterprise's mission with diverse cultural norms and regulations across different states, illustrating how varying perceptions can impact mission consistency. Societal movements can further contribute to a disconnection between the enterprise and its customers, affecting operational sustainability by limiting revenue and growth potential. At the same time, investors pressure enterprises to maximize financial returns, complicating the balance between social impact and profitability (Minai *et al.*, 2021). Given these societal circumstances, the company's poor social performance can lead to financial instability, posing a threat to the organization's sustainability and potentially resulting in mission drift. Participant SI3 describes this situation:

"Depends on how much pressure we get from clients. I think I'd like to say that we'd never compromise, but I think the truth is, is that there'll be some middle ground. We'll probably have to compromise to some extent, but not to the extent where we're just going to completely disregard racial equity or something like that."

The interplay between evolving customer perceptions, cultural attitudes, and investor pressures highlights major challenges for social enterprises, particularly when expanding internationally. Navigating this variability, along with overcoming market and regulatory hurdles, creates a complex landscape for maintaining mission consistency while pursuing growth.

3.4.2 Internal Organizational Dynamics

The organizational dynamics within hybrid social enterprises are inherently complex, due to the ongoing challenge of balancing of social and financial objectives (Ebrahim, Battilana and Mair, 2014). This dual focus extends across all levels of the organization, from founders to the most junior employees (Crotts, Dickson and Ford, 2005). Each individual, regardless of their role, is required to navigate competing goals. This challenge is particularly evident in differentiated social enterprises, where the tension between these objectives can be more intense.

From a top-down perspective, mission drift may occur at the leadership and governance levels because of the misalignments among board members, unclear strategic direction, or the inappropriate selection of team members or investors. While these issues may seem isolated or localized at first, they often lead to significant "unintended consequences," as Participant SI1 highlighted. Furthermore, Participant SI2 shared a powerful example of how misalignment among co-founders led to the eventual closure of their social enterprise. The lack of unity and commitment from the co-founders became the driving force behind the mission drift. SI2 explained:

"So I felt and still feel significantly misled by my Co-founders…I think the they were my main force of mission drift, so the human element there...their inability to join in within the expedition that they had had part of their inability to take it seriously, their inability to support me when I needed it."

In this case, the misalignment at the leadership level didn't just impact the business but also affected the personal connection the founders had with the mission. As Participant SI2's experience shows, mission drift can begin on a personal level, where even the founders themselves may lose sight of the original mission due to internal conflicts or external pressures. Over time, this growing disconnect from the mission and values can result in drastic decisions, such as the closure of the company.

On the other hand, there are situations where founders initiate the drift based on their own evolving personal ambitions or as a reaction to external pressures For example, Participant PI1 recounted their decision to sell the social enterprise after realizing that their connection to the mission had weakened:

"I was tired of being in the same space for so many years. I didn't want to be pigeonholed as a battery person. I had set myself some career goals."

This scenario demonstrates how personal aspirations and burnout can influence a founder's decision to step away from the mission, often leading to changes in the organization's strategic direction. As a result, the effects of these changes are felt throughout the organization, impacting also the culture of the enterprise. Organizational culture is a critical component in social enterprises, guiding employees and stakeholders toward the enterprise's dual objectives—social impact and financial sustainability. When leaders experience misalignments or drift, the culture can start to erode. Consequently, if employees or stakeholders start to feel the cultural dilution, the enterprise risks losing its agency and its existence in the long run.

Despite the recognized importance of maintaining a strong organizational culture, many participants in this study acknowledged that their enterprises lacked formal mechanisms for tracking and reinforcing the mission and culture. Only a few participants mentioned having structured processes for ensuring alignment, such as regular mission reviews or cultural audits. Instead, most participants relied on informal reflection or individual judgment to assess whether the company was staying true to its mission. This lack of formal, consistent reinforcement of the mission and values makes it easy for organizations to lose sight of shifts or challenges that may arise from both institutional and organizational pressures.

While this informal approach may work in the short term, it leaves organizations vulnerable to mission drift, particularly as they face external pressures such as market demands or investor expectations. Participants in this study acknowledged that, in some cases, operational trade-offs are necessary to balance the need for financial survival with the organization's social mission. These trade-offs often involve temporarily prioritizing business stability over mission-driven actions to ensure the enterprise's long-term viability.

Participant PI2 provided an example of such a trade-off, explaining how their enterprise had to shift focus to explore alternative revenue streams in order to survive:

"We've had to move into exploring other areas where we can make money from another source for the time being to stay alive until the consumer market becomes more healthy."

While adapting for business survival is common in tough economic times, Participant PD2 warns that excessive trade-offs can erode the core mission:

"I think the risk is that you make so many trade-offs you don't have any mission anymore."

This raises a critical challenge for social enterprises: determining the point at which compromises for the sake of survival might undermine their mission. Participant responses indicate that this is a nuanced issue that requires careful consideration and monitoring.

*

The second research question, "**What specific measures do social enterprises take to align, address, or mitigate mission drift when developing strategic plans and operational strategies?**", is explored through the following prominent themes:

3.4.3 Mission-Led Strategic Evolution

The mission serves as a fundamental driving force for the social enterprise. Often described as the *"raison d'être"* (Battilana *et al.*, 2015), it guides the operations and the strategic direction of the organization. Initially, many social entrepreneurs start with a broad vision for creating positive change but lack a clearly defined and structured mission. According to this research, participants reported that they typically started to refine and crystallize their mission after three to four years of operation, as it evolves through various stages of development. This evolution reflects the necessity for flexibility and adaptation in response to the various sources of mission drift – market, regulatory, and cultural barriers - and changing circumstances. Drawing from the founders' experience, for the first years the mission evolved with the organization, but it did not drift. What changed in this process was the approach towards achieving it as noted by participant SI1. Instead, as Participant SI1 noted, the approach to achieving the mission changed over time:

"So, well, obviously we have our mission statement and it's all about it's all about social values. It's all about doing social good. Now how we're doing that social good, the how can change."

This adaptability is crucial for aligning organizational strategies and business models with shifting market conditions without compromising the mission. An effective strategy to maintaining this balance is mission-driven decision-making. This involves embedding the mission deeply into all organizational activities and processes, so it guides every decision made by employees, managers, and leaders within the enterprise. By doing this, each member of the organization will be held accountable an additional mechanism to ensure alignment with the enterprise's core identity. Participant SD1 exemplifies this, stating:

"They know what our vision is so they can use that as their North Star when they're making decisions."

As the multiplicity of stakeholders is a constant threat to the enterprise's identity (Grimes, Williams and Zhao, 2019), using the mission as a "North Star" is vital while selecting collaborators. This includes partnering with cofounders, employees, investors, or other third parties. Co-founders, in particular, play a key role in the organization's trajectory as they can prevent or mitigate potential mission deviations or conversely, be a cause of them. Recruitment of employees who share the organization's values is equally critical. Participant SD1 describes how the mission helps attracting stakeholders:

"And for us like our vision and mission have been very influential in recruiting top talent, to secure some amazing deals, to also make sure we win investment. So, it's been a very important part of our journey. I'd almost say that it's perhaps the one thing that connects our whole business to each…all the different stakeholders get connected by the vision."

