**EXPLORING THE DETERMINANTS OF PERFORMANCE FOR SOCIAL ENTREPRENEURSHIP ORGANIZATIONS**

**1. Introduction**

Over the past two decades there has been a growing interest in the practice and scholarship of social entrepreneurship (Constanzo,Vurro, Foster, Servato & Perrini, 2014; Dacin, Dacin & Matear, 2010; Defourny, Hulgård, & Pestoff, 2014; Johannisson, 1990; Nicholls & Young, 2008; Rey-Martí, Ribeiro-Soriano & Palacios-Marqués, 2016; Short, Moss & Lumpkin, 2009; Starnawska, 2016; Thompson, Alvy, & Lees, 2000 ; Wallace,1999; Perrini & Vurro, 2006; Zahra, Rawhouser, Bhawe, Neubaum & Hayton, 2008).

In the broadest sense, the growing interest in social entrepreneurship may be due, in part, to the realization that social entrepreneurship is good for business as well as good for society, and that it is a way to solve complex societal problems. It may also be due, in part, to greater awareness by individuals and businesses of the need to be more accountable to society and to help solve society’s pressing problems (Constanzo et al., 2014; Rey-Martí et al., 2016), or as a result of the urgent need by businesses to regain legitimacy owing to society’s unprecedented distrust and disdain of businesses (Hiller, 2013). The recent financial crisis has further exacerbated the interest in social entrepreneurship. In the wake of the financial crisis, society’s distrust of businesses has soared, with businesses being described as self-interested and unmindful of their relationships to society (Hiller, 2013). Businesses have been accused of having no interest in humanity (Munch, 2012) and even being a threat to human survival (Metcalf & Benn, 2012).

 The dynamics described above have resulted in the springing up of new types of businesses which seek to demonstrate more responsibility to society. Some of these new forms are considered as “hybrid” businesses, i.e., for-profit, socially obligated, and socially committed businesses (Avdeev & Ekmekjian, 2012; Schoenjahn, 2011). The 2015 survey by Social Enterprise UK reports the existence of about 70,000 social enterprises in the UK. Social enterprises are organizations that apply commercial strategies to maximize both social impact and financial performance. In other words, they seek to improve human and/or environmental well-being while providing profits for external shareholders. According to the survey, these social enterprises contributed £24 billion to the economy and employed nearly a million people (Social Enterprise UK Survey, 2015).

Social entrepreneurship is described as a process which involves identifying a specific social problem, preferring specific solutions to address it, evaluating the social impact, and creating a sustainable social mission-oriented for-profit or a business-oriented non-profit entity that pursue the double (or triple) bottom line (Robinson, 2006). According to Dees (1998), “social entrepreneurship combines the passion of a social mission with an image of business-like discipline, innovation, and determination” (p.1)

However, the growth of social entrepreneurship scholarship pales in comparison to the growth in the practice of social entrepreneurship. The social entrepreneurship literature has been criticized for being overly preoccupied with definitional debates about who the social entrepreneur is or what elements constitute the boundaries of social entrepreneurship (Starnawska, 2016). These prolonged debates have hindered the advancement of solid theory building and consequently prevented the achievement of a unifying framework for social entrepreneurship researchers (Nicolopolou, 2014). ).

Social entrepreneurship literature may benefit from incorporating existing theories from fields such as management, sociology, political science, marketing, and psychology into the social entrepreneurship domain or re-contextualizing them for the purposes of social entrepreneurship (Dacin et al., 2010). In social entrepreneurship, much work remains to be done, particularly with respect to the empirical verification of causal relationships and especially in relation to performance outcomes (Dacin et al., 2010).

Boschee and McClurg (2003) describe social entrepreneurs as those who pursue the double bottom line, i.e., a blend of financial and social returns. In essence, social entrepreneurship accommodates the simultaneous pursuit of economic goals and social goals. This paper focuses on social entrepreneurs who engage in the simultaneous pursuit of both social goals and economic goals. Defining social entrepreneurship this way means that for social entrepreneurs, the indicators of performance will be measured in two ways, i.e. in terms of financial performance and social performance, also called or social impact.

