

**Global Entrepreneurial Talent Management
challenges and opportunities for HRD**

**Human Resource Management Challenges in a
Slovenian Social Enterprise: A Case Study**

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There is a growing number of studies exploring social enterprise in order to increase the understanding of business sustainability and resilience in the social economy. However, little is known about how social enterprises or social entrepreneurs emerging from not-for-profit sectors have faced human resource management (HRM) challenges in practice. In this study, we focus on a hospitality social enterprise founded by social workers in Slovenia as a single case study. Through a series of combined interview and observation methods, we investigate the HRM challenges this social entrepreneur faced when pursuing sustainable social business. We uncovered four strategic and HRM challenges that contribute to the existing body of knowledge in the social enterprise literature. This study paves the way for future studies to focus on HRM in social enterprise.

Key Words: social enterprise, HRM, entrepreneurship, Slovenia

Introduction

Social enterprises are businesses that meet societal and business values simultaneously through a combination of entrepreneurial action (i.e. the pursuit of commercial market opportunities) and social mission (i.e. creation and enhancement of social and environmental outcomes that have the primacy over profit maximization) (Mair & Marti, 2006; Dees, 2001; Zahra, Gedajlovic, Neubaum, & Shulman, 2009; Huybrechts & Nicholls, 2012). Social entrepreneurship has a significant impact on local and regional economic, societal, and environmental development (Saebi, Foss, & Linder, 2019). There is a growing body of literature on social enterprise (Borzaga & Defournay, 2001; Kerlin, 2010; Mair & Marti, 2006). Studies have investigated various institutional and organizational issues (Newman, Mayson, Teicher & Barrett, 2015; Peattie & Morley, 2008). Responding to a call for more scholarly attention to human resources management (HRM) issues in the context of social enterprises (Newman et al., 2015), we aim to discover key HRM-related challenges that social entrepreneurs face by investigating one social enterprise in Slovenia as a case study. Our research focuses on a restaurant/catering business in the capital city of Ljubljana. It was established in 2012 to support the employment of refugees and migrants who live in Slovenia and has overcome many challenges during its early years.

This paper aims to identify the HRM challenges that this business faces and to propose solutions to overcome them. In doing so, we contribute to the research into the challenges of social

enterprises (Smith, et al., 2013; Steyaert & Hjorth, 2006; Petrella & Richez-Battesti, 2014) with a specific focus on the HRM challenges that have rarely been researched before. We bridge two scholarly domains; the social entrepreneurship domain and the HRM domain, to shed light theoretically and practically on common challenges in social enterprises.

The paper is structured as follows: first, we review the relevant literature on challenges in social enterprises with a focus on HRM. Secondly, we describe the methodology used in this research, and we continue with the findings' section in the case we studied. Finally, we conclude our paper with a discussion of the implications for social entrepreneurship research, practice and a future agenda for dealing with HRM challenges.

Literature Review

Social enterprise and its HRM issues

Social enterprise has increasingly attracted attention as a distinctive sector of business (Steyaert & Hjorth, 2006; Petrella & Richez-Battesti, 2014) and a global movement (Borzaga & Defourney, 2001; Kerlin, 2010). There is no universal definition of social enterprise. However, it is widely accepted that the term describes commercial or trade activities that generate income in pursuit of social goals (Laville & Nyssens, 2001; Mair & Marti, 2006). Social enterprises use a hybrid business model where profit and social motivations sit symbiotically together (Emerson, 2006). In short, they strive to address a societal issue by creating social value (Certo & Miller, 2008) and achieving social goals through economic sustainability (Dorado, 2006).

The literature presents several economic positions of social enterprise, for example, as a better way of doing business (Amin, 2009) which balances “economic efficiency, ecological sustainability, and social equity” (p. 30). In recent years, the social enterprise model has been acknowledged as a force for change, redefining the relationship between business and the community (Spear, 2006), addressing social issues (Kerlin, 2010) and stimulating societal (Dey & Steyaert, 2010) or systemic (Bornstein, 2004) change. Many social enterprise studies have focused on the nature of the business and its institutional conditions and impact (Mair & Marti, 2006; Zahra et al., 2009; Huybrechts & Nicholls, 2012). HRM related issues have however been relatively neglected in the literature (Newman et al., 2015; Peattie & Morley 2008).

