



**Bridging the Gap? Explicating the Coping Hybrid Strategies
Used by Social Enterprises to Manage Institutional Voids**

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6 **to Manage Institutional Voids**

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10 **ABSTRACT**

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13 **Purpose**

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15 The impacts of Institutional Voids (IVs) are expected to differ for Social Enterprises (SEs) and
16 traditional for-profit enterprises. Similarly, SEs and for-profit enterprises are expected to differ
17 in how they manage IVs. However, extant research has dominantly focused on the latter, thus
18 overlooking how SEs navigate underdeveloped and challenging institutional regimes.

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25 **Design/methodology/approach**

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28 Relying on an exploratory multiple-case study approach of six SEs in Ghana, this study seeks
29 to strengthen and deepen our understanding of social entrepreneurship in and around
30 institutional voids such as those found in developing countries to specifically explore how SEs
31 cope with formal market IVs.

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37 **Findings**

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40 The multiple case study findings suggest that SEs adopt various unique strategies such as
41 partnerships/collaborations, image management, skills and capacity building initiatives,
42 promotion/outreach, adaptive distribution and delivery setups among others to cope with or
43 manage institutional voids.

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50 **Research limitations/implications**

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53 The small sample size coupled with the fact that the six organizations operate in two West
54 African countries only, has implications for the generalizability of findings.

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3 However, this study, besides contributing to the institutional voids and institutional strategizing
4 literature, identify the various strategies SEs adopt to respond to institutional voids from which
5 we have developed the 'Hybridity Coping Strategy Process Model', depicting the three
6 aggregate strategies that social enterprises rely on in achieving their aims while overcoming
7 institutional voids.
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14 15 Practical implications 16

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18 Our theoretical model (Hybridity Coping Strategy and Process model) depicts three key
19 strategic responses (creative action, linkages, and capability-building and education) that social
20 entrepreneurs can adopt to tackle institutional voids
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25 Social implications 26

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28 Practitioners (including for-profit enterprises intending to adopt a social enterprise label) can
29 use the findings of this study as a guide on how to be competitive and succeed in challenging
30 environments such as those found in Africa
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35 Originality/value 36

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38 The study complements prior literature (studies of institutional voids) on organizations'
39 strategic responses to institutional voids by throwing light on the strategies that smaller
40 organizations (such as small and medium social enterprises as in the case of our study) that
41 lack resources and influence are adopting to navigate institutional voids whilst achieving their
42 raison d'être in understudied geographical contexts such as the setting of this study.
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51 **Keywords:** Institutional Theory; Institutional Voids; Formal Market Institutions; Social
52 Enterprise; Developing Countries.
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INTRODUCTION

Organizations' ability to do business is either facilitated or hampered by the setting in which they operate. Institutions provide more than just background conditions for organizations (Meyer et al., 2009). More importantly, well-functioning institutions serve as specialised intermediaries to support and facilitate the ability of firms to acquire relevant resources to do business. Institutional theory literature has revealed that for firms to be able to acquire and deploy organizational resources effectively and efficiently, they need available and well-functioning formal institutions (Puffer et al., 2010; Fu and Yan, 2024). However, institutional quality differs across countries (He, Tian, & Chen, 2007). Whilst developed economies have supportive formal institutions that facilitate businesses, many developing economies are fraught with institutional voids that stymie the operations of firms in such economies (Peng, 2003). According to Khanna & Palepu (2010), developing and emerging economies are bedevilled by ineffective or completely absent formal institutions needed to provide the required assistance for firms in product, capital, and labor markets as well as in areas of regulation and contract enforcement.

Social entrepreneurship ever since its emergence has been regarded as the panacea for numerous social problems that most societies (Mair et al., 2006; The Economist, 2010) particularly in developing countries face. In the view of some scholars, social entrepreneurship is the remedy to the failures associated with public and private businesses (Evers, 2001; Westall and Chalkley, 2007). For the OECD (2006), social entrepreneurship is the solution to the exacerbating levels of unemployment, segregation, and inequality in society. This growing recognition of SEs over the last decade or two in lieu of this has resulted in significant private, public and academic initiatives geared at promoting social entrepreneurship. For example, UK's government's recognition of the very first social enterprise specific model in 2005 with

the establishment of the Community Interest Company and the subsequent establishment in 2006 of the Office of the Third Sector (Bull, 2008); the significant private sector support for social enterprises including the Microsoft's launch of the Global Social Entrepreneurship Program, a programme available in 140 countries to assist start-up SEs not only build but also scale up their operations with the provision of technology, education, customers, and grants (Chanthadavong, 2020); and academically, the growing research interest in the area of social entrepreneurial ventures among others (Short et al., 2009, Fu and Yan, 2024). Social entrepreneurship research covers such growing themes including the emergence and evolution of social entrepreneurship (e.g., Zahra et al., 2009; Hockerts, 2015), social enterprise governance (e.g., Battilana & Lee, 2014; Pache & Santos, 2013; Smith et al., 2013), challenges of social entrepreneurship (e.g., Hynes, 2009; White, 2018) and more. Others have also called for extending the focus of SE research beyond the western context to developing country contexts as well as for more empirical research to compliment the conceptual studies that have previously dominated SE research (Short et al., 2014; Doherty et al., 2014).

In lieu of the above and as argued by Short et al., (2009) and Doherty et al., (2014), although the extant literature have undoubtedly deepened our understanding of the nature and operations of social enterprises, these studies tend to focus on mainly western contexts resulting a lack similar depth in understanding of social entrepreneurship including the nature and management of the challenges that SEs face particularly in developing country context. This call is important because as Marquis and Raynard (2015) argue, theories that emerge from developed market context are not necessarily applicable to developing and emerging market contexts. The need for research in settings with varied differences in institutional as well as social setups compared to advanced countries cannot therefore be overemphasised.

This is because according to institutional voids literature (e.g., Khanna & Palepu, 1997; Puffer, McCarthy, & Boisot, 2010; Liedong et al., 2020), firms need available and well-

functioning formal institutions to improve performance. Meyer (2001) in support of this view asserts that, as in developed countries, institutional settings for businesses are key for starting up and running small and medium enterprises (SMEs) in less developed economies. These institutions are also important for social enterprises (SEs). To be able to survive and significantly create value, therefore, SEs would need well-functioning formal institutions just like any other firm in any industry, either in the developed or developing world. These institutions are indispensable in the success story of any business due to them directly influencing a firms' formulation and implementation of strategies (Ingram & Silverman, 2002). However, as already indicated, most of the institutions that support Western firms are absent in developing countries whilst those that are available are either inadequate, ineffective, poor substitutes for institutions for developed market firms and ineffective or are focused on supporting international businesses or those in the for-profit sector (Khanna & Palepu, 1997, 2010; Puffer et al., 2010) thereby constraining businesses' efforts. Thus, to succeed, social entrepreneurs must find ways to cope with these institutional voids.

While the current research trajectory heeds to calls to investigate how firms fill voids in countries with institutional deficiencies (Peprah et al., 2021), an important oversight remains that is, the impact of institutional deficiencies on organizations with dual objectives including SEs since the existing literature either focuses on international business or for-profit organizations (Khanna & Palepu, 2010; Guo, 2010). In these countries, the rapid co-evolution of both society and economy requires SEs to pursue both economic and social development (Luo, 2006; Mair, Martí, et al., 2012; Mair & Martí, 2009). The literature and theory have not kept pace and largely overlooked how firms deploy their strategies to overcome the challenges of institutional deficiencies (Davis & Marquis, 2005). Despite the widespread interest among academics, practitioners, and policy makers on the importance of SEs globally (Bull, 2006; Skoll Foundation, 2013; Short et al., 2009), a growing academic interest across

1 Africa on SEs (e.g. Calvo & Morales, 2016; Claeye, 2017; Conway et al., 2019; McMullen &
2 Bergman, 2017; Panum, Hansen & Davy, 2018), and how institutional differences affect
3 organizations (Greenwood et al., 2011; Peng et al., 2008), much of the research is based largely
4 on the understandings, experiences, and data from mainly large-scale organizations or
5 traditionally for-profit enterprises (Littlewood & Holt, 2018). Thus, whilst developing
6 strategies to cope with institutions is important everywhere, it is more critical for the success
7 of entrepreneurs in general and social entrepreneurs in particular operating in developing
8 economies due to the underdeveloped institutional regimes that such entrepreneurs face. This
9 leads to an important question: *How do social enterprises cope with institutional voids in
10 underdeveloped settings?*

11 To address the above research question, we use data from Ghana. As such,
12 environmental impacts associated with rising global populations and climate change, these
13 factors are accelerating global development and influencing institutional voids in many African
14 countries. The public sector was responsible for the provision of civic functions, the non-profit
15 sector for the provision of charitable work whilst the private sector was for corporate social
16 responsibility (CSR) activities. However, in recent times, due to the urgency of the solutions
17 needed, it has been suggested that large-scale radical changes are required in both private and
18 public institutions (Siegner et al., 2018) with many regarding the need for business model
19 change as imperative for achieving sustainability (Rauter, Jonker & Baumgartner 2015;
20 Schaltegger, Lüdeke-Freund, & Hansen, 2016). The “underlying argument is that traditional
21 business models inherently limit firms’ abilities to deliver on sustainability goals even when
22 firms may have genuine intentions to do so” (Siegner et al., 2018, p.20) and only permit firms
23 to reduce their negative impacts (Bocken, Short, Rana, & Evans, 2014). To realize the holistic
24 changes required for social and environmental sustainability, therefore, it has been argued that
25 there is the need for the development of alternative, sustainable business models (e.g., Bocken
26

et al., 2014). Consequently, social enterprises (SEs) have emerged as a promising substitute for conventional business models (Nicholls, 2008). They have been praised as an effective sustainable response to the diverse, multifaceted and very often intertwined social challenges (Billis, 2010). These social challenges have been characterised as *wicked* problems (Panwar et al., 2015) facing our planet and requiring urgent remedies as a result of the threat they pose to the sustainability of social and ecological systems (IPCC, 2014; Levin et al., 2012).

