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MASTER THESIS

DVIPUSĖ SĄVEIKA TARP APLINKOSAUGOS, SOCIALINĖS ATSAKOMYBĖS IR VALDYSENOS PRAKTIKŲ BEI STRATEGIJŲ BALTIJOS ŠALIŲ SOCIALINIUOSE VERSLUOSE	BIDIRECTIONAL RELATIONSHIP BETWEEN ENVIRONMENTAL, SOCIAL, GOVERNANCE PRACTICES AND STRATEGIES IN BALTIC SOCIAL BUSINESSES

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INTRODUCTION

In recent years, Environmental, Social, and Governance (ESG) considerations have evolved from niche criteria to central organizing logic shaping how businesses are evaluated, governed, and held accountable (Barbosa, da Silva, da Silva, Morioka, de Souza, 2024). These shifts have substantial implications not only for large entities but also for small and medium enterprises (SMEs), including social businesses. While the ESG framework is increasingly institutionalized in policy, investment, and operational landscapes across the European Union and globally, it has not embedded itself as such within social enterprises, leaving this area underexplored. In the social business environment, ESG terminology is often unfamiliar or irrelevant, and sustainability is incorporated rather tacitly. In the Baltics, described as social entrepreneurship and innovation ecosystem (SEIE) by such empiric publications as European Social Enterprise Monitor, or ESEM, (Lithuanian Social Business Association (LiSVA), 2024b), social businesses tend to operate as micro, small, and medium-sized entities with limited resources and lack formal structures; thus, the role of ESG remains particularly ambiguous.

While social businesses often encompass sustainability values within their mission and everyday activity, their relationship to ESG remains largely informal and under-theorized. Due to their scale, context, and impact-forward orientation, these enterprises are frequently excluded from mainstream ESG reporting and strategic considerations. This presents a conceptual and empirical gap: as ESG becomes increasingly standardized and codified, how does it manifest in enterprises that were in the periphery of ESG conceptualization?

Traditionally, social businesses' operational and strategic aspects were understood as spaces for creative organizing, a perspective that emphasizes relational, value-driven, and contextually adaptive processes of organizing (Johannisson, 2018). However, the growing influence of ESG goals and frameworks raises questions about whether this legacy perspective sufficiently captures the evolving realities of these enterprises. There is a need to understand whether and how ESG logics are interpreted, systemized, enacted, or even resisted by social businesses in their everyday operations.

This thesis builds on this theoretical tension, bringing together creative organizing as a legacy framework with more recent practice-based approach of Entrepreneurship-as-Practice (EaP). Entrepreneurship-as-Practice, as a practice-forward perspective, focuses on bottom-up change from within the organization and shifts the analytical lens from organizations as static fields to sites of activity, where strategy, governance, and operational framing unfold through everyday practices.

When discussing EaP in small businesses, Zebryte (2024) establishes 'organizing practices' – routinized actions and interactions through which businesses make and enact decisions. Organizing practices manifest in teleoaffective ecosystems, also referred to as sites, contexts, or fields in various academic works, landscapes with normative expectations, in which practitioners exist and interact (Schatzki, 2002; Zebryte, 2024). Combined with broader elements of Practice Theory and a well-documented perspective of creative organizing, EaP provides a wide, multi-level theoretical framing for empirical research. In this study, daily practices and strategizing practices are viewed as a field for ESG considerations to manifest, whether deliberately or spontaneously (Antonacopoulou and Fuller, 2020). This research places emphasis on the variety and bidirectionality of relationships between ESG and practices: not only how ESG considerations shape strategic and operational realities, but also how the daily and strategic practices of social businesses interpret, adapt, or resist ESG logics, positioning various practices as both recipients and agents of ESG efforts. By observing and examining how ESG dimensions emerge through daily actions and strategizing efforts of social business practitioners in the Baltic region, **this thesis aims** to develop a grounded, context-sensitive understanding of how ESG considerations are understood and practiced in an ecosystem that never formally integrated this framework. The research question is formulated as follows: **How do social businesses' daily and strategic practices, manifesting in an emerging social entrepreneurship and innovation ecosystem (SEIE), such as the Baltics, relate to the Environmental, Social and Governance (ESG) considerations?**

Research sub-questions are established as follows:

1. How do ESG considerations influence daily and strategic practices of social businesses?
2. How do practices reshape interpretation of ESG by social businesses?
3. How does the Baltic SEIE shape the enactment of ESG considerations?