Many social enterprises are focused on service, working directly with members of the public with challenging needs. The effectiveness of human resources management is of vital importance (Bowman, 1998) in order to meet the social as well as commercial needs of the business. Typically, social enterprises rely on both paid (employees) and unpaid (volunteers) workforces, meaning that social entrepreneurs need to manage multiple stakeholder groups requiring different HRM approaches to meet diverse workforce needs (Doherty, Haugh & Lyon, 2014; Borzaga & Solari, 2001). HRM can therefore be a complex process (Peattie & Morley 2008, p. 100).

Studies have identified HRM-related issues in the context of social enterprise such as recruiting, training, and managing the workforce while balancing the complexities of the hybrid nature of social enterprise (Doherty et al., 2014; Ohana, Meyer, & Swaton, 2013). Social entrepreneurs often find themselves being pulled in opposing directions. For example, balancing the rising

demand of the social objective with an ongoing need to become more efficient in meeting commercial goals (Bowman, 1998). These challenges can result in tensions around internal business practices, processes (Smith, Gonin, & Besharov, 2013) and resources (Royce, 2007), such as in HRM. Moreover, the majority of social enterprises operate with sparse resources (Bridgstock, Lettice, Özbilgin, & Tatli, 2010) which can also result in HRM challenges. For example, ‘making do’ operational methods (Desa, 2012) and informal or novel approaches to HRM, can help to compensate for the lack of resource in social enterprises (Newman et al., 2015). HRM related challenges are fourfold as follows.

Leadership

Organizational success depends on a social entrepreneur’s ability to balance in playing many roles requiring “skills and competencies in a number of specialist functional and process areas” (Hynes, 2009, p. 115). Like mainstream entrepreneurs (Cardon, Wincent, Singh, & Drnovsek, 2009) and senior managers in other sectors (Royce, 2007), social enterprise leaders play multiple roles within their organizations (Prabhu, 1999). Lyon & Ramsden (2006) identify entrepreneurial leaders’ management practices that are related to HRM functions, including managing staff performance, quality assurance, employment relations, and workforce composition (Royce, 2007). In addition to those HRM-related management skills, entrepreneurs need to make strategic decisions, such as recognizing opportunities and acquiring appropriate resources. They experience pressure by handling multiple roles (Douglas & Shepherd, 2000).

In addition to ‘traditional’ challenges, social entrepreneurs face additional pressure from their hybrid commercial and social motivations (Smith et al., 2013). The Start-up motivations of social entrepreneurs often emerge from an unmet social need over the identification of a sound commercial opportunity (Hynes, 2009). In order to run a successful business however, social entrepreneurs need to pursue both social and commercial objectives. Motivations are often based on the belief that their business will enhance the well-being and quality of life of marginalized groups, or a desire to change the status quo and create social value (Certo & Miller, 2008; Doherty, et al., 2009; Bornstein, 2004). This is in opposition to a robust focus on the commercial aspects of the model. In pursuing these, they are expected to demonstrate the same commitment and determination as a ‘traditional’ entrepreneur to financial gain, as well as a deep passion for the social cause. This in turn could restrict social entrepreneurs’ capacity to embed good HRM practices into their day-to-day operations (Guclu, Dees & Anderson, 2002).

A growing number of studies explore the concept of work/life balance and burnout point in entrepreneurs (Blair-Loy & Jacobs, 2003; Buzzanell & Liu, 2005; Lechat & Torrès, 2016). As entrepreneurial activity can entail extreme levels of uncertainty and personal risk (Baron, 2008; Lechat & Torrès, 2016), researchers generally agree that emotional exhaustion can cause chronic stress, which leads to burnout (Perry, Penney, & Witt, 2008). Unlike many employed workers, entrepreneurs cannot rely on resources, vacation time or healthcare from their organizations unless they have institutional protection (Klein, 2006; Perry et al., 2008). Thus, entrepreneurs are more likely to experience burnout, which can result in business failure (Perry et al., 2008). Despite this, burnout and the emotional struggles of entrepreneurs have still not been extensively explored (Shepherd, Marchisio, Morrish, Deacon, & Miles, 2010; Voltmer, Spahn, Schaarschmidt, & Kieschke, 2011; Lechat & Torrès, 2016). According to Fernet, Torrès, Austin, & St-Pierre (2016), feelings of loneliness exacerbate burnout.

Talent attraction & recruitment

People play a significant role in organizational success with a specific focus on the performance and effectiveness of the business (Huselid, 1995). As such, social enterprise leaders must make mindful choices about how they attract, recruit and select paid staff and volunteers. Social entrepreneurs face similar HRM challenges to those working in other sectors, e.g. taking responsibility for recruitment, performance, pay, attendance, training, and welfare issues (Royce, 2007). However, they face additional challenges arising from the hybrid social enterprise model.