This paper makes significant contributions to the institutional voids' literature. Firstly, by connecting the social enterprise-based literature (Battilana & Lee, 2014; Smith & Besharov, 2019) and that of institutional voids (e.g., Khanna & Palepu, 1997, 2010; Peng et al., 2010), we broadened our apprehension of the phenomenon of social entrepreneurship in contexts characterised by institutional voids and for which relatively little is known about, such as Africa (the setting for this study). Ghana and Africa as a whole represent a unique setting because for the past two decades, trade liberalization, growth and globalization of most developing economies have made the content a source of interest and opportunity for managers and investors (Khanna & Palepu, 2010). Africa in recent years has been described as the evolving new China and India (Guo, 2010). Furthermore, the rapid co-evolution of both society and economy in Africa require organizations to pursue both economic and social development (Luo, 2006; Mair, Martí, et al., 2012). Yet, our theories have not kept pace (Davis & Marquis, 2005). Despite the widespread interest among academics, practitioners, and policy makers for the importance of SEs globally (Bull, 2006; Skoll Foundation, 2013; Short et al., 2009), a growing academic interest across Africa (e.g. Calvo & Morales, 2016; Claeye, 2017; Conway, Robinson, Mudimu, Chitekwe, Koranteng, & Swellin, 2019; McMullen & Bergman, 2017; Panum, Hansen & Davy, 2018), and how institutional differences affect organisations (Greenwood et al., 2011; Peng et al., 2008), much of the research is based largely on "understandings, experiences, and data from the developed world" (Littlewood & Holt, 2018,

p. 527) and mainly large-scale organisations. Africa therefore remain to a large extent terra incognita as to how SEs navigate institutional challenges to gain competitive advantage and survival. In many ways 1) our theoretical insights have been based largely on data and findings from developed market contexts and are somewhat misaligned with current realities facing organizations (Marquis & Raynard, 2015) especially in the developing world whilst 2) the few ones based on developing country contexts (i.e., studies of institutional voids) have disproportionately focused on resource-endowed multinational enterprises (MNEs) (Meyer et al., 2009) and the strategies they adopt to navigate formal institutional deficiencies (Luo, 2011). But, as Khanna (2014) and Marquis and Raynard (2015) assert, theories and findings obtained from primarily studied Western organizations have limited generalizability to emerging market contexts. Therefore, with organizations increasingly expanding into diverse institutional environments, the relative fitness and practicability of transferring institutional strategies as “one-size-fits-all” solutions is called into question (Peng et al., 2009). As a result, this calls for increased research in developing new theories and testing existing ones on strategies that are suitable for the kind of institutional environments found in developing and emerging markets (Doherty et al., 2014; Hiatt et al., 2009) in order to address the growing diversity in the present-day global market (Marquis & Raynard, 2015)

Drawing upon multiple-case study research, this paper seeks to broaden our knowledge of the nature of organisations' strategic responses to institutional voids with an investigation of West African SEs. Specifically, we seek to answer the research question: *What unique strategies are social entrepreneurs identifying and adopting to cope with institutional voids in Ghana?*

We offer value to the stream of scholarship that investigates social/entrepreneurship in contexts in which institutional voids are present (Doh et al., 2017)) by illustrating how SEs confront institutional voids. We thereby extend the limited work on the strategic management

of social enterprises, with implications for wider institutional strategizing and, importantly, move beyond the preponderance of studies of institutional voids on MNEs (Meyer et al., 2009) (Luo et al., 2010)

Secondly, building on Ramus, Vaccaro and Berrone (2021) and Cornelissen, Akemu, Jonkman and Werner (2020), we develop a “hybridity coping strategy process model” to show the processes that SEs develop to cope with institutional deficiencies. We use a grounded theoretical model to address the gap in the literature (Cornelissen et al., 2020), but also look at how SEs create the three hybrid coping strategies – creative action, linkages and capability development – to manage their institutional voids. This new theoretical perspective on hybrid coping strategies conceptualizes processes and the institutional environment into an integrated ‘hybrid’ understanding.

THEORETICAL BACKGROUND

Social Enterprises: Different from Commercial Enterprises?

Institutional Theory and [Social] Entrepreneurship

Institutional theory offers insights into how different institutional environments affect the behavior of groups and organizations in different markets (North, 2005; Scott, 1995). According to institutional theory, institutional settings play a critical role in overall entrepreneurial activity (Acemoglu & Robinson, 2012) by affecting the startup, structure and management of an entrepreneurial venture (Ebrashi & Darrag, 2017). Thus, according to North (1990), institutions are the rules of the game. Institutions are more than just background conditions for organizations (Meyer et al., 2009) as they directly influence the formulation and implementation of firms’ strategies (Ingram & Silverman, 2002). Examples of such

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2 institutional environmental factors include trade associations, educational and training
3 institutions, cultural dynamics, professional associations etc. (Scott & Meyer, 1984).
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6 Organization's ability to exploit entrepreneurial opportunities is either facilitated or
7 constrained by the various institutional factors within the environment in which they operate
8 (North, 1990; Scott, 1992; Fu and Yan, 2024). These institutional factors affect the startup,
9 management and growth of businesses either positively or negatively (Bruton et al., 2010) as
10 well as influencing the pace of entrepreneurial development in a given setting (Manolova,
11 Eunni & Gyochev, 2008). Based on this theory, institutional theory comprises of two opposing
12 perspectives: *institutional support and institutional void perspectives*. On the one hand,
13 according to the institutional support perspective (Dacin et al., 2010; Zahra et al., 2009), the
14 existence of effective institutions enables organizational development. For instance, Busenitz
15 and colleagues(2003) and Short et al. (2009) argue that sociocultural, macroeconomic,
16 demographic, etc. factors serve as enhancers for social entrepreneurial activities.
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19 While on the other hand, according to the institutional void perspective (Khanna &
20 Palepu, 1997), the lack or ineffectiveness of institutions, act as a constraint on entrepreneurial
21 development. Whilst institutional voids (Khanna & Palepu, 1997) may constrain
22 entrepreneurship in general, the institutional void perspective (e.g., Dacin et al., 2010; Estrin
23 et al., 2013) is that the lack off or ineffectiveness of institutions can be both a constraint on and
24 a facilitator of social entrepreneurship development. Research has shown that the lack of
25 institutions can facilitate the development of SEs such that social entrepreneurship is more
26 likely to occur in resource-scarce environments where social and environmental problems are
27 abundant (Dacin et al., 2010). A countervailing perspective is that the lack of market supporting
28 institutions negatively affects SEs' ability to acquire fundamental resources to conduct
29 business effectively. To confirm this, Austin, Stevenson & Wei-Skillern (2006) suggest that
30 harsh economic conditions both motivate and impede social entrepreneurship by increasing the
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need for social services whilst at the same time making it more difficult to secure philanthropic funding. The ability of SEs to achieve their dual mission by achieving their social goals and financial self-sufficiency is thus impacted by the institutional environment in which they (SEs) operate. Taken together, the implication of the institutional void perspective in terms of social entrepreneurship is that voids may influence social entrepreneurial behavior, both as stimulants of motivation and as barriers to fundamental resource support to social entrepreneurs (Stephan, Uhlaner, & Stride, 2014). Consequently, we are interested in institutional voids as constraints to social entrepreneurship development including on firm structure.

Institutional Voids and Social Entrepreneurship in Developing Countries

SEs pursuance of their social mission through commercial ventures suggests that they operate at the intersection of social and commercial sectors (Battilana et al., 2015), a position which invariably exposes them to a range of potential challenges as a result of their adoption of different organisational forms and identities (Battilana & Lee, 2014; Pache & Santos, 2013). SEs in addition face external challenges associated with the institutional environments in which they operate as well as specific challenges as a result of their hybrid nature including challenges attracting resources and with their legitimacy which are normally dependent on organisations conforming to institutional forms for which unfortunately, SEs by virtue of they not fitting to a single established form, do not get (Ruef & Patterson, 2009; Battilana & Lee, 2014).