**1.1 *Purpose of the Study***

As a result of the growing interest in the practice of social entrepreneurship and the growth of new social entrepreneurial firms in the United States and other countries, there is increasing interest in the success factors for social entrepreneurship (Wronka, 2014). In line with this growing interest in success factors of social entrepreneurship, this paper aims to highlight and contribute to two questions which remain unanswered in the social entrepreneurship literature. First, how can social entrepreneurs who pursue both social and economic goals maximize both social change and profitability? Secondly, controlling for industry/sector, what organizational structure or design is optimal or appropriate for businesses that pursue for-profit goals and social goals simultaneously (Andre´, 2012; Rey-Martí et al., 2016)?

The purpose of this paper is, therefore, to explore enablers of performance for social entrepreneurs. Employing a multi-theoretical approach, I present a model which explains how social entrepreneurs’ cognitive processes predict performance, i.e., both financial performance and social impact. Entrepreneurial cognition research concerns itself with the entrepreneurs’ processes of interpretation or construction of information as well as how entrepreneurs think or how they organize their knowledge structures (Arend, Cao, Grego-Nagel, Im, Yang, & Canavati, 2016; Baron & Ward, 2004; Grégoire, Corbett, & McMullen, 2011; Matthews, 2016;, Mitchell, Smith, Seawright, & Morse, 2000; Oyson & Whittaker, 2015; Shaver & Scott, 1991). Entrepreneurial cognition research also explores how entrepreneurs bring these cognitive processes to bear in their entrepreneurial purposes or activities (Oyson & Whittaker, 2015). The entrepreneurial cognition literature has sought to explain the cognitive factors associated with performance in entrepreneurs, e.g. research on overconfidence (Singh, 2008), alertness, pattern recognition, meta-cognition, and expert scripts. (Dew, Grichnik, Mayer-Haug, Read & Brinckmann, 2015).

In this paper, I explore cognitive moral development (CMD) as a cognitive factor which influences performance in social entrepreneurship. CMD theory (Kohlberg, 1969) states that in individuals, moral development proceeds through a cognitive developmental process. CMD in individuals explains why some individuals and not others display superior cognitive capabilities at recognizing possible contingencies arising from complex relationships with different stakeholders with respect to alternative choices of action (Goolsby & Hunt, 1992). Consequently, CMD explains why some individuals are primarily motivated by self-interest in their decision making, i.e., who are less likely to take other people’s interest into consideration, and why other individuals take other peoples’ interests into account and consideration when making decisions. Boulding’s (1956) general systems theory framework suggests that organizations are symbol processing entities which also produce and share culture in a way similar to individuals in their growth and development of cognition (Sridhar& Camburn, 1993).

CMD is employed as a predictor of the structure that emerges in the organization that the social entrepreneur creates. This paper proposes that social entrepreneurship organizations low in CMD are more likely than those high in CMD, to emphasize authority relationships, hierarchical decision making, and tight controls (Reidenbach & Robin, 1991). This form of internal organizational arrangement characterized by heavy reliance on formal rules and procedures, tight controls, and centralization of decision making is categorized by Burns & Stalker (1961) as “mechanistic”. It is also hypothesized that organizations at high stages of CMD are more likely than those low in CMD, to place less emphasis on formal rules and procedures, tight controls.

Reidenbach & Robin (1991) describe the characteristic internal arrangements of organizations at different stages of moral development. They suggest that organizations at low levels of moral development are characterized by tight controls, high emphasis on authority relationships, and centralized decision making. In contrast, organizations at higher stages of moral development allow more employee freedom and discretion (Reidenbach & Robin, 1991). Decentralized decision making is therefore more likely in these organizations. Those organizational arrangements in which less emphasis is placed on formal rules and procedures and in which employees enjoy more freedom to make decisions are categorized as “organic” structures in Burns & Stalker’s (1961) typology. Therefore, riding on the ideas of contingency theorists who assert that different modes of organizing result in different levels of performance and effectiveness (Galbraith, 1973; Lawrence & Lorsch, 1967; Woodward, 1980), I predict that the way a social entrepreneur designs his firm, i.e., organizational structure, will influence his/her outcomes in terms of performance, i.e., financial performance and social impact.

**2. Literature Review and Propositions**

**2.1 *Social Entrepreneurship and the Moral Dimension***

As mentioned earlier, today, society expects more from businesses on how they conduct their business operations as it affects the society (Reidenbach & Robin, 1991; Davis, 1975). For example, Davis (1975) proposes that in order to proceed with a business activity, product or service, its social costs as well as benefits must be calculated. According to Davis, businesses typically considered only two factors: (1) technical feasibility and (2) economic profitability, in deciding whether to proceed with an activity, but businesses must add a third factor: the “social favorability” of an activity, in order to proceed with a business activity. The increasing concern of the consequences of their actions and how they impact society have resulted in society demanding that businesses also achieve certain social goals along with their economic/profit-making goals (Davis, 1975; Reidenbach & Robin, 1991). According to Reidenbach & Robin, (1991), the extent to which businesses recognize and blend this required social mission with their economic mission is a pointer to their level of moral development (Reidenbach & Robin, 1991).