This complexity can result in difficulties articulating the culture and context of the business. This results in problems attracting and recruiting employees who share the ethos of social action (Battilana & Dorado, 2010) while also having commercial skills and knowledge (Liu & Ko, 2012). Houston (2005) claims that those employed in not-for-profit enterprises have different motivations from those engaged in commercially driven sectors. As such, these employees seek more intrinsic motivators, such as an alignment of personal values. They also like the opportunity to apply their values to the day-to-day decision-making and operations of the enterprise (Brown, Yoshioka, & Munoz, 2004). However, not-for-profit employees expect reasonable pay and career growth opportunities. However, limited resources prevent many social enterprises competing with the levels of pay and incentives of the private sector (Brandel, 2001). This is often due to erratic financial environments and short-term funding regimes (Royce, 2007). These factors could affect the recruitment and motivation of the right calibre of employee (Brown et al., 2004) and staff retention (Halpern, 2006; Ban, Drahnak-Faller & Towers, 2003) to manage the commercial aspects of the business.

Workforce management

Many social enterprises strive to be inclusive employers, in keeping with a core aim of the sector to develop people (Pache & Santos, 2013). It is common for human resource structures in social enterprises to operate through tiered workforce models that comprise employees, volunteers, and employee-beneficiaries, purposefully developing employment opportunities for those disadvantaged in the labour market. Social enterprises operate a two-tiered staffing model of paid staff and volunteers. The inclusion of volunteers can alleviate some of the contextual challenges of “shoe-string” budgets, skills shortages (Salamon, Sokolowski, & List, 2003) and the capacity to facilitate day-to-day operations (Hynes, 2009) especially during start-up (O’Hara, 2001). However, this can bring additional challenges of supervision and volunteer commitment (Royce, 2007). Over-dependence on volunteers as a long-term strategy should be viewed with caution (Badelt, 1997; O’Hara, 2001).

Integration of paid staff and volunteers can also pose HRM challenges. Fostering an environment in which volunteers and employees can work together in harmony requires leaders to meet the needs of these different stakeholder groups simultaneously (Borzaga & Solari, 2001). A lack of resources and a focus on social impact means that some neglect to develop internal processes, particularly in the management of their own human resources (Cornelius, Todres, Janjuha-Jivraj, Woods, & Wallace, 2008). Literature also shows that organizations that adopt the employee-and-volunteer model have higher staff turnover compared with those with employees only (Liu & Ko, 2012).

Sometimes, The core purpose of a social enterprise is to create jobs for disadvantaged, underrepresented people. This means that some social enterprises operate in an even more

complex three-tiered model, further blurring stakeholder boundaries (Doherty, et al., 2014). Such a model focuses on employment and training for those facing additional and complex challenges to mainstream labour market integration (Nyssens, 2006, Davister, Defourny & Gregoire, 2004). This workforce model includes the traditional volunteer and employee roles but introduces a third cohort, confusing the client-employee relationship. Social enterprises can include employees who have “the dual role of client and employee and the use of resources to assist both the personal development of the employee (as a client) as well as the performance of the employee (as an agent)” (Doherty et al., 2014). A social entrepreneur using this model can be challenged by balancing meeting the support needs of the client-employee and the needs of the business (Ohana et al., 2013).

Imbalanced or non-existent business strategy

Weak, imbalanced or non-existent business strategies can arise for several reasons including hybridity and a lack of time, capacity, and skills. Bornstein (2004) describes how the strategic intent of the social entrepreneur influences the strategic positioning of the enterprise overall. As discussed above, social entrepreneurs can place their social motivations above the commercial realities, which can result in weak business strategies. In such instances, informal strategies are often implemented, which can neglect the commercial perspective (Doherty et al., 2009). Again, this ad hoc approach can lead to somewhat novel approaches to HRM (Newman et al., 2015).

Having time to work ‘on’ the business (as opposed to ‘in’ the business) can be a challenge for social entrepreneurs. Responsibility for developing strategy lies with the already “time-constrained management” (Dickerson & Hassanien, 2018), adding to the pressures of the day-to-day running a social enterprise, including finding time to manage and develop staff and/or volunteers. To overcome this, Gates (2010) recommends that social entrepreneurs should devote time to scenario planning to understand the likely future direction of the business, including planning staff development, future HR needs, and succession. This can enable social entrepreneurs to plan for change before the need arises.