Entrepreneurial activity is influenced (facilitated or hampered) significantly by institutional environments or forces according to institution theorists (Acemoglu & Robinson, 2012; Fu and Yan, 2024). These institutional environments or forces affect the startup, survival and growth of an entrepreneurial venture and according to many scholars, these institutional environments include those with well-functioning and supportive institutions as well as those characterized by lack of or inadequate or deficient institutions (also referred to as *institutional voids*) (Khanna & Palepu, 1997, 2000; Peng et al., 2008). Developing countries

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3 are often characterised by institutional voids or deficiencies (Khanna & Palepu, 1997, 2000;
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5 Peng et al., 2008). From an institutional voids or support perspective, institutional
6 environments are either on one hand characterised by institutional factors that promote
7 entrepreneurial development (Bruton et al., 2009) or on the other hand, factors that hinder such
8 entrepreneurial ventures (Bruton et al., 2010). This conceptualisation has resulted in increasing
9 interests and need for understanding on how firms in underdeveloped or developing
10 institutional contexts with challenges including resource access, market opportunities and more
11 (Luthans & Ebreyeva, 2006; Manolova et al., 2008).
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21 This is particularly important for the development of effective institutional environments
22 in developing and emerging countries since the institutional environment is crucial for
23 entrepreneurial development. Referred to as “rules of the game” (North, 1990), institutions
24 enable, guide, facilitate, and constrain market activities (Grief, 2006). For entrepreneurship to
25 thrive and survive, the regulative, normative, and cognitive institutional dimensions must be
26 present and effective (Khavul et al., 2013). Well-functioning institutions in every economy
27 serve as specialised intermediaries to support and facilitate the ability of firms to do business.
28 Examples of such intermediaries include but not limited to credibility enhancers (including
29 auditors and third-party certifications), information analyzers (including credit ratings and
30 Consumer Reports ratings), aggregators and distributors that provide low cost matching
31 services (including banks, trading companies, and labor unions), transaction facilitators
32 (including equity exchanges and platforms such as eBay), and adjudicators and regulators
33 (Khanna & Palepu, 2000). Conversely, the ineffectiveness or unavailability of such institutions
34 tend to constrain firms’ ability to do business effectively. Khanna & Palepu (2010) therefore
35 argue that it is important to have formal institutions to provide the required assistance for firms
36 in areas such as the product, capital, and labor markets as well as in areas of regulation and
37 contract-enforcing mechanisms. The ineffectiveness or complete absence of these institutions
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3 – known as institutional voids (Khanna & Palepu, 1997) – leads to high market uncertainties
4 and risks of doing business and adversely affect the operations of entrepreneurs.
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8 Although institutional voids can characterize any setting, they are prevalent and
9 pervasive in developing and emerging economies (Doh et al., 2017). Most developing and
10 emerging economies suffer from a general lack of well-trained labor force due to lack of or
11 poorly developed training institutions or the difficulty of finding people with the right desired
12 skills and competences. In Ghana, for instance, Bay & Ramussen (2010) found a mismatch
13 between duration in education and skills and competences acquired on graduation. Developing
14 or emerging economies are also characterised by capital market voids (Web et al., 2010).
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16 Whilst entrepreneurs in developed economies have access to strong capital markets that offer
17 finance (Khanna & Palepu, 1997) for capital investment for either starting or expanding
18 businesses (Kuzilwa, 2005), access to credit in developing countries is limited (Andrianova,
19 Demetriades, & Shortland, 2008) especially for small and medium enterprises without
20 acceptable collateral securities to secure bank loans. Venture capital firms are woefully absent
21 (UNDP, 2013). Thus, although a global challenge, the problem of access to credit by micro,
22 small, and medium enterprises is greater in Africa thus hampering the development of
23 entrepreneurial opportunities (Bowen, Morara, & Mureithi, 2009; Klyton & Rutabayiro-
24 Ngoga, 2017). Consequently, less formal funding sources like support from family and friends
25 and personal savings serve as a vital alternative for small and medium enterprises.
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29 Equally lacking in developing and emerging economies are effective regulatory bodies
30 as well as contract-enforcing mechanisms (contractual institutional voids) (Khanna & Palepu,
31 1997; Parmigiani & Rivera-Santos, 2015; Webb et al., 2010). There is generally a lack of
32 formal written contracts (Khanna & Palepu, 1997) and where there are, the judiciary is either
33 ineffective or partial to adjudicate disputes arising out of those contracts. Most of the time,
34 regulations are time-consuming, unpredictable, changeable, and potentially unenforceable
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(Khanna, Palepu, & Sinha, 2005; UNDP, 2013). As a result, formal rules are often substituted with informal mechanisms such as interpersonal relationships (trust), repeated interactions, regulations and decisions from religious and traditional leaders, private security arrangements, etc. (Ahlstrom et al., 2003; Mair et al., 2012) and peer recommendations to ensure the fulfilment of contractual obligations.

Finally, developing or emerging economies are fraught with product market voids (Khanna & Palepu, 1997; Parmigiani & Rivera-Santos, 2015). Consumers in developing and emerging economies suffer from lack of information and understanding concerning products and services due to low education and literacy levels (Viswanathan et al., 2008) and poor communication systems and/or limited communication coverage in rural areas.

These institutional voids reinforce social and environmental problems and impede socioeconomic growth and development (Khanna & Palepu, 1997; Web et al., 2009). For example, although Africa is among the world's fastest growing regions in terms of population and economic growth (UN, 2013), this growth rate is said to be hampered by institutional voids (Foster & Briceno-Garmendia, 2010). This suggests that but for the presence of institutional voids, Africa's rate of economic growth would have been higher than the current rate.

The afore-mentioned institutional voids pose unique challenges for SEs due to their hybridity in comparison to conventional entrepreneurs. As hybrids, SEs combine both charity and business organizational forms by pursuing a social mission whilst engaging in commercial activities to sustain their operations. The business and charity organizational forms consist of distinct features that are associated, respectively, with commercial businesses and private charities. Like all other hybrid organizations, SEs fit no single, established form and this exposes them to further challenges in relation to their external environment due to the specialised role of institutionalised expectations which serve as the basis for the award of legitimacy and resources (Battilana & Lee, 2014). Given the prevailing institutional voids in

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3 developing countries, the creation, survival and sometimes even growth of SEs is dependent
4 on and/or might be credited to their adoption of effective strategies to cope with institutional
5 voids.
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9 Thus, social entrepreneurs' strategic responses to institutional voids in developing
10 countries remains to be understood. Given the relative scarcity of (empirical) research on SEs
11 in developing countries in general, there is the need to expand the frontiers of social
12 entrepreneurship beyond Western boundaries into emerging economies such as the African
13 economy. This study seeks to both fill the gap identified and to respond to this call with a study
14 of social enterprises in an African context. We do so by investigating the different strategies
15 that social entrepreneurs are deploying to overcome institutional voids in Ghana to survive and
16 grow. How social enterprises especially small-scale ones that lack resources and influence
17 thrive despite the constraints that their external environment poses, remains to be understood
18 (Beninger & Ganesh, 2014). This therefore leads to the important research question: *How do
19 social enterprises cope with institutional voids in underdeveloped settings?*

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21 Specialized intermediaries, such as insurance companies and certification agencies,
22 which provide information about business partners and reduce venture risk entrepreneurs
23 (George & Prabhu, 2000; Manikandan & Ramachandran, 2015). Certification agencies and
24 contract enforcement mechanisms (Manikandan & Ramachandran, 2015)
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METHODS

Research Setting: Social Enterprises in Ghana

Like China, India and South Africa, Ghana is an emerging economy (Hoskisson et al., 2000). In recent decades, the country has witnessed high rates of economic growth driven by government policies favoring economic liberalization (Acquaah, 2007; Debrah, 2002). These market reforms were begun in the 1980s as Ghana's state-led socialist economic model, adopted in the 1960s shortly after independence from Great Britain, crumbled (Julian & Ofori-Dankwa, 2013). By the late 1990s unprofitable state-owned enterprises were privatized, banking reforms were implemented and foreign exchange and price controls were lifted (Debrah, 2002).

While economic liberalization has powered Ghana's recent economic growth (Hoskisson et al., 2000)—as it has done in other emerging economies—Ghanaian firms still face significant operational constraints stemming from the weakness of market-supporting institutions in the business environment: firms in Ghana have limited access to finance due to underdeveloped capital markets (Julian & Ofori-Dankwa, 2013; Ofori-Dankwa & Julian, 2013); they have limited access to credible market information as certification agencies are virtually absent (Amankwah-Amoah & Debrah, 2017; Ofori-Dankwa & Julian, 2013); they experience high levels of uncertainty in their operations due to weak contract enforcement capacities of the formal legal system (Acquaah, 2007); and incur high costs of navigating an inefficient public sector bureaucracy (Amankwah-Amoah et al., 2018) and lobbying political actors to influence public policy (Armanios et al., 2017; Wan, 2005). In other words, the Ghanaian business environment is rife with institutional voids (Khanna & Palepu, 1997).

Even as Ghana has emphasized market-oriented reforms, private sector-led growth and economic liberalization, the country recognizes the role of social enterprises in improving

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3 economic and social welfare. Even though social enterprises are not a legal form distinct from
4 traditional non-profit and for-profit organizations, Ghanaian firms are required upon
5 registration to identify whether their business operations have a social or environmental
6 purpose (Darko & Koranteng, 2015). Thus, the prevalence of institutional voids as well as the
7 self-identification afforded to social enterprises make Ghana fertile ground to study how social
8 enterprises cope with these voids.
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18 **Research Design**

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20 We employed an inductive multiple case study design. We considered this design
21 appropriate because case studies are used to study in context in-depth phenomena that are not
22 yet widely understood (Barley, 1990; Edmondson & McManus, 2007). The coping strategies
23 of social enterprises dealing with institutional voids is clearly such a phenomenon. Extant
24 research on how firms cope with institutional voids has focused overwhelmingly on established
25 commercial entities (e.g., Khanna & Palepu, 1997, 2000; Manikandan & Ramachandran, 2015;
26 Ofori-Dankwa & Julian, 2013) with little attention paid to smaller, nascent ventures. Even then
27 existing literature that focuses on smaller ventures centers on commercial entrepreneurial
28 ventures (e.g., Armanios et al., 2017; Dutt et al., 2016) leaving the coping strategies of ventures
29 pursuing commercial as well as social goals relatively unexamined.
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50 We began sampling by deliberately searching for firms that self-identified as social
51 enterprises in the database at the Office of the Registrar General of Ghana, the government
52 administrative unit responsible for registering all businesses in the country. We selected firms
53 that had a website and up-to-date contact details, and eliminated firms which were non-
54 operational or whom we could not reach by phone or email.