Clearly, society’s expectation in terms of pollution control, pollution prevention, bringing to market of organic products, and other practices is changing (Logsdon & Yuthas, 1997). Businesses which accommodate these changing expectations can “claim moral superiority over those who do not” (Logsdon & Yuthas, 1997, p. 1221). Thus, businesses are moral to the extent to which they factor in the needs of the society in their activities and are responsive to those standards, norms or expectations that reflect a concern for society and other stakeholders in their activities (Schwartz & Carroll, 2003). Although traditional businesses typically pursue profit-making, social entrepreneurship leans towards creating social wealth, or delivering social value and bringing positive change to social conditions. Social entrepreneurship is about meeting social needs and about rising up to the higher standards of accountability that the society demands of businesses. It is also about accommodating social expectations with regards to doing business in a more socially responsible/responsive manner. It is no gainsaying then, to state that social entrepreneurs represent the group of entrepreneurs who demonstrate commitment to meeting society’s expectation towards social goals. In doing so, they accept, in addition to the duty to pursue self-interest, the duty to accommodate the interests of those broader stakeholder groups whose social conditions they seek to improve. The dynamics described above have resulted in the springing up of new types of businesses which demonstrate more responsibility to society. Some of these new forms are considered as “hybrid” businesses – for-profit, socially obligated, and socially committed businesses (Avdeev & Ekmekjian, 2012; Schoenjahn, 2011). An example of such hybrids is the “b-corporation” (or Benefit Corporation) - a new organizational form for which social entrepreneurs in the US have recently prevailed in achieving legal status. The agenda of the “b-corporation” is both to pursue a social agenda and to maximize profit (Hiller, 2013; Andre´, 2012). Thus, although the b-corporation is a for-profit entity which retains all its traditional corporate characteristics, it is, also a socially obligated corporate form of business (Hiller, 2013; Andre´, 2012).

**2.2 *Cognitive Moral Development***

**2.2.1 *Moral development in individuals***

The CMD theory developed by Lawrence Kohlberg (1969) states that in individuals, moral development proceeds through a cognitive developmental process. Kohlberg’s (1969) theory builds on the seminal works of Piaget (1965, 1970). According to Kohlberg, for individuals, an increasingly accurate understanding of the nature of moral obligations in complex social systems is a developmental process and it is acquired over time (Kohlberg, 1969). Those moral reasoning processes develop concomitantly with the individual’s reasoning abilities pertaining to social arrangements. He proposes that every individual occupies one of six stages of moral development. The stage an individual belongs to would guide reasoning and decision-making in situations involving moral issues. Making a decision in situations with a moral twist often require resolving how the situation may affect each of the entities involved and then being able to calculate the diverse range of interests of all stakeholders in arriving at the right decision or course of action. Thus, according to Kohlberg (1969), in decisions having a moral dimension, the ability to recognize and analyze the complex relationships among all the elements involved, and to recognize all the possible contingencies and consequences that might result from taking a particular course of action, depends on the CMD stage of the individual (Kohlberg, 1969). Therefore, in decisions having a moral dimension, persons with poorly developed logical reasoning abilities are incapable of assimilating the rightful needs of all parties into a judgment satisfying a moral ideal. In essence, the construct of moral judgment provides a conceptual guidance for choice of action in situations involving conflicting moral claims (Ashkanasy, Windsor & Trevino, 2006).

Kohlberg’s (1969) stage sequence of CMD has been supported as well as validated by several studies, including longitudinal, cross-cultural, and cross-sectional research studies, over the past 20 years. Studies demonstrate that Kohlberg’s (1969) research is applicable across many populations and cultures (Blasi, 1980; Brabeck, 1984; Gibbs & Widaman 1982; Snarey, 1985). The level of CMD is therefore determined in part by the cognitive ability to integrate the legitimate interests of many distant, diverse publics. Individuals high in CMD could be expected to recognize the “social contract,” the importance of “multiple stakeholders,” and socially responsible behavior in organizations (Goolsby & Hunt, 1992, p.58).