Lack of knowledge and understanding of how to plan or where to seek support can also present a challenge, as demonstrated in Hynes’ (2009) research of social enterprises in Ireland. This work showed that none of the respondents had a strategic plan to guide their enterprise, opting for a more informal approach to business growth and development. Despite the lack of formal planning, the need to adopt a formal process was identified with social entrepreneurs suggesting

that as they were becoming busier with increased customer numbers they felt they would soon need to implement procedures or more formal strategies to guide firm development. However, they were unsure what type of procedures to implement or where to source advice on this topic (p. 120).

Research Context

The concept of social enterprise in Slovenia is relatively new with the term first used there in 2009 (Borzaga & Galera, 2014). However, it is underpinned by a long history of co-operation and non-government organizations. Since then, interest in social enterprise has grown, partly driven by the government’s interest in work integration of social enterprises (WISE) to address structural unemployment and in creating jobs for groups of people who are disadvantaged in the labour market (Bradač Hojnik, 2017). The legal definition in Slovenia of social enterprise is a

business that provides products or services where making a surplus is neither the sole nor the principal objective and they strive to create societal impact (Official Gazette, 2018). Slovenia was one of the first European Union member states to adopt a specific law on social enterprise. The Act on Social Entrepreneurship regulates the activity of social enterprises through an open model, which allows for the creation of a social enterprise regardless of the legal structure of the company. As of March 2019, there were 262 registered social enterprises, representing 0.2% of the business population (Ministry of Economic Development and Technology, 2019).

The restaurant is located in Ljubljana city centre, the capital city of Slovenia with 288,000 inhabitants. It provides traditional cuisine from the global south. Its mission is to improve the employability of migrants and refugees through hospitality work and build understanding between migrants and local communities. Its inception was supported by the Institute for Global Learning funded by the European Union and the Slovenian Ministry of Labour. This enabled the founders to launch catering and cookery workshops in 2012 and the restaurant in 2014. Since the end of 2015, it has been part of the 'Open Kitchen' initiative in Ljubljana where local restaurants serve street-food at the central outdoor market on Fridays between March and November. Additionally, the restaurant serves as a platform for migrants and refugees to tell their own stories via their traditional cuisine, music or talks, to aid community integration. To date, seven migrants have been trained, with four of them currently employed within the project. Overall, more than forty migrants have benefitted from the project directly or indirectly.

The restaurant/catering business is a successful and financially sustainable social enterprise that has operated for more than six years. The organization appears to be performing well or even better than other social enterprises in Slovenia. Investigating practice in a successful social enterprise might help other social entrepreneurs to reflect on their own. The founder and CEO was a teacher and helped refugees and vulnerable migrants as a volunteer along with their spouse, who is also a migrant. The company is the first social enterprise venture for the founders. They are novices in the business world. They struggle to adapt their career paths to become social entrepreneurs. The company experiences some unique HRM issues as employees and volunteers originate from various countries with different cultures and values, and they have different support and development needs.

Methodology

To understand HRM challenges faced by social entrepreneurs, we used a qualitative case study method to explore the richness of the focal case (Bryman, 2004). We deliberately chose a descriptive case study approach, as Yin (2003) states that researchers can use it to investigate the depth and scope of the phenomena that occur within the data in order to explain the complexities of situations.

This case study consists of semi-structured interviews and observations in a representative social enterprise in Slovenia. Data collection took place between September and November 2018. Ten exploratory unstructured and semi-structured interviews with the founders, CEO and two key full-time workers were conducted in English. Eight observations of parts of the enterprise's business operations in their restaurant and 'Open Kitchen' were completed. We systematically analysed social media activity and the website of the business. Interview transcripts and field notes underwent thematic analysis which focused on challenges in the business and personal

lives. This semi-open coding took place in relation to broad HRM challenges identified in the literature. The three co-authors discussed possible interpretations until consensus was reached.

Findings: The Case Study

Based on the thematic analysis of data, we identified four major HRM-related challenges faced by the founder and CEO and their team. They are strategic, managerial, and leadership perspectives (a personal aspect and a decision-making aspect). These four challenges are organically connected. In reporting our findings both the company and respondents within the business are anonymized and the non-gender-specific pronoun 'they' is used in both singular and plural senses.

Challenge 1: Managing hybridity

The founders have two clear social objectives: enhancing the employability of migrants and refugees who reside in Ljubljana and building bridges between migrants and Slovenians. In line with these objectives, they want to create a financially sustainable platform to achieve this. However, pursuing two social objectives along with the commercial aim sometimes creates conflicts and challenges. From the outset, the founder knew the business had to be sustainable, even if this meant prioritizing the commercial aspects of the business over the social. They admitted that if the business had concentrated only on the 'social' story without focusing on good food and services, their business would not have survived. The founder said:

We have to do a very good business thing to survive. We have to achieve our goals, which are not business per se. However, if we do our business badly, there is no point in pursuing our social goals because it's a social 'business'. So that's why we now put a lot of energy into developing the business part.