To achieve the aim of this thesis, this study pursues the following **objectives**:

1. Perform a literature review and synthesize the findings around the bidirectional relationship of ESG considerations emerging in daily strategies and practices in social businesses.
2. Identify the ways in which ESG considerations manifest in daily practices and strategies of social businesses in the Baltics.
3. Analyze relationships between ESG considerations, and daily practices and strategies deployed within the broader context of Baltic SEIE.

4. Develop a theoretical model that illustrates the interplay between ESG considerations and daily and strategic practices in Baltic social businesses.
5. Craft actionable insights to support social businesses in aligning their practices and strategic priorities with ESG values in context-sensitive ways.

This study adopts an open and emerging qualitative, exploratory research design, grounded in interpretivist epistemology and constructivist ontology. Empirical data were collected through **semi-structured interviews** with founders, co-founders, or top-level managers of social businesses operating in Lithuania, Latvia, and Estonia. In total, 21 interviews were conducted in English or Lithuanian, recorded, transcribed, and analyzed using a **Constructivist Grounded Theory Analysis** approach (Charmaz, 2006; 2014). This methodology enables theory development grounded in empirical material while remaining sensitive to context, meaning, and practice.

The thesis is structured as follows: **Chapter 1** presents a review of scientific literature on ESG, social businesses, and practice-based theoretical perspectives. **Chapter 2** outlines the research methodology, including research design, empirical setting, data collection, analytical procedures, and ethical considerations. **Chapter 3** presents the empirical findings and analysis, structured around emergent themes and categories. **Conclusions, Contributions, and Recommendations** discusses the findings, introduces the theoretical model developed in the study, and outlines theoretical contributions, practical implications, and directions for future research.

The study is subject to several **limitations**. Due to its qualitative and exploratory nature, the findings are not intended to be statistically generalizable across all social businesses in the Baltic region. The analysis reflects leader-positioned interpretations of practice and is based on one-off interviews rather than prolonged observation. Language differences and translation may have influenced the articulation of certain concepts. These limitations are addressed through methodological transparency, reflexive analysis, and careful contextualization of findings.

1. THEORETICAL GROUNDING OF PRACTICES AND ESG

To better situate and contextualize the research, a structured critical literature review is conducted in this section. The aim of this review is to explore existing academic literature to gain insight into how Entrepreneurship-as-Practice and other practice-based perspectives inform the understanding of ESG enactment in social business and how it translates into emerging ecosystems, such as the Baltics. It also aims to identify tensions and underexplored areas in the meeting point of practice-based entrepreneurship and ESG in social enterprises, especially in contexts like the Baltics.

Entrepreneurship-as-practice, as the central literature stream guiding this review, aligns with the theoretical lens of this research, emphasizing the practice-based view of actions and decisions made by entrepreneurs and various other social business actors, avoiding the narrow focus on outcomes only. Entrepreneurship-as-Practice stems from Practice Theory, as do related perspectives such as Intrapreneurship-as-Practice and Strategy-as-Practice, and the literature stream will be extended to include these additional theoretical lenses where appropriate, ensuring a rigorous literature review.

This literature stream also aligns well with the Constructivist Grounded Theory Analysis method and interpretive research philosophy adopted in this research. The research question "How do organizing practices and strategies of social businesses relate to the Environmental, Social and Governance considerations manifesting in an emerging SEIE, such as the Baltics?" calls for a practice-forward theoretical foundation, paying attention to the daily enactment of ESG elements through organizing practices and strategies, thus the choice of Entrepreneurship-as-Practice is a well-suited literature stream.