Due to their influence on resource dependency, investors and external partners are crucial for the survival and success of social enterprises. Therefore, thoroughly evaluating and selecting investors and partners who align with the mission and offer valuable support can help alleviate potential pressures that may compromise the integrity of the enterprise. Participant PD1 describes the relationship with investors as "a marriage" where you need to have a strong personal connection, or a "personal click" with the other party. In selecting their investors, many participants focused on

the investor's background and experience, in addition to their personal connection to the mission or the enterprise. This approach facilitated long-term alignment and added value for both parties, helping the enterprise stay true to its core identity and avoid tensions coming from investors. Furthermore, social enterprises often partner up with other organizations or foundations that can provide support in achieving their social goals. In these cases as well, alignment is critical in avoiding or overcoming potential pressures related to the enterprise's mission, as Participant PI1 notes from his experience:

"…being in partnership with UN agencies and other organizations as well, I think helped us get overcome some of those barriers as opposed to hinder us."

Diligently selecting the stakeholders – co-founders, employees, investors, partners - who will join the social enterprise on its journey, promotes productive collaboration and alignment between the social and financial aspects of the enterprise, thereby reducing the risk of Mission Drift.

3.4.4 Cultural and Identity Reinforcement

The mission of a social enterprise is a cornerstone of its culture and identity (add citation (Siegner, Pinkse and Panwar, 2018). This mission is not just a statement but a fundamental aspect of how the organization operates and is perceived both internally and externally. For social enterprises, reinforcing the mission continuously is crucial for maintaining a strong organizational identity and ensuring that all stakeholders are aligned with its core values.

According to participants in this research, it is essential to deeply integrate the mission into the company culture and identity, making it a guiding principle. Participant SD1 provides valuable insights into how this can be achieved, particularly through the recruitment and onboarding processes:

"We made sure we stick to it (mission), and we keep reinforcing it through our messaging, our training, and induction when a new member of staff joins the business. We make it clear about what our vision is even in our interview documents and processes."

By embedding the mission into these foundational activities, the enterprise ensures that new employees understand and align with its core values from day one. This

approach helps in creating a cohesive organizational culture where the mission is a lived experience rather than just a theoretical concept. It also sets the tone for how the mission should guide everyday activities and decision-making processes.

Moreover, Participant PI1 underscores the intrinsic connection between the mission and the culture, emphasizing that every member of the organization, regardless of their role, should understand the company's 'reason for existing'. This perspective highlights the necessity of embedding the mission into every aspect of organizational life. A strong culture, supported by clear communication, ensures that employees are not only aware of the mission but are also motivated to uphold it. When employees are aligned with the mission, they are more likely to contribute to its realization, thereby strengthening the enterprise's overall impact.

Moreover, effective communication with both internal and external stakeholders is critical for reinforcing the mission. Social enterprises must ensure that their mission is consistently reflected in all their activities, including recruitment, management practices, leadership, marketing, sales, and the development of products or services – essentially in everything the enterprise does. This comprehensive approach to communication helps maintain internal stakeholders' awareness of the mission and facilitates external stakeholders' engagement. As Participant PI1 notes:

"And then the third part is about how we present it to everyone, right, internal and external stakeholders and making sure we are being authentic in our messaging, in our communications, in our public relations, in our leadership. Again, if you go back and look through our LinkedIn and you see how many times, we keep repeating what we stand for."

By communicating the mission effectively across various platforms, the enterprise can establish a clear identity in the market. This not only attracts like-minded individuals who share the same values but also enhances the organization's credibility and appeal to potential investors, partners, and customers. Consistent messaging serves as a tool for differentiating the enterprise from competitors (should I keep competitors? Maybe find a reference) and for reinforcing its commitment to its social goals and identity in the public eye.

Furthermore, maintaining a strong connection to the mission can act as a self-defense mechanism, as PI1 remarks. If the enterprise begins to drift away from its core purpose, the stakeholders —employees, investors, partners, even customers—are likely to hold the organization accountable. This feedback loop facilitates realignment with the mission and helps preserve the enterprise's authenticity. Proactively involving

stakeholders in upholding the mission can prevent mission drift and ensure the organization remains true to its foundational values. Ultimately, reinforcing the culture and identity of the enterprise involves deeply embedding its mission into the organizational culture and maintaining clear, consistent communication about the mission both internally and externally.

3.4.5 Leadership and Governance: Safeguarding the Mission in Social Enterprises

Governance and leadership are critical to maintaining the mission focus in social enterprises. Leaders who are personally engaged with the mission and values of the organization set an example that can influence employee commitment. Through effective governance mechanisms, leaders can ensure that the mission is embedded into every level and process within the enterprise. These mechanisms provide the structure and oversight necessary to integrate the mission into strategic decision-making, operational procedures, and organizational culture. By aligning all aspects of the enterprise with its core objectives, leadership ensures that the organization stays true to its social impact goals while also managing financial sustainability. As enterprises grow and evolve, leaders must dedicate time and resources to ensure that the mission remains central to the organizational culture. Participant PD2 highlights the importance of balancing operational tasks with a broader focus on the mission and culture of the enterprise:

"We still have weekly calls, but we have more dedicated monthly check-ins where we really think about the company. I think that we should spend, and everyone should I think spend as much time working on the company as they do working in the company."

This distinction between "working in" and "working on" the company reflects the need for leaders to balance daily operations with long-term strategic planning. Without this focus, there is a risk that, as the organization grows, its mission can become diluted. Therefore, it is essential for leaders to implement structures that ensure alignment with the mission as the organization expands. Structured reporting and accountability systems play a key role in keeping all stakeholders, including employees, boards, and investors, aligned with the organization's mission and values.

Many participants emphasized the use of performance reports to communicate progress on both financial and social goals. These reports not only help track the enterprise's performance but also provide a way to keep all stakeholders informed and

engaged with the organization's mission. For example, Participant SI3 explains the importance of ongoing communication with employees to assess mission alignment:

"Every Friday we do a poll survey of employees. And one of the questions is around like mission alignment. So that was one of the metrics that we did track with mission. And probably the best way of working out if you're staying to your mission is not your users, but your employees, because they have less bias. So, their thoughts are a great thing to crowdsource. And that's one way that we've managed to stay accountable."

Regular feedback from employees, as described by SI3, can be an effective governance tool. By tracking internal perceptions of mission alignment, leaders can identify potential areas of drift and take corrective action before the mission is compromised. In addition to internal feedback mechanisms, some participants incorporated external frameworks to ensure mission accountability. One participant noted the use of Sustainable Development Goals metrics to measure the alignment of their operations with their broader mission. By combining internal reporting with globally recognized frameworks, social enterprises can enhance transparency and demonstrate their commitment to mission integrity.

While governance mechanisms such as reporting, feedback, and performance tracking are important for short-term mission alignment, leaders must also consider long-term protections for their mission. In cases of significant growth or acquisition, formal legal agreements may be necessary to safeguard the organization's mission. Two participants in this study discussed the challenges they faced after selling their enterprises to larger companies, acknowledging that their original mission was not fully protected through legal measures. Instead, they relied on the acquiring company's alignment with their mission as the primary safeguard for preserving the identity of their enterprise. Participant PD2 shared insights into the measures taken to retain some control over the mission post-acquisition:

"…We still own shares in the company to make sure that we had lots of minority protection to be able to influence that. Also, we tried to, and still try to get a real seat at the table to make sure that we're able to influence the strategy of the company and, yeah…I mean, they're not all foolproof. But we did take quite a few measures to make sure that we could preserve the vision, the mission and the culture of the company."

PD2's experience highlights the limitations of informal or non-binding agreements in maintaining mission integrity following an acquisition. Even with measures like minority

ownership and board representation, there are no guarantees that the mission will be preserved if the acquiring company's priorities shift. This underscores the importance of more formal legal protections, such as mission lock clauses or contractual agreements that tie the organization's mission to its governance structure.