The founder believes that the more they develop and focus on the business/commercial side, the more easily their social targets can be achieved. However, they emphasise that balancing social and commercial values is important in a social enterprise. They understood that constant and balanced growth, as an enterprise, was essential to keep training and hiring migrants and refugees. Their co-founder echoed that he also believed that long-term survival made having a strong business foundation imperative. He spoke of the various strands to the business, including catering, open kitchen, and cooking courses as a way to diversify their market reach, while also supporting their social aim of creating jobs, enhancing employees' skills and community integration.

Challenge 2: Recruiting and developing the right people

The hybrid nature of social enterprise can make it difficult to find the right person who shares the same values and the ethos of the organization. To balance commercial and social missions, the founders recruited a Slovenian business consultant, whose role was to assist them in advertising the restaurant and strengthening business operations. According to the founder, however, this was the worst decision they ever made for the business. The consultant disregarded the company ethos and neglected their social values. This ultimately had a negative impact on the business and professional relationships with other employees by almost taking over the business and its decisions. According to the founder, at the end of 2015, the business was very close to ceasing

trading because of this issue. This led the founder to re-evaluate their approach to recruitment. They believed that this external approach was a “risky choice” for the business. They stated, “Taking somebody from outside and hoping that he will do the best thing is worthless”. Since then, new employees have been carefully engaged through trusted ‘internal’ appointments from within their target community who share the same ethos and values for social enterprise.

The company has many volunteers who help to meet the capacity demands of the business. Volunteers are mostly migrants and refugees from the global south. However, they found difficulty in hiring full-time people, not because the business could not support their employment financially, but because they wanted to remain volunteers. According to the founder, some migrants and refugees receive a financial subsidy from the Slovenian government, but once they move into official employment, they lose this grant. This monetary allowance is often more than the business can offer them in a paid position. As a result, the founder decided to retain them as volunteers, so they could continue training and gain experience without a negative impact on their financial situation. Although beneficial for the volunteers, it is not necessarily positive for the company to rely on volunteers.

The case presents examples of how employees with different backgrounds have been supported and developed to take on key roles in the operations of the business. Culture or language can be challenging for the first few months, but the founder has tried to create a supportive and mutually respectful environment with their staff. Hence, managing diverse employees is not as difficult as it could be. According to the founder, this could be entirely because they have trustworthy staff and the chef has trained well enough to take care of the kitchen. The chef supports the founder to balance the daily demands of the business. The founder commented

we can't do it [manage the business] without the chef because he is perfect for this job. And now it's very hard to do without him.

The founder described the time the chef started to lead the cooking and kitchen operations as an “aha! moment”, which helped them to focus on other aspects of the business. They spoke of how staff would previously refer to them to solve every problem, which is no longer the case. They commented, “I continue with my work. He focuses on the kitchen”, showing a degree of delegation and division of responsibilities. They would like to keep delegating to trusted employees and training them. This suggests that social entrepreneurs should think carefully before engaging volunteers, to ensure that supportive systems and processes are in place to aid retention and integration.

Challenge 3: Entrepreneurial burnout at leadership level

We detected signs of entrepreneurial burnout in our case. The founder has been multitasking and taking on numerous responsibilities in the business. For the founder, the most critical problem they faced was lack of time and admitted that they attempted to deal with too many things at once

Time is a problem because I am supposed to do more than a million things aside. So now, somebody has to keep up with our web page. Nevertheless, we do not really have time to focus on that. I am writing now a project [funding application] and I do not even sleep. For sure, there is nothing on the webpage published, (nothing about) what's going on now.

They anticipated that one of their employees could take on this role. However, it was evident that all team members already had a full workload.

Additionally, the founder found it challenging to meet the demands of their personal life and prioritize their well-being. The founders work long days, taking little time for themselves. Every day, they start at six o'clock in the morning and one is involved in every aspect of the business until it closes. This includes managing staff and volunteers, serving guests, attending to marketing, ordering, and finances. The business completely occupies their life. Moreover, it is difficult for them to draw a clear line between the business and their personal life as they started this business with their spouse, and they run the company together. They confessed that it was not always productive to work with their spouse as they kept talking about the business, even at home.