55 We augmented our deliberate sampling approach with snowballing sampling techniques
56 (Patton, 2001, p. 237). We asked knowledgeable informants at the Office of the Registrar
57 General to introduce us to founders and senior management of firms that they considered social
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3 enterprises, but which we could not easily identify from the Office of the Registrar General. At
4 the end of our deliberate and emergent sampling step, we identified 25 firms whom we
5 contacted by email and asked to participate in our study.
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10 Realizing that in Sub-Saharan Africa a firm's self-identification as a social enterprise
11 may be biased by environmental effects such as the level of poverty and the strength of ethnic
12 group identification prevalent in the country (Rivera-Santos et al., 2015), we took additional
13 steps to reduce the potential for bias in self-identification. First, we asked the firm founders
14 and senior managers to confirm that their firms were indeed social enterprises pursuing
15 commercial as well as social or environmental goals and to provide reasons for identifying as
16 social enterprises (cf. Mair, Battilana, et al., 2012; Meyskens et al., 2010; Rivera-Santos et al.,
17 2015). Second, we analyzed the activities of the firms and patterns of profit distribution
18 (Doherty et al., 2014; Zahra et al., 2009) to ascertain that firms did indeed pursue economic as
19 well as social objectives.
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22 Of the 25 firms we contacted nine agreed to participate in the study. We thereafter
23 selected six organizations using the criterion of maximum variation (Patton, 2001); we selected
24 cases from different geographical locations, impact sectors, ages and sizes. This gave us the
25 opportunity to explore the similarities and differences between the cases thereby enhancing the
26 reliability and validity (Yin, 2009) of the study. The final number of cases (six) was consistent
27 with the range of four to ten suggested by Eisenhardt (1989).
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30 Table 1 provides a detailed description of the cases including age, geographical reach,
31 and sector.
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1 2 3 Data Collection 4 5

6 To address our research question, we collected data using interviews, observations within
7 the studied social enterprises, and secondary documentary sources. We elaborate on these data
8 sources below.
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12 **Interviews.** We interviewed individuals who had first-hand knowledge of the history and
13 operations of the social enterprises. These individuals included founders, members of founding
14 teams and senior management. In order to avoid elite bias (Miles & Huberman, 1994, p. 263),
15 we also interviewed front line managers of the studied enterprises.
16
17

18 Interviews were semi-structured, allowing us to probe beyond the topics in the literature
19 and allow the emergence of themes relevant to the coping strategies of the social enterprises.
20 The interview protocols were structured as follows: we asked for informants' biographical
21 information, what role they played in the studied enterprises, what the main institutional
22 challenges they faced in their jobs; how they managed tensions related to fulfilling their firms'
23 social and commercial goals; and how they coped with the institutional challenges they faced.
24 We asked, whenever possible, that our informants support their reports with concrete examples
25 instead of generalized opinion in order to reduce retrospective bias (Miller et al., 1997).
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28 Interviews were semi-structured. Following our interview protocols we asked:
29 interviewees' biographical information and connection to the firm; history of the firm;
30 founders' rationale for choosing a particular legal form; description of the firms' daily
31 operations and main challenges that they faced; description of the firm's resource acquisition
32 process; and an open section wherein informants provided unsolicited information that they
33 thought important to the study.
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36 In addition to interviewing key members of the social enterprises we studied, we
37 interviewed informants knowledgeable about the history of social enterprises in Ghana. These
38 included members of the office of the Registrar General, local government officials, and an
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3 academic at a local university. In total we interviewed 38 informants across 10 organizations
4 between December 2019 to April 2020. Interviews lasted on average 60 minutes. All interviews
5 were recorded with the consent of the informants and transcribed within 24 hours of recording.
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10 **Participant observation.** The first author had sustained access to all studied social
11 enterprises. Between March and December 2019, he spent a total of 55 working days observing
12 the day-to-day operations of the social enterprises. During those field visits, which lasted 4–8
13 hours per day, he shadowed senior management of the firms, attended board meetings,
14 employee training sessions, exhibitions and outreach activities, and observed the
15 manufacturing operations of firms. The first author took detailed field notes within 24 hours of
16 each visit.
17
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19 **Reports, documents and archival material.** We used archival and publicly-available
20 documents about the six social enterprises to understand the history and operations of the firms.
21 Archival documents included minutes of meetings, company annual reports, conference posters,
22 marketing brochures, and presentations to funding agencies while publicly-available
23 documentation included articles in the business press, newspapers and company websites. In
24 total, we consulted 54 documents; we used these principally to provide the historical context
25 of the enterprises and to triangulate our informants' reports. In Table 2, we summarize the data
26 sources used in the study.
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32 **Analytical Approach** 33

34 We analysed the data using a recursive process as we iterated between the data, our
35 emerging analytical insights and the existing literature (Eisenhardt, 1989; Locke et al., 2008) on
36 institutional voids. In this section, however, in the interest of narrative clarity we delineate three
37 analytical steps.
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40 For each of the six cases we wrote detailed case narratives.
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1 Analysis of data followed the steps of inductive grounded theory approach (Cobin &
2 Strauss, 1990; Glaser & Strauss, 1967). Employing manual coding, we used open coding to
3 break down, examine, compare, and categorize the data into preliminary codes which were
4 organized into first order categories (Gioia et al., 2013) through a process of constant
5 comparison (Glaser, 1978). The first-order categories were based on interviewees' accounts.
6 Axial coding (Strauss & Corbin, 1990) then followed where we collapsed the first order
7 categories into second order themes by identifying connections between the open codes.
8 Finally, the second-order themes were then collapsed into overreaching aggregate dimensions
9 (Gioia et al., 2013). The process was iterative, constantly comparing data to the literature until
10 data saturation was reached (Strauss & Corbin, 1998).

11 We not only relied on triangulating our informants' reports using secondary data sources
12 (Yin, 2009) to improve the credibility of our research, we also validated our findings with our
13 informants. We did so in three ways. First, we provided all our informants with interview
14 transcripts and received feedback confirming that we accurately represented their reports
15 (Creswell, 2009). Second, we wrote thick descriptions of our findings and shared them with our
16 informants. In turn, we received feedback from our informants confirming that our findings
17 represented their understanding of their coping strategies. Finally, we presented our findings to
18 a local academic at Ghana's University of Professional Studies who is familiar with Ghana's
19 emerging social enterprise landscape. He provided feedback confirming that we represented the
20 history of the sector accurately.

21 **FINDINGS**

22 Our findings reveal the types of institutional voids faced by the studied social enterprises and
23 the strategies involved in coping with these voids.

Institutional Voids

As expected, our informants identified various institutional voids that their firms navigate in the Ghanaian business environment. In line with Khanna and Palepu (1997) we categorize these voids as regulatory (government regulation), skill or talent inadequacy (labor market), marketing (product market) and financial (capital market) voids.

Government regulation. It was often unclear to our informants what the appropriate government regulation covering their enterprises was. As one informant complained, “the legalities around it [social entrepreneurship] were not clear for us.” Regulation was often inconsistent, with government officials disagreeing on the letter of the regulation. Another informant who had sought clarification from government officials on the regulations governing social enterprises remarked:

[T]here is no consistency even among them [government officials]. It's like within them, if there is a laid down procedure, probably they are all not in tune with it. And the fact that there is no consistency it [sic] confuses the entrepreneurs in terms of who is right. And that in itself delays your ability to get these regulations.

Labor market. The social enterprises in our study had to contend with scarcity of adequately-skilled and motivated personnel to employ in their operations: “Finding people with the right attitude was also a challenge,” one informant (name/position) observed. Furthermore, prevailing norms wherein local community members felt entitled to employment—and compensation—regardless of their individual productivity were often at odds with the needs of the studied firms for highly-motivated and skilled workers. As another informant (name, firm) reflected on his firm’s experience with employees’ attitudes to work: “[M]ost of them [employees] are from the community so they deem it [the enterprise] as a community thing.

[They say,] ‘Whether I go [to work] or not, I will be paid; whether I put in my best or not, I will be paid.’”

Financial (Capital Market). Limited access to financial capital was a recurrent theme in our interviews. This was due to the absence of a developed system of donors as well as to the lack of intermediaries providing capital to social enterprises in the hope of making a return on their investment. “[W]hen you look at the startup ecosystem and access to capital, like I said, local capital is very difficult [to come by],”. Some executives felt that lack of financial capital was inculpated in their inability to scale the operations of their firms and according to the manager of SE 2:

Most Ghanaians believe that NGOs and social enterprises are in it for making money.

So, what that means is that you don’t get as much local support, which is very sad. [...]

Also, when you do get local support, it’s not a lot to help you scale your operations. It’s just enough to help you do something.

Product market.

“It’s challenging to get people to understand that they can’t do things based on the norms they are used to.”