In this context, leaders must be proactive in considering the potential risks to the mission when engaging in partnerships, collaborations, or acquisitions. Establishing legal agreements that explicitly protect the mission can provide a higher level of security, especially when leadership transitions or ownership changes occur. Moreover, these formal measures need to be accompanied by a continued commitment to governance practices that reinforce the mission through regular reporting, feedback loops, and accountability systems.

Overall, these findings suggest that governance and leadership practices are vital in ensuring that the mission of a social enterprise remains at the core of its operations and strategy (Ebrahim, Battilana and Mair, 2014; Wolf and Mair, 2019). Leaders must strike a balance between managing the day-to-day business and dedicating time to reflect on and protect the mission. Short-term prevention of mission drift can be achieved through governance mechanisms like structured reporting and employee feedback. However, long-term protection often requires formal legal measures, particularly when ownership changes. It is ultimately the responsibility of leadership to use both governance frameworks and legal protections to ensure the organization remains true to its social impact goals amidst growth and external pressures.

3.4.6 Operational Strategies

Operations form the foundation through which a social enterprise implements its mission, ensuring that all activities remain aligned with the organization's core objectives while maintaining integrity. However, the hybrid nature of social enterprises—combining both financial and social objectives—creates a constant tension that threatens their mission. [add citation]. Finding the right balance between financial success and social objectives is a persistent challenge faced by social entrepreneurs. All participants in this study acknowledged the difficulty of navigating this duality but agreed that without financial sustainability, delivering social impact would be unfeasible.

Many social entrepreneurs embark on their journey with altruistic goals, driven by a genuine desire to create positive change. However, as participant PD2 notes, "sometimes the purity of the vision can become very diluted with the realities of the economy." Entrepreneurs often find that adapting to market demands is necessary,

even if it means compromising some of their initial idealism. PD2 further highlights the tension between financial goals and the mission, stating:

"And that becomes a much harder problem because you need to make money, and money becomes this big fat thing. Usually, you know, mission and money should go hand in hand, but sometimes they don't. And then you have to sort of adapt."

Adaptation aimed at balancing cost and impact is essential for maintaining both the financial viability and the mission of a social enterprise. Grounded in their mission and the products or services they offer, social entrepreneurs must develop operational strategies that account for external factors affecting their business, including market conditions, political environments, and cultural challenges. This approach requires thorough analysis at the beginning of the decision-making process to anticipate challenges, assess potential outcomes, and implement strategies that maintain equilibrium between operational costs and social impact.

In integrated social enterprises, where the social mission is delivered simultaneously with commercial activities, this balance is more easily managed. On the other hand, in differentiated models, where commercial activities may not directly generate social impact, challenges arise (Greenwood *et al.*, 2011). In these cases, social enterprises may need to adopt alternative strategies, such as partnering with organizations that can help bridge the gap between commercial success and social impact. For instance, Participant PD1 described how their organization, facing high carbon emissions due to material imports, partnered with a reforestation organization. This collaboration allowed the enterprise to offset its environmental impact and remain aligned with its mission by investing part of its revenue in environmental projects. This strategy exemplifies how social entrepreneurs can adapt operational strategies to balance financial performance with social impact, ensuring that the enterprise remains mission-driven.

Another effective strategy to prevent mission drift is embedding the mission so deeply into the product or service that it becomes inseparable from the enterprise's operations. Participants in this study who managed product-based enterprises emphasized the difficulty of straying from their mission because the product itself was an embodiment of the enterprise's purpose. For these entrepreneurs, altering the mission would require changing the product, as Participant SI1 remarked:

"The mission is built in the products so strong. If the product isn't doing what it's doing, and if you change the mission, you need to change the product."

By aligning the product's design, marketing, and sales processes with the mission, the likelihood of mission drift is significantly reduced. This integration makes it nearly impossible for the enterprise to deviate from its core purpose without fundamentally altering its offerings. However, this approach is more challenging for service-based enterprises, where the mission may not be as directly tied to the service offering. While services can still reflect the enterprise's values, they are often less tangible than products, making it more difficult to align them as tightly with the mission.

Ultimately, developing operational strategies that balance cost and social impact, while integrating the mission as deeply as possible into products or services, is essential to safeguarding the enterprise's integrity. These strategies help mitigate the risk of mission drift, ensuring that social enterprises can remain true to their original objectives while navigating the financial pressures of the marketplace.

3. Discussion and Conclusion

4.1 Discussion

This dissertation aimed to investigate factors leading to mission drift and mitigation strategies in UK-based social enterprises that are 4-10 years old. By focusing on younger enterprises, this research sought to extend the existing literature, which predominantly focuses on older organizations. The study revealed various institutional and organizational pressures as sources of mission drift and explored the innovative strategies these enterprises use to maintain mission alignment (See Figure 6). This study makes several contributions to the theoretical understanding of mission drift in social enterprises. First, it identifies new sources of mission drift — leadership

dynamics, acquisition and ownership shifts, political landscape, and organizational culture dilution — that are not widely discussed in the literature. These pressures highlight the importance of addressing leadership alignment, stakeholder management during acquisitions or ownership transitions, political instability, and organizational culture, especially in younger social enterprises. Furthermore, the study extends the literature on mitigation strategies by introducing the concept of mission-led strategic evolution, as well as emphasizing the role of governance structures and stakeholder alignment in preventing mission drift. These strategies offer practical ways for social enterprises to maintain focus on their social mission, even as they grow and evolve.

The findings confirm several existing theories while also challenging and extending others. Traditional literature often cites the multiplicity of stakeholders as a prominent threat to organizational authenticity, and this study supports these claims (Sachikonye and Ramlogan, 2023). While previous research emphasizes the importance of stakeholder engagement as a key strategy for avoiding mission drift (Ramus and Vaccaro, 2017; Klein, Schneider and Spieth, 2021), this study suggests that newer social enterprises are increasingly selective in choosing stakeholders who align closely with their mission. This selective approach helps safeguard against potential conflicts between social and financial goals, reducing the risk of mission deviations. Screening partners for value alignment has become a proactive measure that strengthens mission integrity. Participants also underscored the significance of robust governance mechanisms, a point also highlighted in the literature (Kraatz and Block, 2008; Cornforth, 2014). First, these mechanisms ensure the deep integration of the mission into all activities and processes, making the mission a guiding principle for internal stakeholders. Second, they serve as a means to maintain alignment with core values, even as the enterprise adapts to external pressures. These governance strategies are critical in preventing mission drift as the organization evolves. An unexpected source of mission drift identified in this study was the impact of acquisitions. Participants shared experiences where, after being acquired, the mission of their enterprises was more vulnerable towards drifts potentially initiated by the acquiring company's goals. This issue is underexplored in the literature, and future research could delve deeper into how social enterprises can safeguard their missions during and after acquisition. The lack of preemptive measures during the acquisition process left these enterprises vulnerable to drift, highlighting the need for more thorough integration planning. Maintaining alignment with the mission while striving for financial stability presents a complex challenge for social enterprises, as they often have to prioritize commercial activities to remain viable through trade-offs or compromising (Battilana *et al.*, 2015; Santos, Pache and Birkholz, 2015; Smith and Besharov, 2019). This delicate balancing act between financial and social objectives, is aimed to be reached by mission-led strategies, meaning that mission will stand at

the centre of each decision regarding the development and evolution of the hybrid social enterprise. While additional strategies have been suggested from both the existing literature (Greenwood *et al.*, 2011; Ebrahim, Battilana and Mair, 2014; Santos, Pache and Birkholz, 2015; Ometto *et al.*, 2019) and this research, there remains a lack of concrete frameworks or tools to help social enterprises stay accountable to their original mission. Although social entrepreneurs strive to implement mission-aligned strategies, they often face financial pressures that can lead them to prioritize revenue generation over social impact (Santos, Pache and Birkholz, 2015; Minai *et al.*, 2021). Without adequate tools, this tension can compromise the mission, as finances often take precedence over social outcomes. Further research could explore the threshold level of compromising without drifting and potential tools to support enterprises in maintaining alignment with their mission.