This review draws primarily on seminal theoretical works and peer-reviewed journal articles, including empirical studies. It is structured as follows: first, practice-based perspectives are examined, focusing on Entrepreneurship-as-Practice. Second, the academic view of social enterprises as practice-based organizations is investigated. This is followed by discussion on enacted ESG considerations in social businesses and SMEs. Finally, the review consolidates theoretical insights to establish the grounding for this thesis and justify its original contribution to the field.

1.1 Practice Turn in Entrepreneurship and Business Management Studies

While this literature review primarily draws on academic contributions within the Entrepreneurship-as-Practice (EaP) stream, it is essential to first explore its conceptual foundation in

Practice Theory (PT), as well as examine related practice-based perspectives, such as Intrapreneurship-as-Practice (IaP), Strategy-as-Practice (SaP), and Creative Organizing, particularly as articulated by Johannisson. These adjacent theoretical frameworks not only help to situate EaP more comprehensively but also provide valuable conceptual grounding for the empirical investigation that follows, particularly when examining how strategic positioning and decision-making are enacted through daily practices. This sub-section begins with a discussion of PT, followed by a review of EaP, then moves to Creative Organizing, and finally introduces other relevant practice-based approaches.

1.1.1 Practice Theory

Practice Theory (PT) provides the foundational philosophical and conceptual groundwork for practice-based perspectives in entrepreneurship. Originating in sociology and philosophy, PT shifts the analytical lens from individual traits or institutional structures to the *doings* and *sayings* of everyday life. It places emphasis on the routinized, materially mediated, and socially shared nature of practices. Key scholars such as Giddens (1982), Schatzki (2002), and Reckwitz (2002) have contributed to establishing PT as an approach that understands social phenomena through what people's actions are in a particular context, rather than through abstract systems or isolated individual agency.

Giddens (1982) introduced the idea that social systems are both social systems are both constituted by practices and constitutive of them: individuals draw on structures in their actions, and these actions simultaneously reproduce or modify the structures. Giddens (1982) challenged both the overly structured view of people as operating parts of systems, following predisposed social norms, and the idealist nature of subjectivist view in which every individual has total agency over their own actions, acting seemingly without any impact on society at large. As Giddens (1982) explains, "'social forces' are always nothing more and nothing less than mixes of intended and unintended consequences of action undertaken in specifiable contexts." This position brings forth the importance of the nexus between the structure and actors in that structure and establishes the bidirectionality of the relationship between the two.

Reckwitz (2002) succinctly defines Practice Theory as a cultural theory, and, similarly to Giddens (1982), states that PT rejects the essentialism of both 'homo economicus' and 'homo sociologicus'. Reckwitz describes a practice as "a routinized type of behavior which consists of several elements, interconnected to one another: forms of bodily activities, forms of mental activities, 'things' and their use, a background knowledge" (2002, p. 249). This corresponds to seminal understandings of PT that include repetition or routines, actions, thinking and communication, *things* or tools, and contextual impact. Among other things, Reckwitz (2002) points out the distinction between *praxis* - a single instance of action, and *practice* as an organized collection of actions, tools, and meanings, highlighting that the main unit in PT field is the practice as a plurality of actions, tools and background.

Similarly, Schatzki, Knorr Cetina, and von Savigny (2001) view practices as not only actions and communications but additionally their organization via “a pool of understandings, a set of rules, and a teleoaffective structure” (Schatzki et al., 2001, p. 74); that is, orientations toward ends, emotions, and normative expectations. Rather than focusing on discrete behaviors or individual intentions, Practice Theory redirects attention to the ongoing, situated performance of socially shared doings and sayings. Additionally, Schatzki et al. directs the discussion towards sites or social life in which practices occur, highlighting that this social context is affected by practices but, just as importantly, it enables actors to establish, continue, or change these practices (2001). This is one of many ways to define what is empirically understood as an ecosystem, a collection of contextual considerations and allowances that interact with practices.