Table 3 presents a summary of institutional voids with supporting illustrative quotes of the voids identified by our respondents.

----- Insert Table 3 about here -----

Strategies employed by SEs to cope with institutional voids

We identified

The analysis of interviews, documents and observations resulted in a number of key themes. Our data structure comprising first-order concepts, second-order themes, and

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3 aggregate dimensions is presented in Figure 1 for the identification of institutional voids and
4 coping strategies.
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17 Table 4 presents the different ways in which SEs deal with institutional voids.
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39 Simultaneous analysis of interview transcripts, observations, and documents allowed the
40 researchers to identify the coping strategies (see Table 3) employed by SMSEs to navigate
41 institutional voids in their pursuit of economic and social/environmental value creation. The
42 multiple-case analysis shows that SEs employ various unique strategies to cope with each of
43 the five-formal market institutional voids identified by Khanna and Palepu (1997) in emerging
44 markets as depicted in Table 3 below.
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47 Creative Action 48

49 Our findings reveal that in challenging contexts such as the setting for this study, social
50 entrepreneurs employ creativity as one of the strategies to tackle the challenges posed by
51 institutional voids in the areas of product market and contractual voids. The multiple-case
52 analysis revealed that creative action occurs in the areas of markets, distribution channels as
53 well as contract enforcing mechanisms.
54

55 *Promotion/Outreach:* Our analysis reveal that our case SEs address the liability
56 associated with their newness and/or smallness and being social and the associated trust and
57 patronage barriers by trying to gain awareness, and confidence of customers through innovative
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1 approaches such as promotion or outreach programmes. We found that, faced by resource
2 constraints, small scale SEs try to create and expand demand for their products and services
3 through non-conventional, less expensive forms of marketing such as conducting local
4 campaigns to create awareness about and interest in their products. The analysis shows that
5 local campaigns can take two forms. The first type of local campaigns involves carrying out
6 personal outreach activities at public congregation places like churches, schools, public offices,
7 hospitals, corporate organizations, etc. This involves conducting public speeches with different
8 audiences. SE 4 develops the market and expands demand for its products and services by
9 visiting institutions and organizations to speak to potential customers: '*I do a lot of public
10 speaking engagements in churches, schools, corporate organizations, etc as part of creating
11 awareness for our products, all as innovative ways of going offline to reach our target market'*'
12 (SE 4, interview, with manager).

13 The second type of local campaigns involves personal outreach activities at public events
14 such as local or national events. Typically, this involves having a stand at these public events.
15 SE 1 detailed how it strives to create the needed market for its products instead of allowing
16 market dynamics to determine the fate of its products, by making use of local or national
17 events to expand access:

18 [...] we also use any opportunities that avail themselves to us. For instance, whenever
19 there is a public event (e.g., farmers' day celebration, Independence Day celebration,
20 etc.) taking place we would go for a stand there to sensitize and also to sell some of our
21 products (Manager of SE 1).

22 Similarly, SE 5 sought to create market for its products. In its case, the organization
23 has a stand in the office so when people come, it does the sensitization to people one-on-
24 one (field notes, 2019).

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3 *Localizing business model:* Our data indicate that SEs tackle the problem of poor delivery
4 networks through the creation of innovative and adaptive distribution and delivery setups. Our
5 findings reveal that these ventures in our sample try to overcome product market voids by
6 adopting adaptive distribution and delivery setups geared at ensuring accessibility and
7 availability to potential customers or clients. These strategies enable them to localise their
8 business model by training and/or engaging local individuals as partners. SE 4 creates
9 distribution solutions for its IT services and ensures its reach to potential clients and
10 beneficiaries by localizing its business model through training and engaging local individuals
11 as partners: '*What we do is to partner with other organizations in the regions and train persons
12 there to administer our curriculum and our program. For instance, next week we will be having
13 a delegation coming from the Volta Region [one of the regions in Ghana], from two
14 organizations that we are hoping to partner with and train so that they will go on to train the
15 beneficiaries in that region. So that's our model*' (SE 4, Manager).

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18 *Third-party recommendations:* Our study reveals how SEs through creativity achieve
19 organizational goals while overcoming contractual challenges. For example, in awarding
20 contracts below a certain threshold contract amount, SMSEs rely on third-party
21 recommendations from senior public officers, religious and traditional leaders, or
22 organizations. Even where formal contracts are required, third-party recommendations are still
23 required of new partners with the belief that the weight of guarantors' reputation on the
24 shoulders of contract awardees will force them to execute the contracts than the fear of
25 prosecution: '*anything below that [2000ghs] we go for recommendations. Even with the
26 transactions that we would normally go into formal contract agreements, we still rely on
27 recommendations [for new partners] from senior public officers, religious leaders, or
28 organizations*' (SE 4, archival data, 2016).

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3 *Awarding contracts in bits:* With respect to new suppliers, our analysis shows that the
4 SEs try to create a credible pool of suppliers by using a ‘tried and tested’ approach: initially
5 awarding contracts in small bits to new suppliers. This they do by dividing the aggregate
6 contract sum into small bits and awarding to different suppliers as a way of diversifying the
7 risk of contract breaches. This idea of spreading the contract sum over multiple suppliers is
8 intended to reduce any losses in the event of a breach by any of them since all can’t fall in
9 breach. SE 4 adopts this approach to award contracts in small amounts to people they have
10 never worked with, with the aim of minimizing their losses in case there is a breach by these
11 people: *‘For people that we have no existing working relationship with, instead of awarding a*
12 *big lump sum to one person we start off with a smaller amount/contract whereby if there is a*
13 *breach of contract, we can lick our wounds and recover (SE 4, interview with the manager).*

29 **Linkages**

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32 Under conditions of limited access to credit, we find that micro and small SEs rely on
33 their linkages and interrelatedness including social networks, to pursue their dual goals in
34 contexts characterized by institutional voids. We find that consistent with previous studies,
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36 Micro and small SEs create and leverage their social networking skills to acquire and utilize
37 resources (Baron & Markman, 2000; Levy & Skully, 2007) through formal and informal
38 partnerships and cross-border collaborations. Such resources which are key to ensuring the
39 delivery of social and/or environmental solutions include: financial resources, human
40 resources, managerial and technical support; and working knowledge.

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43 *Partnerships/collaborations.* First, we find that SMSEs partner with global organizations
44 (e.g., technology and academic institutions) to benefit from global technologies, processes, and
45 standards to circumvent capital market voids for value creation and delivery. For example, SE
46 4 has partnered MasterCard to build a tool that will help women obtain jobs: *‘With support*
47 *from MasterCard we are currently building a tool (skills assessment for digital jobs) which is*

expected to help women secure digital jobs' (SE 4, archival data, 2018). By working with MasterCard, SE 4 addressed the capital market voids around technology innovation.

Second, our analysis reveal that small and medium SEs also address capital market voids through cross-border collaborations with other SEs and other types of local and international organizations (e.g., NGOs, community-based organizations, etc.) for mutual support in terms of delivering the business model for social impact. The founders of SE 3 and SE 4 recounted their experiences and the importance of collaborating with other organizations:

Some of the projects that we implement, there are clear roles laid out for X (name withheld) and Y (name withheld). So, that helped a lot in raising some initial capital and is still a vital source of much of our fundamental resources (SE 3, interview with the manager).

We have partnered with X (name withheld) before; and with Y (name withheld). So, sometimes we partner in our activities. We also partnered with a project called 'empower' [a Canadian project] (Interview with the manager of SE 5).

Finally, we find that SMSEs rely on their broader social networks to find suitable employees. SEs focus on their social skills to bridge the demand-supply gap with respect to social enterprise-specific workers. These partnerships/collaborations help SEs to find suitable professionals in the form of volunteers and interns at low cost or no cost thereby addressing both labor and capital market voids. SE 6 partnered with a number of international NGOs to benefit from their stock of educated, skilled and mission-focused personnel in the form of interns and volunteers: '*We partner with a lot of organizations both local and international who send volunteers to us*' (SE 6, Manager). Also, the partnerships enable the SEs to obtain pro bono technical support thereby enhancing their working knowledge. SE 1's network of partnerships includes global technology, financial, and management firms, academic institutions, philanthropic organizations, and government institutions. For example, it (SE 1)

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3 leveraged its connections through partnerships to acquire resources such as managerial and
4 technical support from different organizations to achieve its aims:
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8 We have received a lot of support on pro bono basis from people outside this
9 organization. [...] We have had technical support from Google and Mckinsey and Co.
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12 ... We have also benefited a lot from getting professional advice pro bono from experts
13 from other prestigious organizations such as Western Union, SAP Software Solutions,
14 and other top consulting companies".
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17 [...] So, we really benefit from having exchanges and experiences with professionals
18 on a pro bono basis (SE 1, interview with manager).
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21 Similar to SE 1, SE 5 leverages its partnership with organizations and institutions to
22 achieve its goals. The manager explained how the organization benefits from pro bono
23 technical support from academic institutions:
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26 We have quite some partners [...]. These are NGOs, some are academic institutions that
27 believe in what we are doing. These partners offer us technical assistance in critical areas.
28
29 For instance, we have had support from Masters students in the areas of marketing
30 research, strategies, and documentation, all of which would have been difficult to obtain
31 from consultants due to financial constraints (SE 5, interview with manager).
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34 *Image management:* Faced with little or lack of local support due to little public
35 understanding of the concept (Darko & Koranteng, 2015), stiff competition from conventional
36 businesses, as well as adoption and acceptance challenges, SEs respond to capital market voids
37 through image management to help enhance their legitimacy and credibility. SE 3 explained
38 the reason behind their success in terms of being able to access capital from various sources
39 beyond the local capital market:
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When it comes to the social enterprise space, for us we have been very fortunate. I say this all the time: if we didn't have an international brand, we would never have reached this level. Our ability to brand ourselves as a credible organization and be transparent has helped us to be able to partner with a lot of amazing organizations, as you see with our banner out there. So, for us, we have been fortunate in being able to position ourselves strategically to be able to benefit from raising different capital from different markets, and not just local. So, that has really helped us (Interview, SE 3).