However, the study also challenges some assumptions in the literature. For example, while existing research often focuses on personal mission drift (Beisland, D'Espallier and Mersland, 2019) – where individuals deviate from their commitment to the enterprise's mission – of employees, this research found that personal mission drift of founders is a significant, underexplored source of mission drift. Founders themselves may experience mission drift due to their personal aspirations or evolving experiences. When founders lose sight of the mission, the entire enterprise is at risk of drifting, as leadership plays a critical role in guiding the organization's mission. Hence, it is crucial for founders to remain accountable to their own mission. Existing literature typically focuses on employees' drift away from the mission due to conflicting incentives, as seen in microfinance institutions where credit officers prioritize larger loans over serving the poor (Beisland, D'Espallier and Mersland, 2019). Conversely, this research uncovered a strategy where enterprises incentivized both work and mission-related activities through a bonus system, encouraging employees to meet both commercial and social goals simultaneously. A key dynamic that emerged from this research was the difference between product-based and service-based social enterprises in terms of susceptibility to mission drift. Service-based social enterprises were found to be more prone to mission drift compared to product-based enterprises. Participants from product-based companies noted that their mission was embedded in the product itself, meaning any deviation from the mission would necessitate a change in the product. This makes mission drift less likely, whereas service-based enterprises, which rely more on interactions and service delivery, face more challenges in maintaining alignment with their mission. This product-service distinction adds complexity to the study of mission drift and warrants further academic exploration.

The practical implications of this research are significant for social entrepreneurs, investors, and policymakers. For social entrepreneurs, it highlights the need to embed the mission in all decision-making and recognize early signs of mission drift, such as

leadership conflicts or misaligned investor goals. Investors are encouraged to align their values with the social mission, fostering partnerships that balance social impact with financial returns. For policymakers, the findings suggest the need for supportive environments – through incentives, grants, or regulatory frameworks – that enable social enterprises to pursue both social impact and financial sustainability without compromise. While this research offers valuable insights, there are several limitations to this dissertation. The sample size, although sufficient for qualitative research, may not fully represent the diversity of experiences within the UK social enterprise sector. The focus on enterprises aged 4-10 years also limits the generalizability of the findings to older organizations. Additionally, the subjective nature of interviews may introduce bias, as participants may present their experiences in a way that aligns with their preferred narrative (Ruslin *et al.*, 2022). Given the complexity of mission drift, future research should focus on its impact on younger social enterprises across different sectors and regions. Quantitative studies could assess the effectiveness of various mitigation strategies. Additionally, further investigation into the contrasting risks faced by service-based and product-based social enterprises would provide deeper insights, especially when examined in different cultural or regulatory environments. Cross-cultural studies could further evaluate whether the strategies identified in this research are universally applicable or context-specific.

	Source	Mitigations Strategies
Organizational	Multiplicity of Stakeholders	1. Selective stakeholders collaboration and integration 2. Transparency and communication 3. Collaboration 4. Stakeholders feedback loops
	Resource Dependency	1. Diversification of funding sources 2. Engage in strategic partnerships 3. Bricolage approach 4. Mission-aligned investor screening 5. Developing a Strong Track Record
	Organizational Structure	1. Selecting/ Attracting/ Onboarding of employees 2. Enteprise's culture and values incorporation 3. Strong governance mechanisms 4. Leadership
	Organizational Culture Diluton	1. Cultural and Identity reinforcement 2. Embedding the mission in the culture 3. Consistent internal communication 4. Clear external communitcation 5. Authenticity and accountability
	Governance	1. Structured reporting and accountability mechanisms 2. Leadership accountability system 3. Mission and culture tracking mechanisms
	Leadership	1. Mission-centered leadership 3. Mission alignment in leadership 2. Leadership training
	Operational Trade-Offs	1. Social-financial objectives balance 2. Selective product and service development 3. Deep integration of the mission into products or services
Institutional	Market Demand	1. Loose-coupling, de-coupling, selective coupling 2. Governance mechanisms 3. Commercialization 4. Compromising and forging new identity 5. Strategic market withdrawal
	Government and Institutional Regulations	1. Compliance adaptation 2. Mission reframing
	Cultural Factors	1. Balancing cultural adaptations 2. Strategic compromise 3. Selective market egagement
	Political Landscape	1. Navigating political sensitivities 2. Adjusting messaging to navigate political sensitivities 3. Compliance with local regulations 4. Strategic flexibility and compromise
	Acquisition and Ownership Shifts	1. Maintaining mission integrity during acquisitions 2. Legal measures to protect the mission

Figure 6: Table summarizing sources and mitigation strategies or mission drift from the findings and the existing literature

4.2 Conclusion

This dissertation contributes to the understanding of mission drift in younger, UK-based social enterprises by identifying new sources of mission drift and mitigation strategies that reflect the unique challenges faced by these enterprises while trying to achieve both their social and financial objectives. It identifies underexplored sources of drift such as leadership dynamics, acquisition and ownership shifts, political instability, and organizational culture dilution. These findings also challenge traditional views and emphasize the need for mission-led strategies, strong governance structures, leadership alignment, and stakeholder management to safeguard the mission. As the landscape of social entrepreneurship continues to evolve, the findings underscore the importance of maintaining mission integrity while navigating complex institutional or organizational pressures. While acknowledging the study's limitations, it opens new pathways for future research to explore mission drift in different sectors and regions, laying a foundation for refining strategies to preserve the social mission across diverse social enterprise landscapes.

5. **Bibliography**

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6. Appendix

6.1 Participant Information Sheet for Social Enterprise (co)Founders

Participant Information Sheet for Social Enterprise (co)Founders

UCL IGP Research Ethics Committee Approval ID Number: **Z6364106/2024/06/251**

YOU WILL BE GIVEN A COPY OF THIS INFORMATION SHEET

Title of Study: Navigating Mission Drift: A Study of Sources and Mitigation Strategies in UK-Based Social Enterprise

Department: Institute of Global Prosperity

Name and Contact Details of the Researcher(s): Fiorela Marra (fiorela.marra.23@ucl.ac.uk)

Name and Contact Details of Supervisor: Onyaglanu Idoko (o.ikodo@ucl.ac.uk)

1. **Invitation Paragraph**

You are being invited to take part in our MSc Dissertation Project. Your participation is voluntary, and you can withdraw at any stage without facing any consequences. Your insights and opinions are greatly valued, and we genuinely appreciate your time and support. As a participant, you play a crucial role in understanding the presence of mission drift in social enterprises in London and its implications in the organization.

Before deciding whether you wish to take part in this research, you need to understand why the research is being done and what it would involve for you. Please read the following information carefully to ensure that you fully understand everything before giving us your consent. You are free to ask us for further information and discuss it with others if you wish to do so. Take time to decide whether you want to take part in this research. Thank you for reading this.

2. **What is the project's purpose?**

Mission drift is the risk that enterprises encounter of losing sight of their social missions in their efforts to generate revenue. This dissertation aims to assess the awareness and considerations among social enterprises regarding mission drift, identifying challenges they face in maintaining alignment with their mission over time and potential measures they employ to address or mitigate the risk. The project is due September 2nd.