If I would write my own future in the past, I would not choose [working with my spouse]. It is harder. You can't stop thinking about it. ... [one day, their spouse was talking about the business at home], I told them 'Look, between six in the evening and nine in the morning, we don't talk about the business.' It was because kids were running everywhere and I was in the middle of cooking dinner. They came up with some topic regarding the 'Open Kitchen.

Such heavy workloads burned them out psychologically and physically. They experienced health problems and suffered from stress. As a result, they were unsure whether they could move the business forward and continue to juggle multiple demands. They told us that they would close the business next year if their stress levels became unmanageable and yet it is still open at the time of writing (September 2019). While the founder remains the central figure in the company, the integral role of key staff, such as the head chef, is starting to help to balance the demands of running such a multi-faceted business, although pressures are still high with never-ending commitments.

Challenge 4: Non-existence of business strategy

Burnout affected the founder's business decision-making process. They admitted that they could not develop a long-term strategy for their business but relied on ad hoc decisions. The founder said,

We don't really make a decision in advance so much, because we don't plan everything. Something just happens.

The founders and the team do things spontaneously, react and improvise for specific situations as they arise. They observed "at least now we know in September that we should start thinking about December". The reason they had a tentative plan for December was that they had orders for Christmas. The plan was not driven by a long-term business strategy but rather reactive to seasonal demand. They also admitted that they have been "lucky". The founder did not think this approach would present a problem in the longer term. When they explained how things had been improvised, they were dismissive of the possible negative long-term consequences, considering this approach "interesting" and "fun". They believed this was a positive and unique organizational culture, which seemed to be working for them. They regarded this as a learning experience for them and their team and believed that they learned by doing, not by thinking and planning ahead. In their words:

Because every day is something new, it's interesting. I'm the kind of person who likes working with people who really think differently, not everybody in the same way. I think this also brought something unique, because whoever comes up with some sort of idea ..., 'Oh, interesting!' 'Huh, let's try it, right?' and we do it. And if it doesn't work, it doesn't work. But we don't really kill ideas."

They considered that having a formal business plan or strategy could be detrimental to the business, which could be influenced by the negative experiences that the founder encountered when engaging with professional business support. The founder hired a full-time ‘business consultant’ who was supposed to provide a business plan, but the experience was a “living hell” They thought that specific business plans from the consultant did not fully reflect their business and help the business grow. The consultant tried to change everything according to his ideas. When they hired the marketing consultant, as discussed above, they had the same experience. Since then, they have trusted their own instincts and capabilities.

Discussion

From our findings, we show four challenges that social entrepreneurs would commonly face from several HRM perspectives: strategic, managerial, and leadership. Figure 1 presents a summary of our findings.

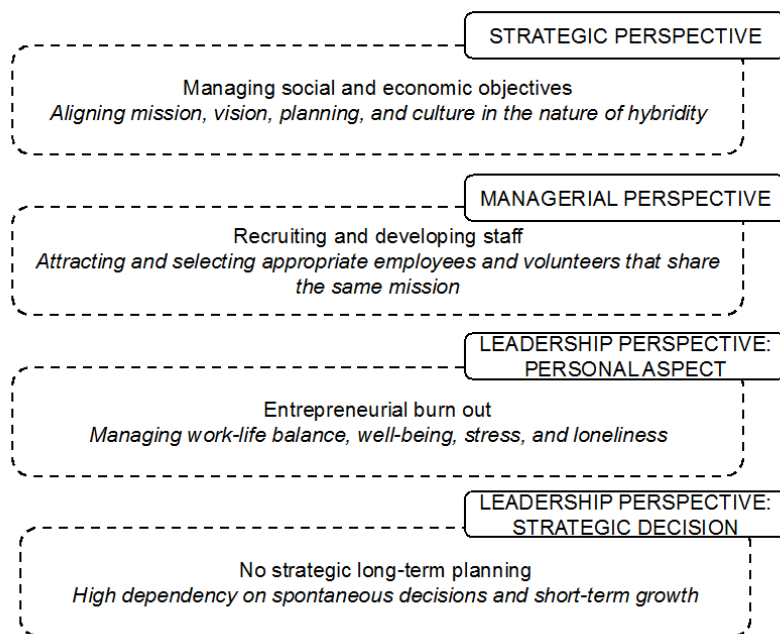


Figure 1. The Four HRM Challenges of Social Entrepreneurs

This case can be exemplary in dealing with some of the challenges, such as setting and achieving its social mission, having a financially viable business and developing resilience in the face of a range of obstacles. However, the company’s most significant challenges are managing the scope and evolution of the business in terms of long-term strategic planning. In terms of HRM, these are evident in the following two themes: a) entrepreneurial and organizational learning and b) developing the organically growing business through more structured systems and process. This entails formulating a long-term strategy for business development, paying attention to recruiting and managing people, resolving the staffing model, delegating and focusing on work/life balance and burnout prevention at leadership level.