This ontological shift from one-dimensional understandings of action to a more complex lens of Practice Theory has influenced the Entrepreneurship-as-Practice (EaP) literature stream, which reframes entrepreneurship as a process and a socially embedded phenomenon. Drawing from Schatzki's foundational work, EaP scholars conceptualize entrepreneurship not as an event or a set of personality traits, but as bundles of practices through which entrepreneurial activity is enacted (Thompson, Verduijn, Gartner, 2020). Practices such as ideating, pitching, networking, and negotiating are not isolated acts but part of organized patterns of action, or ‘organizing practices’ (Zebryte, 2024), that are shaped by and influence their surrounding institutional, cultural, and material ecosystems.

PT is particularly valuable in studying contexts like social businesses, where formalized strategies, roles, and hierarchies are often absent or emerging. In these areas, organizing takes place not through abstract planning but through everyday activities: meetings, emails, negotiations, improvisations, and informal strategizing. In summary, Practice Theory provides theoretical foundations for practice-based views and enables a lens to perceive entrepreneurship as constituted through practices, dynamic, context-sensitive, and materially embedded. This perspective is key for understanding Entrepreneurship-as-Practice, which will be discussed in the following sub-section.

1.1.2 Entrepreneurship-as-Practice

Entrepreneurship-as-Practice (EaP) is a literature stream within entrepreneurship studies that reconceptualizes entrepreneurship not as a set of traits or a role that an individual possesses to produce an organizational outcome (usually assumed as establishment of a new business or project), but as an emergent and situated set of practices. EaP shifts the analytical focus from the entrepreneur as a heroic agent toward the everyday actions and activities through which entrepreneuring is formed, maintained, and transformed. This practice-based approach finds its philosophical grounding in the broader Practice Theory, especially in the works of Giddens (1982), Schatzki (2002), and Reckwitz (2002), and has emerged as a distinct and theoretically conceptualized field of inquiry over the past two decades.

Essentially, EaP posits that entrepreneurship takes shape through bundles of practices that are socially organized, materially mediated, and embodied routines that make up entrepreneurial doing (Champenois, Lefebvre, Ronteau, 2020). These practices can include pitching, networking, fundraising, brainstorming, strategizing, product development, and other everyday actions that form the core of entrepreneurship. By attending to these practices, researchers can move beyond individualistic and structural explanations (*homo economicus* and *homo sociologicus*) to understand how entrepreneurial phenomena are enacted in specific contexts.

Champenois et al. (2020), in their systematic literature review of the field, note that EaP is still a "nascent but fast-evolving" research community, characterized by an increasing number of empirical studies, theoretical contributions, and dedicated conference tracks. Authors (2020) identify several key features of academic EaP field: first, the rejection of trait-based or outcome-centric definitions of entrepreneurship, shifting the focus towards bundled practices, which they suggest can follow two broad paths of research: investigating bundles of doings and sayings in a specific context or examining relations between these bundles and trying to connect them to structured practices. Provided that this thesis studies the relationship between ESG considerations—a highly systemized and established framework—and organizing practices and strategies of social businesses that are mostly resource-bound and unstructured, this call for empirical research situates the thesis as a novel idea that is worthy of exploration. The second feature synthesized in systemic literature review by Champenois et al. (2020) is the fact that the plethora of EaP perspectives establishes entrepreneuring practice as an attractive empirical or theoretical unit of analysis, ready to be applied to various sectors, geographies and social contexts. Third, as a practice-forward theory, EaP encourages researchers to do “research close to where things happen” (Steyaert and Landstrom, 2011), providing bountiful context and enhancing generalizability of EaP findings. Finally, Champenois et al. (2020) defines EaP field by noting that the research focus is shifting towards a “multiple-practitioner perspective” that explores entrepreneuring efforts in an ecosystem rather than on an individual level, this way broadening the definition of entrepreneur to include support systems, investors, educators, or students. This consideration is essential to social businesses that often operate on a small scale, have highly integrated team members who rely heavily on collaboration, where entrepreneurship can be witnessed in any organizational role. While still serving as an academic field, EaP is increasingly used to examine contexts where entrepreneurship is collective, ambiguous, or emerging. These insights provide a view of possible future research paths and, arguably more importantly, they serve as revelations of what has been and is relevant to the field. As Gartner, Stam, Thompson, and Verduyn (2016) argue, entrepreneurship is organizing, and thus to understand how social businesses operate, one must understand how they organize through daily practices.