Knowledge Sharing and Open Communication: SEs in the face of certain institutional voids including inadequate disclosure and access to credible information (Amankwah-Amoah and Debrah, 2017; Ofori-Dankwa and Juilian, 2013), lack of reliable and trustworthy market intermediaries (Daniel et al., 2018) among others, have been only able to navigate such challenges by relying on the open communications they have established with other SEs which enable them to share knowledge and information for their mutual benefit.

Capability-building

The third element in our model is capability-building and education targeted at organizational members. Under the constraints of institutional voids, this study also found that SEs utilized forms of capability-building and education activities targeted at organizational members as key tools in navigating institutional voids and ensuring the delivery of social solutions on a sustained basis. These included:

Recruitment based on passion: Apart from the general lack of or limited skilled and trained labor, the nature (hybridity) of SEs poses a further challenge for finding a potential workforce whose dispositions and competences fit in their hybrid work context. Beset with the challenge of finding potential employees who fit into their dual purposeful nature, we found that SEs focus on personal attributes such as passion instead of academic qualifications. For

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3 SE 1, a background or qualification in social work is not necessary for a candidate to support
4 the social mission of the organization. She shared her view on what is most relevant for social
5 work and how they address the issue of lack qualifications:
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11 I think the most important thing one needs in order to be able to deliver is passion and
12 vision and not necessarily a certificate in social entrepreneurship. So, these (passion and
13 vision) will be a major part of the criteria for selection in where we have to recruit fresh
14 graduates (Interview, 2019).
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17 In explaining what is important in terms of recruiting staff for SEs' hybrid work context,
18 the founder of SE 3 stated: "the key thing is you must have the passion for social work".
19
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21 *Social enterprise-specific training:* Under conditions of scarce educated, skilled, and
22 social enterprise-enthusiastic professionals, SEs rely on social enterprise-specific training
23 through skills and capacity-building initiatives and integrating tradition and culture into
24 training to address voids in the labor market.
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27 *Skills and capacity-building:* SEs carry out skills and capacity-building activities through
28 staff training to ensure the engagement of staff with "appropriate skills, competence levels and
29 the right attitude" (Darko & Koranteng, 2015). This is critical in enhancing SEs' capability in
30 value creation. SE 1 has been in collaboration with non-traditional partners such as academic
31 institutions where the latter has been providing relevant training for employees of the former.
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34 'For some time now, we have partnered with some educational institutions as a result of which
35 some of our employees have benefited from social entrepreneurship trainings organized by
36 these academic institutions". For instance, one of our staff just came back from Ethiopia last
37 year from one of those courses' (SE 1, interview with the manager).
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40 SE 7 adopted a quarterly training program for its workers: 'We have quarterly trainings
41 because we have an engineer that would always come to maintain the machines and to train
42 the workers' (Interview, 2019).
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3 *Integrating tradition and culture into training:* As part of training, especially new staff,
4 SEs try to make people understand that conservative socio-cultural values and attitudes relating
5 to age, or gender have no place in industry. *They encourage employees to understand that*
6 *mutual respect is a fundamental part of their organizations' values (Archival data, 2019).*
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13 *Counselling:* SEs generally are faced with challenges such as difficulty of finding skilled
14 and competent labor, finding people with the right attitude as well as having to deal with
15 cultural and traditional norms that are counterproductive, which require these SEs to deal with
16 employees through measures or approaches that are alien to conventional businesses, because
17 of the social impact objective. For instance, in addition to private-sector approaches such as
18 querying, SEs tend to counsel employees in an attempt to getting them to do the right thing in
19 order to save people from being fired (Extract from observation notes, 2019). For example, the
20 founder of SE 3 tries to let her employees understand how each of them is vital for the success
21 of the organization and what the consequences will be if the organization fails:
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35 I tell them this is our project, and this is where we earn our living from. So, if we bring
36 family or community issues into this, thinking that I don't have to do this or that, we will
37 eventually lose our source of livelihood. Because, donor funding is not coming, we have
38 to sell [generate income] and pay ourselves. So, I tell them, 'each one of us has a role to
39 play and that was why we were hired: if one person could do the job, you wouldn't have
40 been brought in. So, you have to see yourself as one who has to contribute effectively to
41 the development of the place (Interview, SE 3).
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DISCUSSION

This research sought to fill a significant gap in our understanding of social entrepreneurship in challenging environments such as those found in developing world contexts, by highlighting the connection between context and firm strategy. To date, much of the research about social entrepreneurship as earlier argued, has been based largely on understandings, experiences, and data from large multinationals and for-profit enterprises (Doherty et al., 2014; Rivera-Santos et al., 2015) with little known about how social enterprises, especially small- and medium-sized ones in developing countries, respond to institutional deficiencies or voids (Ebrashi & Darrag, 2017). Thus, research about social entrepreneurship in such contexts as Africa is relatively scarce (Doherty et al., 2014).

This study therefore looked at how social enterprises are adopting unique strategies to be competitive and survive in contexts characterized by institutional voids by extending the rather limited work available on the strategic management of social enterprises with wider implications for institutional strategizing. Even more significantly, we move beyond the preponderance of studies limited to institutional voids on MNCs.

Contributions

Our explorative study therefore contributes and extends the social entrepreneurship studies, by identifying the various strategies SEs adopt to respond to institutional voids which are discussed below and from which we have developed the 'Hybridity Coping Strategy Process Model' as shown in Figure 2 below, depicting the three aggregate strategies that social enterprises rely on achieving their aims while overcoming institutional voids.

----- Insert Figure 2 about here -----

First, we found that social entrepreneurs rely on creativity in the areas of markets, distribution channels, and contract enforcing mechanisms to navigate institutional voids.

1 Previous research revealed that SEs especially those operating in underdeveloped institutional
2 settings do not have the luxury of relying on market dynamics alone to determine the faith of
3 their products and services, contrary to what innovation literature tells us (Westley & Antadze,
4 2010). Our study complements their work by showing how SMSEs create market for their
5 products and services. For example, we find that in the area of *markets*, our sample SEs try to
6 create and expand demand for their products in order to overcome hesitation to product or
7 service acceptance and adoption (Thompson & McMillan, 2010) by gaining the trust and
8 loyalty of customers/clients through innovative approaches such as promotion/outreach
9 activities. Promotion/outreach involves local campaigns in the form of conducting public
10 speeches at public gatherings and mounting stands/booths at public events to build awareness
11 and trust on the formal market eco-system in order to gain acceptance and sell their products
12 and services. In terms of creativity in the area of *distribution channels*, we found that SEs try
13 to address the problem of poor delivery networks through the creation of innovative and
14 adaptive distribution and delivery setups. With poorly developed distribution systems and with
15 most of the base-of-the-pyramid (BoP) segment living across semi-urban and rural areas, which
16 pose a challenge for SEs in terms of last-mile connectivity (Goyal, 2015), SEs need to take
17 measures to ensure their physical proximity to the target segment by creating innovative
18 distribution channels to ensure customers have access to their products and services. Consistent
19 with previous research (Parahalad & Hammond, 2002), we find that SEs in our sample respond
20 to voids in the product market by focusing on adaptive distribution and delivery setups to
21 ensure accessibility and availability to potential customers or clients. They do this through
22 localising their business model by training and/or engaging local individuals as partners.
23 Finally, in the area of *contract enforcing*, it became evident from our analysis that SEs achieve
24 organizational goals while overcoming contractual challenges through the adoption of creative
25 less formal contract-enforcing measures such as third-party recommendations and awarding
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1 contracts in bits. Institutional voids literature tells us that enterprises operating in developing
2 countries face a general lack of formal written contracts for most of their transactions (e.g.,
3 Khanna & Palepu, 2000). Apart from this, SEs operating in developing countries face
4 challenges of an ineffective and partial judicial system which increases the cost of adjudication
5 in terms of time and money. We find that awarding contracts in bits and relying on personal
6 guarantors enable social ventures to reduce the risk of contract breaches and their associated
7 costs.

8 The second element in our model is *Linkages*. Under conditions of limited access to
9 credit, we find that small and medium SEs rely on their social networks to pursue their dual
10 goals in contexts characterized by institutional voids. First, we find that consistent with
11 previous studies (e.g., Baron & Markman, 2000; Levy & Skully, 2007), small and medium SEs
12 create and leverage their social networking skills to acquire and utilize fundamental resources
13 (financial resources, human resources, managerial and technical support, and working
14 knowledge) through formal and informal partnerships and cross-border collaborations. For
15 example, we find that these SEs rely on partnerships/collaborations to acquire specialised labor
16 (at low or no cost) and pro bono technical support. Second, it was revealed that the social
17 ventures try to enhance their credibility and legitimacy through image management. By
18 managing their images (social missions) these SEs are able to appeal to many external sources
19 of resources. SEs this study further found, rely on open communications they have established
20 with other SEs which enables them to share knowledge mutually beneficial to them to
21 overcome the challenges of lack of credible information, adequate disclosures among others.
22 Consistent with Siebold et al (2018) our results show that these SMSEs tend to use their social
23 missions strategically to acquire high-status partners and stakeholders and to attract socially
24 oriented employees who are willing to work for lower salaries.