Our findings echo the literature in pursuing dual missions (Hynes, 2009; Imperatori & Ruta, 2006). The CEO admitted that balancing both social and commercial objectives was challenging. To achieve an economic mission, alongside a social mission, social entrepreneurs should prepare a business plan, in which they specify the three core premises of successful business outcomes. However, we found that the CEO does not have a formal strategy to manage those two goals as Doherty et al. (2009) recommend. Even if scholars claim that social entrepreneurs must understand the unique underlying value of their social enterprise (Certo & Miller, 2008; Doherty et al., 2009; Bornstein, 2004) we found that it was challenging even (or maybe particularly) for a successful social entrepreneur. In practice, the founders could not develop this strategic picture, as their day-to-day life was too busy keeping their business afloat and dealing with many different tasks by themselves.

If a social entrepreneur feels they lack knowledge, competencies, and experience, it is imperative to widen their entrepreneurial team with people of complementary knowledge, competencies, and experience. Another possibility is to hire a business consultant, but as we saw in this case, attention is needed not to damage relationships and to understand the ethos of the business. Relying on people who do not understand the core mission of a social enterprise is risky since they might overlook the social aspects. If it is well articulated, it can be a unique value of a social enterprise. The literature suggests that social entrepreneurs often focus on the social dimension but they lack business skills and knowledge (Hynes, 2009). For social entrepreneurs, it is necessary to undertake an entrepreneurial approach while maintaining the social mission at the core of their values.

We found that the company considered recruiting and managing people a challenge, which they might be able to overcome through appropriate human resource development. The founder has their spouse as an active entrepreneurial and personal partner, but they need to strengthen their core team with other reliable co-workers to whom they can delegate. We saw a need for upskilling current employees to gain new knowledge, skills, and experience to better achieve the social and economic mission of their social enterprise. We also saw that the founder had begun delegating and trusting their employees, which is a prerequisite for a sound organizational culture, employee satisfaction, and entrepreneurial burnout prevention. In addition, the founder has encouraged volunteers of diverse backgrounds as a key competence, which provided a supportive and mutually respectful environment for their employees. These practices can be further developed from a human resource development perspective.

Attention should also be paid when hiring workers and a probationary period allocated before full-time employment is suggested. In addition, as the literature suggests (Peattie & Morley, 2008; Doherty et al., 2014; Badelt, 1997; O'Hara, 2001), the founders and CEO must manage full-time workers and volunteers. The dual staffing model in which employees and volunteers work together represents challenges to human resource development. This can be overcome with an appropriate approach, i.e. ensuring supporting systems and processes to retain and integrate both valuable staff groups in one social enterprise. Such models can alleviate the internal shortage of knowledge, skills, workforce, and money for wages (Salamon et al., 2003). In Slovenia, wages are relatively highly charged with taxes and duties.

Finally, our findings show that the founder is heading for entrepreneurial burnout because of their high work overload and minimal rest. This is typically found in social entrepreneurs in the existing studies as they lack a commercial or business background and are overwhelmed by the

day-to-day operations of their business. It is a recurring issue in social, as well as commercial, entrepreneurs (Guclu et al., 2002; Blair-Loy & Jacobs, 2003; Buzzanell & Liu, 2005). Taking on several tasks and roles is usual for entrepreneurs (Douglas & Shepherd, 2000), but after the initial phase of the entrepreneurial venture, some roles and tasks must be delegated to competent team members, employees, and outside partners. For long-term efficient firm development and growth, we suggest (social) entrepreneurs delegate tasks in order to avoid burnout. From an HRM perspective, The founder should invest in training for their employees and have greater confidence in the entrepreneurial team members. This may also provide the employees with an opportunity to develop their own skills with responsibilities. In turn, it would enable them to ensure their work-life balance (Valcour, 2007). We found this virtuous circle from the case as the founder developed trusty key employees and gave them their own responsibilities. Moreover, subjective well-being has been proven to be a key to success in entrepreneurship (Uy, Sun, & Foo, 2017). Assuring their own subjective well-being to avoid burnout can be an important HRM issue at the entrepreneurial level to sustain the business and develop entrepreneurial team members in the long term.