The CMD framework fits squarely into the study of social entrepreneurship because social entrepreneurs often need to assimilate the social needs of diverse publics. For social entrepreneurs, accountability and responsibility is not limited to traditional market, economic actors or stockholders, but responsibility and accountability often extend to a broader range of stakeholders, including social actors and society. The CMD theory also fits because researchers have emphasized that “tensions often exist between social and economic goals” (Andre´, 2012) and that the pursuit of social goals is an added “cost” to business. In reality, social entrepreneurs often find themselves having to make decisions with respect to either of these two alternatives.

The social entrepreneur often finds him/herself in situations involving the need to resolve conflicting claims from each of these ends (Andre´, 2012; Crane, Palazzo, Spence & Matten, 2014). When in situations in which moral claims conflict, understanding of the nature of moral obligations in complex social systems becomes important (Rest, 1979), particularly for social entrepreneurs. This paper aims to predict the effect of CMD on social impact and financial performance of social entrepreneurs. CMD is employed as a predictor of the structure that emerges in the organization that the social entrepreneur creates. In other words, CMD influences how a social entrepreneur organizes his social venture/enterprise. Building on the ideas of contingency theorists who assert that different modes of organizing result in different levels of performance and effectiveness (Burns and Stalker, 1961; Lawrence and Lorsch, 1967; Mintzberg, 1979), I predict that structure influences social entrepreneur’s outcomes, i.e. social impact and financial performance.

**2.2.2 *Moral Development in Organizations***

Building on Kohlberg’s ideas of individual level CMD theory, other researchers, e.g., Logsdon & Yuthas (1997), Reidenbach & Robin (1991), Sridhar & Camburn (1993) also theorize that the stage-based moral development idea also applies to organizations. Accordingly, organizations too, just as individuals, can be classified into stages of moral development. For example, Reidenbach & Robin (1991) categorize organizations into five stages of moral development (amoral, legalistic, responsive, emerging ethical, and ethical). Their model was based on case studies of the actions of large numbers of organizations as they responded to diverse situations. Differences in the moral development stage of each organization were deduced from the different corporate actions taken by each organization. Consequently, they drew up a hierarchical model of organizational moral development based on the observed differences in corporate behavior. According to Reidenbach and Robin, management philosophy and attitudes are important determinants of these corporate behaviors, signaling that an organization’s moral development is influenced by organization’s top management.

Similarly, Sridhar & Camburn (1993) argue that organizations can be categorized into stages of moral development. Their rationale lies in the observation that over time organizations develop into collectivities of shared cognitions and rationale as a result of embracing shared language and meaning. They suggest that by viewing organizations as symbol processing systems of shared language and meaning, a better understanding of organizational ethical behavior can be achieved. They developed their six-stage model by asking independent subjects to analyze speeches made by organizational spokespersons following ethical crises. Consistently, participants classified organizations into distinct categories of moral development.

More recently, Logsdon & Yuthas (1997) also developed a six-stage model of organizations moral development. Their argument is based on whether an organization focuses on the realization of self-interests alone or whether it takes other stakeholders’ interests into account in its activities. Logsdon & Yuthas argue that “just as the moral development of individuals is premised on whether and how they take others into account (Fraedrich, Thorne, & Ferrell, 1994; Trevino, 1992), an organization’s level of moral development is signaled by the way an organization views its goals and relationships to various stakeholders” (p. 1216b).

The major theme of Logsdon and Yuthas (1997) is that organizations at low levels of moral development are motivated largely by a quest to fulfil self-interest, i.e. economic interest and financial objectives such as single bottom line, stock prices, and revenue. At low levels of moral development, organizations focus on realizing self-interest/economic interest regardless of whether their activities result in harm to other stakeholders, i.e. at pre-conventional stages of moral development, or, at best, they accommodate the interests of narrow stakeholder groups only to the extent that this furthers the realization of organizational self-interest, i.e. at conventional stages of moral development. However, for organizations at higher stages of moral development, i.e. post conventional stages interests of broad stakeholder groups, which include market-based and non-market- based stakeholders, local communities, environmental groups, as well as the poor or other disadvantaged members of society, are considered as important goals in their own right. At this stage, interests of these stakeholder groups are actively pursued in their own rights and not merely as instrumental means geared towards the realization of organizational self-interest alone (Donaldson & Preston, 1995). Organizations at the post conventional stage of moral development are motivated to pursue the interests of broad stakeholders because they “do not see themselves as separate from this broad range of stakeholders, but they recognize their interconnectedness in achieving welfare of the society” (Logsdon & Yuthas, 1997, p. 1218a).