The last element in our model is *capability-building and education* targeted at organizational members. Our analysis shows that capability-building and education activities are key to navigating institutional voids and ensuring the delivery of social solutions on a sustained basis. The first strategy in this element of our model, *recruitment based on passion*, addresses the difficulty of finding specialized or “hybrid individuals” (Battilana & Lee, 2014). Apart from the general lack of or limited skilled and trained labor, the nature (hybridity) of SEs poses a further challenge for finding a potential workforce whose dispositions and competences fit in their hybrid work context. The literature (Battilana & Dorado, 2010) has noted the importance of different hiring and socializing practices to deal with tensions between commercial and welfare logics. Battilana and Dorado (2010) compared two microfinance organizations that adopted different hiring and socialization practices. They found that the organization that employed candidates with neither background in banking nor social work and socialized them to support an integrated mission was more financially successful than the one that employed candidates with credentials in either banking or social work. Faced with the difficulty of finding specialized people otherwise known as “hybrid individuals” (Battilana & Lee, 2014), we found that SEs focus on personal attributes such as passion instead of academic qualifications, a hiring practice that is line with the one adopted in Battilana and Dorado’s (2010) study. The second strategy in this part of the model, *counselling*, focuses on the problem of bad work attitude of labor. Amoyea Atogenzoya (2019) found that the nature and degree of socio-cultural issues are more monumental in the case of SEs because most of their employees are often recruited based on the criterion of the social objective of employing those most in need whilst a significant proportion of these employees are mostly casual workers (due to the inability of SEs to recruit qualified personnel on a permanent basis). Faced with the difficulty of finding people with the right attitude as well as having to deal with cultural and traditional norms that are counterproductive, we find that SEs try to handle people at levels that

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3 conventional businesses do not, because of the social impact objective. For instance, our results
4 reveal that SEs incorporate counselling in their corrective measures in an attempt to “reform”
5 employees in order to get them to do the right thing. In addition to counselling, the SEs were
6 found to deal with cultural or traditional issues through incorporating tradition and culture into
7 training activities. The third strategy, *social enterprise-specific training*, deals with the
8 difficulty of finding potential employees with the appropriate skills, competence levels and the
9 right attitude. We find that through skills and capacity-building initiatives, these SEs can
10 inculcate in their employees the required levels of skills and competences and right attitude.
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28 To summarise the implications of this study, first, given that SEs are disadvantaged
29 with regards to their ability to access critical resources and market opportunities, as compared
30 to commercial enterprises, due to their liability of being social, an understanding of how to
31 overcome institutional voids and achieve organizational goals is critical for their (SEs) survival
32 and growth. We therefore expect that practitioners (including for-profit enterprises intending
33 to adopt a social enterprise label) can use the findings of this study as a guide for how to be
34 competitive and succeed in challenging environments such as those found in West Africa.
35 Second, theoretically, the study complements prior literature (studies of institutional voids
36 (Luo, 2011; Meyer et al., 2009) on organizations’ strategic responses to institutional voids by
37 throwing light on the strategies that smaller organizations (such as small and medium social
38 enterprises as in the case of our study) that lack resources and influence are adopting to navigate
39 institutional voids whilst achieving their *raison d'être* in understudied geographical contexts
40 such as the setting of this study.
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58 Studies show how SEs, combining distinct logics are sites of contradiction, suffer reduced
59 legitimacy and hence, access to financial resources. Assumes clearly defined, recognizable
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3 economic sectors—public, private, non-profit—that confer distinct structures, noticeable to
4 resource providers operating in (financially) munificent environment (Doherty et al., 2014). In
5
6 adopting the concept of hybridity to examine SE, we draw particularly on the distinctions
7 between different economic sectors (public, private and nonprofit) and the assumption that
8 categories of organizations manifest generic structural features and characteristics that are in
9 some way ‘pure’ and indicative of these distinct and recognizable sectors (Billis 2010;
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11 Somerville and McElwee 2010).
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15 Limitations and Future Research

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23 Our study’s findings must be interpreted in the light of the following identified
24 limitations. First, the use of self-perception in building the final sample has implications for
25 generalizability because of the possibility of a sample with inherent idiosyncrasies. Moreover,
26 the small sample size coupled with the fact that the six organizations operate in two West
27 African countries only also has implications for the generalizability of findings.
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34 Nevertheless, our study opens new avenues for further research. First, further studies
35 with an expanded sample of organizations in different contexts is required to test the
36 generalisability of the strategies identified in this research. A larger sample is expected to offer
37 more insight and possibly change the model significantly. Second, future research could
38 explore how SEs develop dynamic strategy repertoires that help them figure out and adopt
39 strategies in response to the fluid and rapidly changing challenging conditions.
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CONCLUSION

In conclusion, this study sought to investigate how social enterprises in Ghana can deploy strategies to overcome institutional voids in the pursuit of growth. Institutional theory literature generally agrees that for firms to be able to acquire and deploy organizational resources effectively and efficiently to achieve desired organizational outcomes, they need available and well-functioning formal institutions (Ingram & Silverman, 2002; Puffer et al., 2010; Fu and Yan 2024) thus, a firm's performance and long-term survival is shaped by its ability to manage the institutional context of its operations. Through an in-depth case study of six successful SEs and the unique strategies they adopt to deal with institutional voids, we find that social enterprises adopt various strategies to overcome institutional voids, out of which we develop a conceptualised model. Our theoretical model (otherwise known as the Hybridity Coping Strategy and Process model) depicts three key strategic responses that social entrepreneurs adopt to tackle institutional voids: creative action, linkages, and capability-building and education.

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TABLES AND FIGURES**Table 1—Case description**

Enterprise	Year of founding	Number of employees	Sector	Intended impact	Geographical scope of operations
SE1	1997	10	Art and craft	Training women (as partners) in canvass painting, basketry, and pottery; marketing the art and craft produced by the women	Ghana
SE2	2004	9	Justice	Providing child protection for vulnerable children and youth through the formulation of programme concepts and implementation; rehabilitation for juvenile offenders.	Ghana
SE3	2013	8	Agriculture	Providing economic empowerment to women (widows) through training and	Ghana

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4					engagement in oil processing, basketry, and	
5					cloth weaving.	
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9	SE4	2013	35	Fitness	Providing employment to society's	Ghana, Nigeria, Ivory
10					disadvantaged through stitching and sale of	Coast
11					footballs, donating footballs to less	
12					privileged children, and running educative	
13					health programmes.	
14						
15						
16	SE5	2013	13	Energy	Provision of affordable clean energy to off-	Ghana
17					grid consumers who are mostly in the rural	
18					areas of Ghana.	
19						
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21	SE6	2012	15	Education	IT training in areas of software and skills	Ghana, Nigeria
22					development in technology for young girls	
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Table 2—Data sources

Archival and publicly-available documents

Minutes of meetings	3	4	4	5	3	2	21
Publications	-	1	2	1	1	4	9
Annual reports	-	1	1	3	-	2	7
Presentations	1	-	1	-	1	2	5
Conference posters	-	-	1	-	-	1	2
Marketing brochures	1	-	2	3	1	3	10
Press reports and articles							
Websites	1	1	1	1	1	1	6
total number of documents							54

Observations

Operations (days) 10 10 7 8 9 6 50

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2								
3								
4	Exhibitions/Trade	1	-	1	-	-	1	3
5	shows/Conferences							
6	(days)							
7								
8	Outreach activities	-	-	1	-	1	-	2
9	(days)							
10								
11	Number of staff	1	1	2	1	2	2	9
12	meeting							
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16	Total duration of							
17	observations							55 days
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Table 3—Identification of Institutional Voids Facing Social Enterprises in Ghana

Void	Representative data
Regulatory	<p>“the legalities around it [social entrepreneurship] were not clear for us”</p> <p>“During registration we found out that there is no registration that can say that this is a social enterprise”</p> <p>“... our main product, which is the baobab, it was fairly a new product and a fairly new industry. So, within the Ghanaian laws they had no prior certification or documentation on the product. So, difficulties in even knowing how to certify it was another thing.”</p>
skill inadequacy/talent inadequacy/deficiency	<p>“...there is no consistency even among them [regulatory officials]. It’s like within them if there is a laid down procedure [then] probably they are all not in tune with it. And the fact that there is no consistency [sic] it confuses the entrepreneurs in terms of who is right. And that in itself delays your ability to get these regulations.”</p>
	<p>“Finding people with the right attitude was also a challenge.”</p> <p>“...most of them [potential recruits] are from the community so they deem it as a community thing. [They say,] ‘Whether I go [to work] or not, I will be paid; whether I put in my best or not, I will be paid.’”</p>

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“It’s challenging to get people to understand that they can’t do things based on the norms they are used to.”

Product market “...baobab, which is our key product, is quite new. People challenges don’t even know that oil can be extracted from baobab. Apart from that, they don’t know its uses.”