Implications for practice

The practical implications of our research are of interest to practising and aspiring social entrepreneurs. They will also concern policymakers interested in shaping an environment of support for the social entrepreneurship sector. HRM practitioners and scholars will find useful examples in our work. We found that social enterprises — and in this case specifically — lack a strategic orientation (Bornstein, 2004; Doherty et al., 2009). This leads us to suggest that social entrepreneurs set a mission and vision for their business and set specific goals in the short, medium, and long term. They should spend time and consideration on creating a strategy. From the analysis of *this case*, we suggest social entrepreneurs make a business plan or a business model canvas (Osterwalder & Pigneur, 2010). They could use methods such as design thinking (Brown, 2008) or lean start-up (Reis, 2011) to understand their core position and direction. They should identify a sound, viable mission, clear purpose, and set goals with achievable success criteria. We suggest that social entrepreneurs regularly evaluate their progress towards these goals. Where necessary, goals can be divided into smaller, measurable tasks. In so doing, they can understand better what is to be done and how to accomplish each task in the social and economic sense. Policymakers, experts, and scholars should design tailored courses and seminars to aid social entrepreneurs in constructing such documents and discuss good and bad practices with participants at such sessions. We saw in this case that luck played a part in the survival of the project and business, but in the long term, much more strategic orientation should be undertaken. Also, social enterprises should embrace an entrepreneurial orientation alongside their social mission.

Another practical implication stemming from our research deals with knowledge and skills that social entrepreneurs currently possess and transfer to their staff. If entrepreneurs lack business knowledge and skills, we suggest taking some business and entrepreneurship-oriented courses, seminars or MOOCs, study relevant literature or ask for advice from reliable consultants. Some social entrepreneurs might find useful turning to consultants from 180DC (180 Degrees Consulting, 2019), an organization in which university students help non-profit and social enterprises receive support and expertise to improve and expand their services (180 Degrees Consulting, 2019). Moreover, HRM issues play significant challenges in social enterprises. Therefore, talent acquisition, recruitment, staffing models, staff retention and upskilling should

be discussed deeply in seminars, conferences, and other meetings where social entrepreneurs and HRM experts come together.

Finally, we saw that social entrepreneurs rely on a trial-and-error methodology to tackle social and business issues. Although entrepreneurs are inclined to try several times before achieving the intended result, we must warn them that after each iteration, they should take some time to reflect on any outcomes and evaluate their experiences. Entrepreneurial and organizational learning is a key HRM determinant that should be considered. The literature suggests that there is no learning and gaining new knowledge without a cognitive reflection (i.e. making sense of their decisions and ways of doing business) of that outcome or experience (Aldrich & Yang, 2014; Kolb, 2014; Politis, 2005).

Conclusion

In this paper, we uncovered four HRM challenges in the social enterprise we studied, a restaurant/catering company in Ljubljana supporting the employment of economic migrants who live in Slovenia. The four challenges are: managing the hybrid nature of social enterprises, recruiting and developing right people, avoiding burnout at the leadership level and having a core business strategy. Based on the challenges stemming from practice and the on-going debate in the scholarly literature we propose future research opportunities in the following areas. First, researchers could investigate personality-related (e.g. lack of knowledge, risk tolerance, improvisation, and heuristics), firm-related (e.g. size, history, organizational complexity, and capacity) and environment-related (e.g. industry, competition, dynamism, and technological turbulence) factors that hinder social enterprises from taking time to think or re-think about their core business propositions and strategy. Researchers should also investigate the occurrence and development of dynamic organizational capabilities within social enterprises and suggest ways to nurture them in the long run. Organizational learning is a core premise of the development of firms and could be investigated further also in the context of HRM issues in social entrepreneurs since there are several cohorts of staff (i.e. leaders, employees, and volunteers) that need proper recruitment, training, and upskilling.

Our findings have important implications for social entrepreneurship research and offer rich future research opportunities. First, we find that the absence of strategy, clear mission, purpose, and goals are the core shortcoming in social enterprises (Bornstein, 2004; Doherty et al., 2009). Therefore, scholars in social entrepreneurship could dig deeper into the occurrence and antecedents of this challenge. By uncovering the reasons behind the absence of the core business premises, we will be in a better position to tailor educational programmes for social entrepreneurs.

Due to the nature of hybridity in their businesses, social entrepreneurs may feel more lost and lonely as they cannot entirely belong to the social sector or the business sector, but they juggle two motivations. Hence, social entrepreneurs can be likely to feel lonely even if they are quite motivated by their own values. However, we do not know much about how such value-driven leadership of social entrepreneurs can be influenced by conflicting motivations, burnout, and emotional defects.

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