3. **Why have I been chosen?**

It is important to understand the perspectives and experiences of social enterprise founders in relation to mission drift, as they play a central role in shaping the strategic direction and mission alignment of their respective enterprises. Additionally, focusing on emerging social enterprises in London allows for a more targeted and relevant analysis within a specific geographical context known for its vibrant ecosystem. 10-15 enterprise co(founders) will be selected to participate in the study.

Individuals who don't have a leading position or do not lead a social enterprise won't be considered in the research.

A social enterprise is an entity that aims to create viable socio-economic structures, relations, institutions, organizations, and practices that yield and sustain social benefits. Fowler, A., (2000) 'NGDOs as a moment in history: beyond aid to social entrepreneurship or civic innovation?' Third World Quarterly 21 (4), 637–654.

4. **Do I have to take part?**

Taking part in this study is entirely voluntary, and any refusal to participate will be understood and respected. If you decide to take part in this research, you will be given this information sheet to keep and asked to sign a consent form. You can withdraw at any time without giving a reason. If you decide to withdraw, you will be asked what you wish to happen to the data you have provided up to that point.

5. **What will happen to me if I take part?**

The interview will last 45-60 minutes. The research will last until September 2nd, with interviews scheduled between May 12th and May 22nd. Participation will be a one-time commitment, with no recurring sessions required. No remuneration shall be offered for your participation in the study. The collected data shall be stored in the UCL OneDrive Database for 10 years and later be destroyed.

During the interview, you will be asked questions regarding your awareness of mission drift, considerations in strategic planning, and challenges faced in maintaining mission alignment. The interviews will be conducted either in person or virtually via Microsoft Teams, with audio/video recording for research purposes. You may be contacted for future research.

6. **Will I be recorded and how will the recorded media be used?**

The interviews' audio (if the interview is in person) and the interviews' video (if the interview is conducted online) will be recorded. The audio and/or video recordings of your activities during this research interview will be used only for analysis. No other use will be made of them without your written permission, and no one outside the project will be allowed access to the original recordings. The collected data shall be stored in the UCL OneDrive Database.

7. **What are the possible disadvantages and risks of taking part?**

You are expected to be honest and open so that the researcher can fully understand the current situation of the phenomenon of mission drift in the enterprise. If any of the questions cause any feeling of discomfort, please bring this to our attention, as your well-being is our top priority.

8. **What are the possible benefits of taking part?**

Whilst there are no immediate benefits for those people participating in the project, it is hoped that this work will serve as a reflection on the presence of mission drift, the potential or actual risks that come with it, and the strategic decisions to address this phenomenon.

9. **What if something goes wrong?**

If any participant feels unsafe during the research project or wishes to file a complaint, please contact the Researcher, Fiorela Marra, or the research Supervisor, Dr. Onyaglanu Idoko. If your complaint has not been handled well, you can contact the Chair of the UCL Research Ethics Committee at ethics@ucl.ac.uk.

10. **Will my taking part in this project be kept confidential?**

All the information that we collect about you during the course of the research will be kept strictly confidential. You will not be able to be identified in any ensuing reports or publications. To respect your identity and to protect your privacy, we will ensure that all the collected data is securely stored in a password-protected cloud archiving software (UCL OneDrive).

11. **Limits to confidentiality**

- Confidentiality will be respected subject to legal constraints and professional guidelines.

- Confidentiality will be respected unless there are compelling and legitimate reasons for this to be breached. If this was the case, we would inform you of any decisions that might limit your confidentiality.

- Confidentiality will be strictly adhered to unless evidence of wrongdoing or potential harm is uncovered. In such cases, the university may be obliged to contact relevant statutory bodies/agencies.

12. **What will happen to the results of the research project?**

The data collected during the course of the research will be stored for 10 years in the UCL OneDrive Database. The results of the research will be submitted by September 2nd, 2024. You can obtain a copy of the results in February 2025. You will not be able to be identified in any ensuing reports or publications.

13. **Contact for further information**

Please feel free to contact for further information:

Fiorela Marra – fiorela.marra.23@ucl.ac.uk

Onyaglanu Idoko – o.ikodo@ucl.ac.uk

Thank you for reading this information sheet and for considering taking part in this research study.

The controller for this project will be University College London (UCL). The UCL Data Protection Officer provides oversight of UCL activities involving the processing of personal data, and can be contacted at data-protection@ucl.ac.uk

This 'local' privacy notice sets out the information that applies to this particular study. Further information on how UCL uses participant information can be found in our 'general' privacy notice:

For participants in research studies, click here.

The information that is required to be provided to participants under data protection legislation (GDPR and DPA 2018) is provided across both the 'local' and 'general' privacy notices.

The lawful basis that will be used to process your personal data is: 'public task'.

Your personal data will be processed so long as it is required for the research project. If we are able to anonymise or pseudonymise the personal data, you provide we will undertake this and will endeavour to minimise the processing of personal data wherever possible.

If you are concerned about how your personal data is being processed, or if you would like to contact us about your rights, please contact UCL in the first instance at data-protection@ucl.ac.uk

6.1 Interview Guide

Interview Guide
This is a provisional interview guide. Questions are subject to change according to the advancements of the conversation.

Target Group: (co)Founders of Social Enterprise in the UK
Duration: 45-60 minutes
Language: English

Participant Information:
- What is your role in the social enterprise? What falls under your responsibility?
- Can you share about your background (e.g., education, previous experiences)?
- How long have you been working on the social enterprise (from the initial idea and social enterprise establishment)?

Social enterprise Context:
- What is the mission/vision/goals of the social enterprise?
- Can you please describe the social enterprise? What is the product/service the social enterprise offers?
- What is the target market and the customer base? Are the beneficiaries the same as your clients?
- What's the current stage of development of the social enterprise (e.g., early-stage, growth phase)?
- How's the market landscape and key competitors?

Awareness of Mission Drift:
- What is your understanding of the concept of "mission drift"?
- Were you aware that this is called mission drift
- To what extent do you believe mission drift is a risk for your social enterprise? (1 -10)
- How do you monitor or assess alignment with your social enterprise's mission over time?

Considerations Regarding Mission Drift:
- How do you incorporate the concept of mission drift into your strategic planning processes?
- What measures do you take to prevent or address mission drift within your social enterprise?
- How do you prioritize maintaining alignment with your social enterprise's mission amidst other business priorities?

Challenges Faced in Maintaining Mission Alignment:
- What specific challenges or barriers have you encountered in maintaining alignment with your social enterprise's mission?

- How do external factors, such as market trends or stakeholder expectations, influence your ability to stay true to your mission?
- Can you share any experiences or lessons learned from addressing mission drift challenges within your social enterprise?

Additional Questions:
- Are there any additional insights or perspectives you would like to share regarding mission drift and its impact on your social enterprise?
- How do you envision the future of your social enterprise in terms of mission alignment and impact?
- How are you maintaining alignment over time?
- Have you been trained or been informed about this risk during your social enterprises training?

6.1 Interview Transcript Sample

Mission Drift – Interview Transcript
July 17, 2024, 9:09AM
33m 27s

Marra, Fiorela started transcription

Marra, Fiorela   0:04
OK, so first of all wanted to ask, do you have any previous information regarding mission drift or have you ever heard of it? Any idea what it is?

PD2   0:15
Generally.
One second.
OK, I generally understand the concepts is like when a company shifts from its core mission due to internal or external factors, yeah.

Marra, Fiorela   0:33
OK, great. Yeah, that that's a good understanding of it. So depending on the situation, there might be, let's say several elements or causes that might make company shift and we will be looking in into those specifically for your company. So

first of all, if you can give me a short presentation, what is your role in the enterprise and what falls exactly under your responsibility?