“...we [potential customers] will prefer buying black polythene to put our things than sending a basket to the market. We produce them but we don’t want to use them ourselves. Pottery, the same. ...within here, the plastics have taken over. We eat in plastic bowls and the bowls [locally made bowls from clay] are standing there; nobody is interested in using them.”

“Initially, it was a very big challenge particularly for local rice. Consumers have devout taste for imported rice. So, it was difficult to get people even though the kind of rice we turn out is largely stone-free because we have the machines that pick out the stones”.

“...in terms of affordability, yes; people complain that our prices are high even though, in relative terms, if you compare it with some of the high grade imported rice, it’s still cheaper. But somehow people think that once we say it’s locally produced; it should be very cheap”.

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4 Capital market

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6 “... when you look at the startup ecosystem and access to
7 capital, like I said, local capital is very difficult [to come by]”.

8
9 “Most Ghanaians believe that NGOs and social enterprises are
10 in it for making money. So, what that means is that you don’t
11 get as much local support, which is very sad. [...] Also, when
12 you do get local support, it’s not a lot to help you scale your
13 operations. It’s just enough to help you do something”.

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18 “It has not been easy. It’s been very difficult to get donor
19 funding. For about 4 to 5 years now it has been very difficult
20 to get funding.”

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36 “...when you look at international capital, even though that
37 helps, it’s still not at a certain level so here you are able to
38 raise capital, but you don’t raise it to the level that say in the
39 millions of dollars”.

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7 **Figure 1—Data Structure for Coping Strategies**

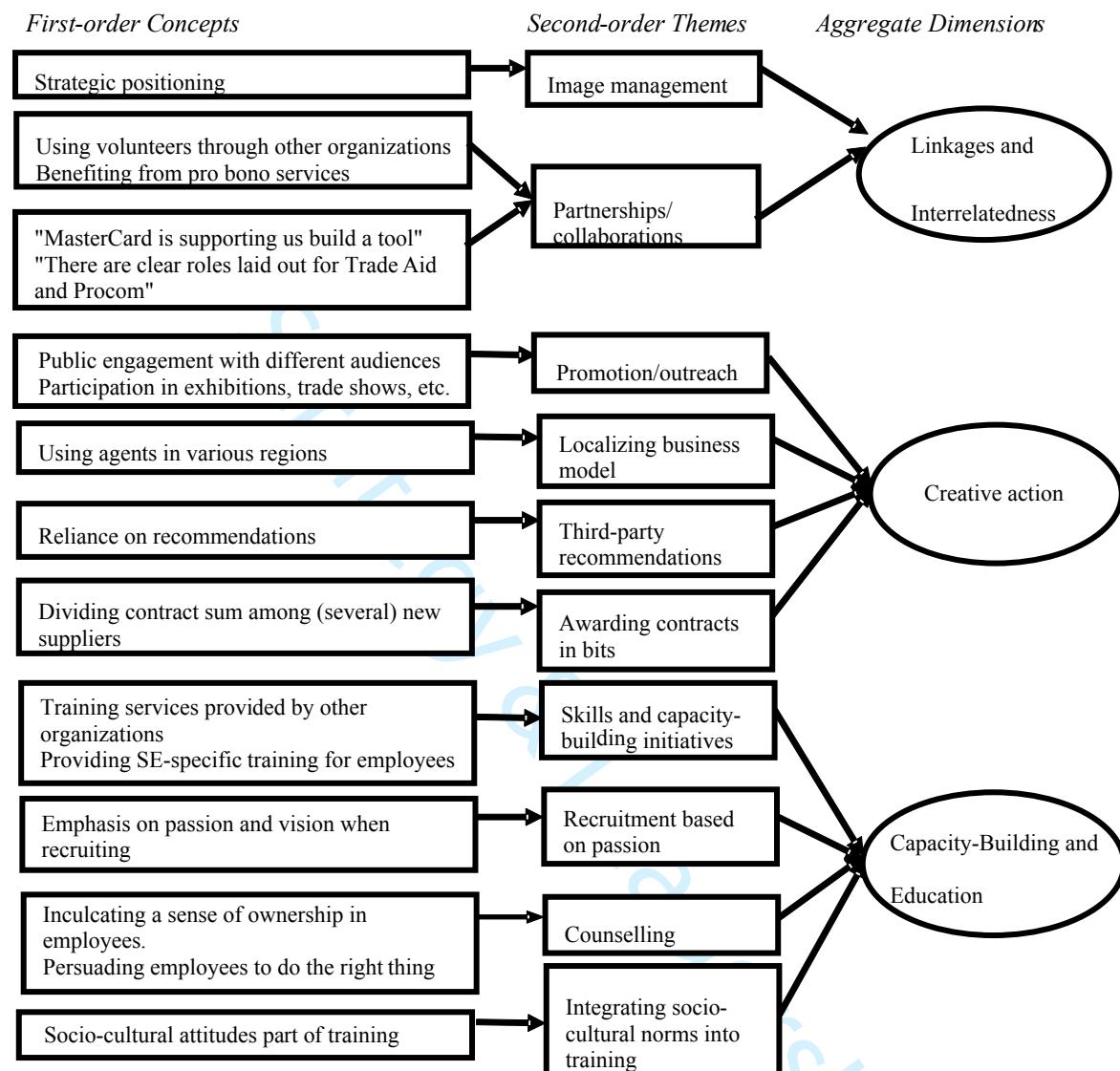


Table 4—Types of Strategies Adopted by Social Entrepreneurs to Cope with IVs

Coping Strategy	Specific Actions
<p><i>Creative Action:</i> Imaginative and inventive Actions or Activities taken in response to the institutional voids such as less developed markets and distribution systems, and legal institutions.</p>	<ul style="list-style-type: none">• Focusing on adaptive distribution and delivery setups (training and engaging local individual as partners).• Conducting local campaigns to create awareness about and interest in their products (outreach).• Using a “tried and tested” approach by awarding contracts in bits to create a pool of credible and trustworthy suppliers.• Relying on third-party recommendations, especially for new suppliers, from public, religious and traditional leaders amid lack of written contracts and an effective and impartial judicial system.
<p><i>Linkages and Interrelatedness:</i> Actions taken to cultivate and strategically manage important stakeholders.</p>	<ul style="list-style-type: none">• Reliance on volunteers from international NGOs; obtaining pro bono technical support from both

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local and global technology and academic institutions

- cross-border collaborations with other SEs and other types of local and international organizations (e.g., NGOs, community-based organizations, etc.) for mutual support in terms of delivering the business model for social impact.
- Reliance on open communication and knowledges sharing with other SEs for their mutual benefit to navigate the challenges of lack of adequate disclosure and credible information as well as the lack of reliable and trustworthy market intermediaries.

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Capability-building: Actions taken to ensure the engagement of staff with appropriate skills, competence levels and the right attitude.

- Training of employees with help from academic institutions
- Focusing on personal attributes such as passion instead of qualification/background
- Counselling employees to “reform” them

- Educating employees to denounce unproductive socio-cultural values and attitudes

Strategy & Leadership

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Table 5—Data Supporting the Identification of SEs' Strategic Responses to Voids

Formal Market Voids and Themes	Representative data from interviews
Creative action	Promotion/outreach “... I do a lot of public speaking engagements with different audiences and that is also part of creating awareness: from churches, to schools, to corporate organizations”.
	Localizing business model “So, what we do is we partner with other organizations in the regions...and train people there to administer our curriculum and our program”.
Third party recommendations	“... anything below that 2000ghs we go for recommendations. Even with the transactions that we would normally go into formal contract agreements, we still rely on recommendations [for new partners] from senior public officers, religious leaders, or organizations”.
Awarding contract in bits	“[...] sometimes if you haven't done work with somebody you give them a smaller contract. So, we won't just take a big lump sum and give to one

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4 person that we have never done anything with. We will start off with a small
5 amount whereby if there is a breach of contract, we can lick our wounds and
6 recover".
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10 Linkages and interrelatedness
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13 Partnerships/collaborations
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16 "We partner with a lot of organizations both local and international who
17 send volunteers to us".
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20 "Through partnerships with global technology organizations we are able to
21 develop global technologies, processes and standards.
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24 "We have received a lot of pro bono support from experts with different
25 backgrounds from prestigious organizations such Google, Mckinsey,
26 Western Union, SAP Software Solutions, and other top consulting
27 companies".
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30 "Some of the projects that we implement, there are clear roles laid out for X
31 and Y. So, that helped a lot in raising some initial capital and is still a vital
32 source of much of our fundamental resources"
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The ability of SEs to navigate the challenges of lack of access to credible information, lack of reliable and trustworthy market intermediaries as well as credible information is only possible for some SEs because they have established an open communication with other SEs through which they share knowledge and information for their mutual benefit.

17 Image management

In addition to querying, SEs tend to counsel employees in an attempt to getting them to do the right thing in order to save people from being fired.

22 Knowledge sharing and
23 open communication

24 “For some time now, we have partnered with some educational institutions
25 as a result of which some of our employees have benefited from social
26 entrepreneurship trainings organized by these academic institutions”.

30 Capacity building and education

31 Recruiting on passion

32 “the key thing is you must have the passion for social work”.

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Integrating tradition and culture

As part of training, especially new staff, SEs try to make people understand that cultural elements such as age or gender have no place in their organizations.

Counseling

Strategy & Leadership

Figure 2—The Hybidity Coping Strategy Process Model of Social Enterprises' Strategic Responses to Institutional Voids