**2.3 *Relationship between CMD and Organizational Structure***

The relationship between moral development and structure has been suggested. For example, Reidenbach & Robin (1991), after classifying organizations into stages of moral development, proceed to describe the defining characteristics of each stage more precisely. For example they describe stage 1, the Amoral Organization, as organizations who adopt a “win-at-all-costs culture.” For these organizations, profits and productivity override other interests. For them the social responsibility of business is to make profit. Concern for employee welfare is low in these organizations as employees are regarded more as “economic unit of production.” More precisely, Reidenbach & Robin (1991) describe the characteristic internal arrangement of these organizations in this manner:

*Top management rules by power and authority and employees respond by acquiescing to that authority and power through a reward system which supports a "go along" type of behavior. Obedience is valued and rewarded. Disobedience, on a moral basis, is punishable typically by expulsion from the organization. There is little concern for the employees other than for their value as an economic unit of production… owners are the most important stakeholders (pp. 275-276).*

Further, according to Reidenbach & Robin (1991), organizations at stage 2, described as the Legalistic organization, are so named because the primary concern of their top management is with the legality of their actions and not the morality of their actions. In terms of their internal arrangement and activities, these organizations also adopt a “lawlike” approach. Internal checks and balances exist to guide employee actions. Employees are expected to follow the letter of the law as opposed to the spirit of the law. This tight control over employee behavior, organizational processes, and procedures is reflected in the existence of the code of conduct which every employee is required to follow. At Stage 3, described as the Responsive Corporation, organizations begin to realize the place of social duties and obligation and they begin to accommodate these alongside their economic goals. They begin to seek to strike a balance between profits and social goals, although they may not pursue the latter as ends in themselves. Organizations at this stage begin to realize the economic value of moral behavior. Top management begins to value employees as well local communities better and develop more concern for stakeholders.

More than organizations at stage 3, stage 4 organizations – described as the Emergent Ethical Organization – seek a greater balance between financial goals and social goals, between profits and ethics. Stage 4 organizations embrace open decision making. Here, top management is more concerned and committed to finding ways to balance the organization’s concern for profits and ethics.Organizations at stage 5, described as the Ethical Organization, embrace a common organizational wide set of ethical values. The fairness and justness inherent in a decision receive equal consideration as the profitability inherent in the decisions. The organization embraces and encourages idea generation and navigate several moral principles in arriving at decisions. Employees are encouraged to make the most ethical or best moral decision while considering all constituents involved in particular situations, even if it hurts the organization in some way.

Burns and Stalker’s (1961) conceptualization of organizational structure, i.e. mechanistic vs organic becomes relevant to the CMD discussion. According to Burns and Stalker, mechanistic structures are characterized by heavy reliance on rules and procedures, high centralization of decision making, tight controls, and rigid administrative relations. Communication occurs through an upward flow of information and a downward flow of decisions and instructions. Further, in mechanistic structures, employees carry out their duties with less sense of connectedness to overall organizational goals since top management’s command hierarchy and the fact that decisions were reached at higher levels of the organization signals to them that assumption (Lawrence & Lorsch, 1967).

However, in contrast to the mechanistic structure, organic structures are characterized by less attention to formal rules and procedures (Burns& Stalker, 1961; Lawrence & Lorsch, 1967). Decisions were reached at the middle levels of the organization. Armed with the knowledge of what their contribution means to the realization of organizational goals, employees exercised greater freedom and discretion in carrying out their duties. Communication runs laterally as much as vertically. The less emphasis on authority command is evidenced in that communication between employees of different ranks takes the form of lateral consultation, rather than taking the form of vertical command. Therefore, in line with Burns and Stalker’s (1961) typology and following Reidenbach and Robin’s (1991) description of the different internal arrangements which characterize organizations at different stages of moral development, I state the following hypotheses:

**Propostion 1a**: *Social entrepreneurship organizations at higher stages of CMD are more likely to develop organic structures.*

**Proposition 1b**: *Social entrepreneurship organizations at lower stages of CMD are more likely to develop mechanistic structures.*