PD2   1:01
Good. OK. I am one of the cofounders of Alpha. So I founded Alpha in 2015 officially and grew the company and I've always been responsible for product and engineering all the way until the acquisition in 2021 by Beta. It was a majority acquisition first and then became a full acquisition and now I lead global software development at Beta. So that's my role.

Marra, Fiorela   1:38
OK. Thank you. And what about something regarding to your background, maybe education or previous experiences, so when you founded Alpha, did you have any experience with business before or was it just an idea? Like how, how did you come up with it?

PD2   1:53
OK, so I'm Theta. So I grew up in Omega for the first 23 years of my life.
I come from an entrepreneurial background. So my father used to work in consulting and banking, but on the side he used to have...he had like permit making financial business. And he could use job when he was 41 and he started his business full time and he has been doing it since then. My mum used to be a teacher.
She used to teach in the public schools back in Theta. She did that for about 20 years, but when she was 41, she quit her job and she's she was...She started her own private school. So in that sense I grew up knowing my parents as entrepreneurs. And I have a background in engineering myself. I studied computer engineering when I was in my undergrad, and I used to work on large scale networks. But sometime also back in...back in Theta, not too long after I finished my bachelors, I first started in in sort of IT systems integration consulting and so I used to work for a wide array of customers. And then I set up a business with a friend to do even more of the same. I think maybe because we were young and very sort of technically sound and very umm, sort of qualified on different sort of certifications and things like that, but very under-experienced and we wanted to sort of fast track on the experience. And so we just started the company and we just had consulting for customers that would normally need our services but not be able to afford them by hiring sort of bigger stuff, consultancies or system integrators and things like that. So I used to quite a lot of work across all kinds of industries and that gave me quite a breadth of experience, but it was more...And there are quite a lot of things in the business cycle that I was not very familiar with. Like, you know, actual customer development or actual business development and how to...But in terms of execution, you know, that was great. And at some point it just also because of the business climate in Theta, just decided that I get...I wanted to do this properly. I wanted to

learn how to properly do a business and then I applied to do a masters at UCL in Technology Entrepreneurship and moved to the UK in 2012. And it was on that course that I met my Alpha Co founder, who I still work very closely with. And the idea for Alpha in terms of getting kids to brush their teeth was his and shared it with me while I was working for Gamma in Epsilon in 2014, and then by a year later I quit my job and we decided to do this full time. And basically, that was half the pressures done.

Marra, Fiorela 5:07
Mm hmm. So, the idea of it started when exactly? So, it was before 2017, you said, when that was?

PD2 5:14
No, no. The idea was 2014 was when he visited me and was just talking about the idea. And then over the year we worked in a sort of part time just trying to figure out, OK, you know, does the physics work? Can you get toothbrushes to control games? So, the core idea was can we help people brush better by using technology? And for kids, that meant building games to get people to...kids, to brush their teeth. And so, we started step by step to figure out, is that a possible thing? You know, can you get a toothbrush to control the mobile game? OK. Yes, we can. Then OK. Is this problem really real? Do people understand the problem? So, I spoke to lots of moms in London and quite a lot of them tested in several 100 bathrooms in in the UK just... And we got a lot of feedback and there was really a bit of product we did a kickstarter. And in 2015 had enough evidence, quit my job, moved to the UK to do this whole time. And so, he was born out of that. OK, there is clients... What clients need here and you know, there are people that this would benefit and obviously as you do that then you then sort of have to figure out quite a lot of things. You know, for example, at the beginning, we said that we'd build an attachment for any toothbrush. But as we try to figure out the right business model we decided it had to be an electric toothbrush and solve the brush heads and the software in a subscription. So, you know, we have always been a software company. We didn't set out to build a toothbrush, but we had to build a toothbrush because that was sort of a good way to integrate the electronics in a much more natural functional way and also a good way to get a business model that was more sustainable and that could be profitable. Yeah.

Marra, Fiorela 7:06
Mm hmm. And what? What would you say that is, for example, the mission of your company?

PD2 7:16
The mission of the company is to help people improve their overall health by

empowering them with the tools to do that, to use technology to help people improve their health and especially their health by giving them the tools to do that. So for kids, it's about giving them the right habits and, you know, giving them these sort of toothkit that they can use to form those habits in a much more natural way, in a much more engaging way and a way that they stop seeing it as chore but see it as fun. You know, when we started, we used to say we make brushing teeth fun. And now, at the core of it, that's what it is. You take something that is an extremely boring chore that you have to do every day. You don't have a choice. You've got to do it. And for most kids, they don't even know why they have to do it. And then you transform it into these engaging fun theme that you look forward to doing. By doing that, you get people to have, you know, way less to decay. In the UK, for example, to decay is the number one reason why, you know, kids go into hospital and to flip that on his head, to say, OK, not only are you gonna have to get better teeth, but you're gonna actually enjoy doing it.

It also transforms the relationship that kids have with their parents at bath time, because normally it's like OK, let's go and then say OK, you need to go to the bathroom to brush your teeth. And have you done it well? And how can I help you do it again? And then there's tears sometimes, and most times there's lots of shouting and it's, you see all of these memes where, you know, people just...

I'm glad it's doing it. It's too hard. It's too, you know. And then and you don't translate, translate that into something like the child actually comes to you and say, can I brush my teeth now? I'm ready to brush my teeth. But you're giving me your phone so I can do it. So it's a completely different, you know, framing to toothbrushing.

Marra, Fiorela 9:11
Yeah. Yeah. And from what you're explaining, I understand that also the target market that you get and also the customer base or the people paying for it are the same, right?

PD2 9:22
Well, yes and no. So, the users for especially we haven't had an adults product to now, but when we started, with just kids and the users are kids. The people paying are parents and of course you, you get that dichotomy of you know customer versus user and that leads to all kinds of interesting business challenges in terms of how you message in terms of you know how you try to keep people to how you present the proposition to both parties you know.

Marra, Fiorela 9:34
OK, OK. Yeah.

PD2 9:53

So for some parents, it's because they care about their health, the health of their kids. To some parents is because they care about the peace at bad time and just the tranquilly of all the ease. For kids is more like they just don't want to do it. And now they have fun doing it.

Marra, Fiorela   10:10
Mm hmm, and at this point that you've also been acquired, what do you, what would you say that is the stage of the company as it in the growth phase, would you consider it like that or still keeping it in the early stage?

PD2   10:26
Well.
It's...Let me think about that...it's only growing and he's in, he's in a he's in, he's no longer sort of super early where you'd not find product market fit because there's clearly product market fit. It's also no longer at the space where I think the business model is also fairly established. So we're sort of at the point where it's more trying to scale and roll out and grow. So yeah, it's and growth.

Marra, Fiorela   11:02
Mm hmm. Do you also have competitors out there in the market or is it quite niche?

PD2   11:08
For kids, is way less competitors. We do have...Zeta has a kid's toothbrush but it's not very focused on gamification. They've got an app and they've got a game, but compared to like having 14 games and lots of different things you can do to really keep your engages very fairly different. But yes, they are a competitor. In the adults market is almost every electric toothbrush will be some sort of competitor because the smarter version could be a lot smaller than the electric toothbrush or what I call power toothbrush category and so.

Marra, Fiorela   11:34
Mm hmm.

PD2   11:38
You look at that...we have sort of two sets. We would normally have, like the incumbents, we should be like Zeta, Sigma or Delta and then you have more the sort of startups which would be in the US maybe. Like in the startup space is very little for actual smart toothbrushing because it's, I mean it's it requires quite a lot of product development to work and it usually sort of some level of investment.
And so we tend to see that most of our computers in that space are much more larger incumbents.