**2.4 *The Effect of Structure on Performance in Social Entrepreneurship***

As a result of the freedom and discretion to take decisions in the organic form, the easier communication and informality as well as less emphasis placed on rules, procedures and authority hierarchy, it has been found that innovations thrive in organic forms (Burns & Stalker, 1961; Covin & Slevin, 1988). These characteristic internal arrangements exhibited by organic structures provide the necessary information- processing capacity for innovation and creativity to thrive (Covin & Slevin, 1988; Galbraith, 1973). In contrast, the emphasis on authority hierarchy, centralized decision-making, rules and procedures and administrative inflexibility, which characterizes mechanistic structures, have been found to limit discretion and discourage creativity (Covin & Slevin, 1988). According to Burns & Stalker (1961), the mechanistic form stifles innovation.

Innovation is a necessary ingredient for superior organizational performance (Covin & Slevin, 1988). Conceiving and bringing new products to market and effectively creating demand for these products and services will be an uphill task for a company that limits expressions of creativity and innovation. Also creating more seamless and more effective operational processes in firms is largely dependent on innovation (Porter & Kramer, 2011). Needless to say, the relationship between structure and organizational performance has been suggested in the literature (Burns and Stalker, 1961; Lawrence and Lorsch, 1967; Mintzberg, 1979; Naisbitt & Aburdene, 1985; Quinn, 1985). Through creativity and innovation, organizations can, among other things, achieve more efficient operational processes, which reduce waste and maximize resources, create new products and services, expand their markets, and build better network coalitions necessary for higher competitive edge and better performance in terms of profits and revenues (Porter & Kramer, 2011). Therefore, stated formally:

**Proposition 2**: *Social entrepreneurship organizations with*

 *organic structures will record higher financial performance*

 *than those with mechanistic structures*

Similarly, social value is created through creativity and innovation (Porter & Kramer, 2011). Organic style organizations, that demonstrate higher information-processing capacity and more administrative flexibility, are likely to be able to adapt their products to changing needs in society (Khandwalla, 1997). (Calton et al. 2013) highlight the importance of flexibility in creating social value and achieving success in social entrepreneurship. In their research, initial failures were recorded for firms, e.g. Proctor and Gamble, which initially failed because they would not adapt to the unique social situations of the local communities in which they operated. Calton et al. (2013) also discuss the concepts of decentralized stakeholder networks, moral imagination, and faces and places, as necessary drivers of innovation, and they assert that success in social value creation is hinged on developing unique social value propositions for different localities. According to them, quick information assimilation, creativity and innovation through providing products unique to different social conditions will guarantee better success. Therefore stated formally:

**Proposition 3**: *Social entrepreneurship organizations with*

 *organic structures are more likely to achieve higher social*

*impact than those with mechanistic structures.*

**2.5*****The Moderating role of Organization Structure on Performance***

Our discussions and propositions suggest that in terms of motivations and performance, there is a better ‘fit’ between higher CMD and organically structured firms as well as a ‘fit’ between low CMD and mechanistic firms. Therefore, high moral development-mechanistic or low moral development-organic arrangements represent a mis-match for organizations. I hypothesize that the fit between CMD and structure has implications for organizational performance. And just as Covin & Slevin (1988) suggest that high performance is influenced by the match between structures and top management style, I hypothesize that performance is enhanced by a fit between moral development and organizational structure. Organic structures will support organizations’ objectives and goals related with high CMD while mechanistic structures will support objectives and goals related to low CMD orientations. Other arrangements are incongruent and may detract from the potential utility of their management orientations, either by unnecessarily restricting organizational adaptability or providing too little support by top management of creativity, innovation and bottom-up organizational initiatives. Stated formally, it is hypothesized that:

**Proposition 4**: *Social entrepreneurship firms in which the structure is*

*congruent with the level of CMD (i.e. high CMD – organic*

*and low CMD – mechanistic) will perform significantly better*

 *than firms in which these variables are incongruent.*

**3.0 Discussion and conclusion**

This paper has highlighted the influence of cognitive moral development on the structure that develops in an organization. The interplay between cognitive moral development and organizational structure in turn influences the financial performanceor social impact achieved by social entrepreneurship organizations. The paper highlights founder/top management cognitive moral development as a significant influence on the moral development of the organization. Moral development is thereby proposed as an antecedent of organizational structure contributing to our knowledge of organizational theory. Furthermore, it is hoped that the relationships proposed in this paper contributes to the conceptual base needed to explore the performance of social entrepreneurship organizations.

Chapter 6: References

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