Marra, Fiorela 12:16
Mm hmm. So since we talked a little bit in the beginning about mission drift, have you sense somehow a kind of drift from the very start of the idea to this moment that you are in time or maybe if you've noticed when you got acquired slight changes that they wanted to make to the product or into your mission, did that happen?

PD2 12:42
Sure. I mean, I don't think it's to the mission itself, but I think as we evolve what we do sense is that first...you are sort of very purist about the mission. We just want to do this and then suddenly you have to think about paying people. And you know, if you didn't get investors, you didn't have to think about return for investors and you have to think about business model and how you earn money. So it's not just can we make brushing teeth fund but make money while doing it because we don't make money we won't be able to do it that sort of. And that's I think that's the evolution of many sort of first time entrepreneurs. So for example we started out making an attachment almost like a dongle to a manual toothbrush and any manual toothbrush could use that. And then we ended up with, you know, our own smart electric toothbrush. And it's not a core shift in the mission, but it's more like, OK, you need to figure out the business model to make these work.

I give another example, obviously when we were in acquisition conversations, we knew very much that we wanted to acquire that has a fit for the mission. And so that mission is to make people live longer lives, live longer, healthier lives and so it aligns very much with helping people improve their oral health. Also, they sort them out or them out as the entry point into the body and as oral health as a gateway to holistic health.

It really aligns and feeds and in a in a sense, you know, it's sort of like trying to elevate the mission, but obviously practically it's a company that is not very strong with kids products but very strong with adults products and very strong in the dental space. And so as you try to integrate and you start to see, OK, what is this practically mean for the kids business? You know, and then you have to then see things like, OK, yeah, that's important, but, you know, this is the cash cow and we need to figure out how to integrate, to elevate these and all of that. So it's sort of those tensions that tend to happen. It's not sort of an intentional shift in the mission. But I like the word drift because it's you can tell that, OK, while the core of the mission may still be aligned, the pathways to get in there are the things that prioritise can likely defer. And that's I think to be expected when once a company's acquired that the priorities can shift based on the larger companies priorities. But it's not just the priorities in terms of market or even in terms of mission, but sometimes also in terms of business pressures. So you know, if the larger companies trying to be a bit more profitable then they might just be pressure on sort of what gets invested in and things like that. Or companies trying to, you know, do a shift towards sustainability that can affect. So

in the case of Alpha coming back to your actual question, we have had to think a lot deeply about adults and the adults market because that there's a lot more synergies with the with the acquiring company well, with Beta there. We've also had to think a lot more about how we communicate because we've had to rebrand our products into the brand of the of Beta, which is the gum brand. There is again alignment to an extent, but at the same time, the playful fun, Alpha brand doesn't necessarily 100% align with the more sort of scientific professional gum brand. And so in that case also you need to figure out know how to make sure that that works and if there's a really strong conflict, usually like, you know, nobody likes to say it, but the larger, bigger company would swallow up the smaller one.

Marra, Fiorela 16:44
Mm hmm. And do you currently have any decision making power over Alpha or is it totally now out of your hands how they manage the vision, the development of the product farther?

PD2 17:01
It's not totally out of my hands now, I think. Still have I have...I'm...I'm not...I certainly have less. I had all agency before and so that's certain less. But when we were required we were stand alone for a while and we had no almost similar you know decision making power and just some reporting and some sort of clarification of strategy and alignment but it was not operational day-to-day. But as the integration gets deeper, so instead of being a standalone company being really integrated into the processes then that decision-making power and that agency sort of dilutes a lot. So right now with engineering and product development I still have quite some, but overall company strategy is a lot more diluted and I reckon that as time goes on, as the integration itself becomes a lot more mature, it will be even less. But so I'm very aware of that then that's probably one of the things that every founder has to grapple with, I think as you know, sell your business.

Marra, Fiorela 18:12
Mm hmm. And what was mainly the reason for you to sell the business? Was it to help you scale or was it purely financial reasons? Was it because maybe you weren't able to balance what you wanted to do with the income that you were getting like the revenues? What was the reason behind that if you can share?

PD2 18:34
I think it was a few combinations. One is we had taken some VC money and I think hardware and selling the hardware that was really, incumbent dominated hardware businesses. It's not the right venture case, I would say. So in that sense, we had to drive very well, very we have to, we have to drive very much to balance that our investors get some sort of exit. So we try to put that in mind, that's one that was

some financial responsibility there but also it was sort of trying to find the right partner where we could scale with so that we can grow faster but still had alignment with the mission so.

I think that those were the main reasons why we thought, OK, getting a strategic partner who we're open to different kinds of strategic partnerships. But in the end, it turned out that we went with our acquisition.

Marra, Fiorela   19:36
Mm hmm. And did you take any measures to prevent mission drift during this acquisition?

PD2   19:44
Yes, for as long as we were...we tried to be aged like I said, stand alone for a period of time, which gives us a lot more autonomy. We are until...we had player minority rights in our... of course it was at the at the beginning, like I said it was a majority acquisition. So we still own shares in the company to make sure that we had lots of minority protection to be able to influence that. Also we tried to, and still try to get a real seat at the table to make sure that we're able to influence the strategy of the company and, yeah. I mean, they're not all foolproof. But yeah, we did take quite a few measures to make sure that we could preserve the vision, the mission and the culture of the company.

Marra, Fiorela   20:28
Mm hmm, that's great to hear. And about not only the... 'cause you mentioned already that the company, I mean the company that acquired your...Beta, uh, in this case was one could influence the mission. But do you think other factors as well out there like externally other stakeholders could influence the mission drift as well and if yes in in what way have you felt that for your own product?

PD2   20:55
Yeah, I mean, so I talked briefly about VC, right. If you take VC money, frankly they expect the return and they don't just expect the return, they expect an outsize multiple return sort of 10s usually 100X of what they invested. And for them to do that then your company needs to grow bigger and bigger and bigger to be able to know justify that valuation. That in itself can cause massive mission drift.
Because no, it's not usually 100% perfectly aligned. VCs are financial investors. Founders sometimes are very mission driven and not necessarily they still care about money, but not in that scale or in that, and that can cause massive mission drift.
The other thing is that sometimes you know the purity of the vision can become very diluted with the realities of the economy. You know, you can just realise, OK, for these to be scalable, I need to, you know, really think about how to figure out...

How to figure out how to make money? And in some cases, especially for social enterprises, where you're really trying to make the core products still free, then you need to figure out who's going to pay for it. And then that can lead to all kinds of ethical conundrums, you know, you know what to do with data, for example?
Or, you know what kind of partnerships to build? And usually there's always some sort of trying to make trade-offs and trying to figure out OK, as long as it justifies the greater good and perhaps you know this is an option and try not to sort of...You know, in a sense, startups are option games. As long as you have an option to continue and to pursue you, you usually you know you've still got time in a start up and you can still figure it out and make it work. And but by desperately as a founder not wanting to run out of options, sometimes you have to make tough decisions and that's where you can sense that OK. Am I still being true to the mission? But that said, I think the mission is also what guides you and what keeps you on, so you tend to want to be true to it anyway.

Marra, Fiorela   23:05
Mm hmm. So in in this case, how did you manage to prioritise or align your financial objectives, like returning the money to these VCs and also not shifting too much away from your own identity?

PD2   23:23
I mean, we saw the company, the reason partly was also to do that, to say, OK, let's find a company where we think the nation aligns, but I can deliver some return to investors and...and that was part of it. But I suppose also it starts way before that, which is to figure out, you know, which, who is on your CAP table. So what, what investors do you choose and to make sure that some of them are at least mission driven.
You may not be lucky enough to have all of them being mission driven, but at least people that resonate with a problem. So if you're building something for consumer and your investor is a user that helps massively because they understand the problem, they know why you're doing it. They get it. It resonates with them. And so when they're backing you, they want they not only want to get a return, they want to see that venture come to life. They want to see it grow. And that helps a lot, I think. So those two things we did so a, you know, you know...On the other side of the picture was more, you know, trying to get a strategic investor that can deliver some return, but at the beginning was also trying to make sure that we're a little bit more intentional.
And the foundries in the stuff you might not have all the opportunity to pick them, but if you can, you want to make sure they're aligned with their vision.

Marra, Fiorela   24:45
Mm hmm, is there anything that you would do maybe differently in this journey to

have avoided a bit more the drift or to have somehow sustained the identity longer in time?

PD2   25:01

I think hindsight is a beautiful thing, but on one hand it's just that, you know... Maybe just being a little less naive around, you know. If you want to do this, you need to think about all the finance and all of that. I think that's an important thing. So you sort of try to see, you know, going knowing what sort of dichotomy of decisions you have to make and knowing that, OK, I'm going to have to be intentional about these choices. We had quite a few mission driven investors which was great, but maybe even doubling down. I mean, even more intentional about that would be useful.

And at the end of sort of when coming back to acquisition is also really being clear, upfront about those things that will be red lines and making sure that you discuss them. But also you have like you say, enough legal protection. Again we had quite a few of those, but and being clear about that. But also being honest to yourself that, you know, if you never want any mission drift then you cannot give up control. Because you know, that's what it is. And if you give up control. At best you can find you can give up control to those whose mission is aligned, but you have to realise that if you're not in control, then you don't control the mission. So. So I think not being naive about that is also important, yeah.

Marra, Fiorela   26:22

Mm hmm. Now that's... That's really, really amazing what you just mentioned. And yeah, we like you want to have the mission. Yeah. Don't give up control. That's really important. And lastly, I wanted to ask also regarding any other specific challenges or barriers that you encountered while you were running the company on your own besides the VCs or the money. What was it anything else that you can think of that was pushing you to change? Maybe the market? Because I've, I mean there are several times when the mission drift happens and one like the majority comes for, due to these financial objectives and of course, people need to get paid. But then there's also other scenarios where they change because of the market is shifting somehow. So did you maybe felt that somehow or for you because it was kind of a brand new thing, it didn't really happen?

PD2   27:22

Well, I think so. If you look at a venture, you start with an idea, you need to validate it. So you're like, OK, I've got this, you know, huge mission in my head. OK. But then I'm trying to shape it because I need to know, have I made up a problem or is the real problem. So you do a lot of validation in the early stages to say, OK, then all right. OK. There's a bit of a problem. Then you start creating a product. You think, OK, this is the perfect product to solve that problem. And then you start, you know,

validating the product as you make it. Hopefully as you make it not after you make it. And as you go through that process, then you start to say, OK customers tend to say they got this problem, but they don't want this product, so it's not, it's not and is that really a product market fit here. Is there... and as you do that you're trying to at the back of mind, you know, remember why you were doing this in the 1st place and as you're shifting to create a product, you know...In a startups now there's some there, you know, the word pivot is very funny, you know, right, startups pivot all the time and try to do something else.

And can you pivot while staying true to the original mission or do you pivot your mission to and if you pivot your mission then is it drifts or is it change? You know, so it's sort of that sense that all of that happens pretty early on, early on and that those things sort of in that sense most of the time in the first year you are as you go on trying to figure out the market, validate the idea, try to get a product market fit. Usually there's a sense in which your mission is also being sharpened or shaped to these things, right? Then let's say you have for the market fit. Then you need to figure out you need to economics, which is OK can the products make money? You know, is it economically viable?

And then you have a real, you know, trying to balance that while still staying true to the mission. And that becomes a much harder problem because you need to make money and money becomes this big fat thing. And usually, you know, mission and money should go hand in hand, but sometimes they don't. And then you have to sort of adapt. And I reckon this is where you have to then hit the realities of, OK, for example, I want to make everything ethical and sustainable and blah, blah, blah. And then you realise I'm going to make it. It's the most expensive product in the market and nobody can pay for it, even though they all think it's cool.

And then you have to take it what are the trade-offs here? You know where can I say OK, this is called to my mission. But actually this is not called to my mission. I'm not going to worry about it. So again I think it's those trade-offs and I think the risk is that you make so many trade-offs you don't have any mission anymore. You're like OK I've changed it so much I don't know what it is anymore but the other side is you know you can't be completely especially in the early days not listening to the market or the product 'cause then you don't have any business anymore. So it's...is a constant sort of dynamic trying to juggle that balance. The best cases are the one where you know the product and the economics sort of align also with that mission that you can continue to go go go. But sometimes it requires being very very intentionally innovative to figure out what trade-offs you're making and being happy with those trade-offs.

Marra, Fiorela   30:09
Mm hmm. Any suggestions how to maintain that balance?

PD2   30:14

I think it's much higher as a solo founder. Thankfully, I had Co founders and been aligned on what we're trying to do in that core group together was very useful because then you can hold each other accountable and you can know be very clear, OK, no, OK, we're going too much off track here; we need to come back because, you know...In that sense, you know it's...If you have people that you're really aligned on the values and the mission while you were starting the company and you can continue to use those as your sampling board, then it helps you to stay on track. And I think it's probably the biggest lever as a solo founder, it's a lot harder because you have to make all those internal decisions yourself. And then usually it's harder to cost-correct when you drift too much.

Marra, Fiorela   30:59
Mm hmm. Yep. And lastly wanted to ask also through time because you mentioned you have to also co-align...with align with your Co founder, how did you maintain this mission? Let's say mission drift like to keep your mission on track over time? Did you have, like, maybe a routine that you were checking up on each other, or was it just? I don't know, maybe quarterly checkups?

PD2   31:23
Well, constantly checking in and also dedicating time to the why. So you know you go...we gotta what, how blah blah blah...And always coming back to actually double check the why, no, this is why we are still doing this, and this is why we are still doing this. So usually once you start with why and usually very quickly you go to what and how and every other question that needs to be figured out. And then it's important that you always sort of go back to again, you know, why did we set out to do these? You know, these..is this still happening? Yeah, I do have to run.

Marra, Fiorela   31:57
Yep, yeah, Yep. Just one very little question. I'll follow up, actually, regarding to that and then we're done 'cause, I don't have any more questions. So you said these checkups...is it like when you're doing a major change in the company where you're implementing a new strategy or is it quarterly reviews? How, when would that happen?

PD2   32:17
That happens very frequently at the beginning, like weekly for us. And then as we grow and have sort of much more defined responsibilities in the areas of the company to look, look after, then we sort of shift to. We still have weekly calls, but we have more dedicated like monthly check-ins where we really think about the company. I think the last sentence probably that we should spend and everyone should I think spend as much time working on the company as they do working in the company.

And usually that changes a lot when you start working because it's like you're doing all the things, but you have to then zoom out. And usually that time where, you know, the founders or the leaders get together and try to do those when they actually work on the company to say, OK, what's the direction of this company? What's the culture we're trying to build? Are we staying true to our mission and all of that is work that needs to be done but it's not really operational work.

Marra, Fiorela 33:08
OK, great. Cool then. Thank you so much. That was all. Thank you so much. Super insightful interview. And yeah, when whenever you're available, please do send the document back so I can include it in in the files.

PD2 33:23
Sure.

Marra, Fiorela 33:24
Thanks so so so much.

PD2 33:25
No worries. Have a good day. I need to run. Cheers. Bye bye.

Marra, Fiorela 33:26
You too. Bye.

Marra, Fiorela stopped transcription