A central concept in EaP literature is ‘organizing practices.’ Although there is no unified term for this concept, sometimes it is called praxis, practices, bundles of practices, or doings and sayings by different scholars, the meaning itself remains broadly consistent, referring to the micro-level activities through which entrepreneurs mobilize resources, create meaning, and negotiate constraints. These practices are not merely functional but are saturated with emotional, symbolic, and strategic significance. In this way, EaP is deeply aligned with the ontological and epistemological commitments of this research: it treats entrepreneurship as socially constructed, context-bound, and enacted through daily life, staying true to the interpretivist philosophy.

Importantly, EaP scholarship is aware of the messiness and informality of entrepreneurship efforts. Johannisson (2018) develops this further in his discussion of creative organizing, a related lens that sees entrepreneuring as emergent, improvised, and situated in everyday life situations. Johannisson’s views are further examined in the next sub-section. Nevertheless, similar beliefs are held by other EaP scholars, such as Hjorth (2005), who links entrepreneurship to creativity and calls for *space for play* in organizations as a tool to encourage corporate problem solving and unconventional thinking in general.

Furthermore, EaP scholars have been particularly attuned to the material and spatial aspects of entrepreneuring. For example, Antonacopoulou, as quoted by Antonacopoulou and Fueller (2020), defined organizing practices as “deliberate, habitual and spontaneous repetition” (p. 257) but saw an avenue to enhance this lens by introducing *emplacement*, a material and sensory situatedness of entrepreneurial efforts. This highlights a fundamental component of Entrepreneurship-as-Practice: practices do not exist in an empty space; they are situated in time, place, body, and emotion. Based on the theorizing of Antonacopoulou and Fuller (2020), an interpretative approach to this empirical research seems very appropriate as it is able to capture emplacement; or, to put it another way, to situate primary data within the specific context.

The literature also recognizes that entrepreneurship practices are not value neutral. Teague, Tunstall, Champenois and Gartner (2021) stress that practices carry implicit assumptions, cultural meanings, and power dynamics, especially when dealing with perceptions of potential investors and other market actors. This is especially relevant for social businesses, where practices are shaped by ethical considerations, social logic, and are driven by mission, not just market drivers. By placing emphasis on practice, EaP opens up the space for investigation on how values like sustainability or inclusion are enacted or resisted through organizing practices. Teague et al. (2021) reestablishes the importance of the social life, arguing that it is crucial to ground EaP in material and bodily settings as these are a way for entrepreneurship to be enacted. Similarly to Champenois et al. (2020), Teague et al. (2021) invites EaP scholars to dive deep into the realities of the research site and to be present to witness the entrepreneuring practices in action, highlighting the role of the researcher as a practitioner themselves.

This theoretical lens is particularly useful in the Baltic context. As emerging ecosystems characterized by institutional uncertainty, low levels of formalization, and hybrid organizational forms, Baltic social enterprises are shaped less by systemic frameworks and more by an ad hoc, improvisational, and situated practices of their leaders and teams. Entrepreneurship-as-Practice offers the conceptual flexibility to explore these dynamics without forcing them into rigid categories.

In summary, Entrepreneurship-as-Practice reframes entrepreneurship as a context-sensitive, materially and socially organized process enacted through bundles of everyday practices. It complements the foundations of Practice Theory while providing a focused, empirically valid lens for exploring entrepreneurship efforts in social businesses. However, the lacking academic coverage of EaP results in fractured frameworks, lack of meaningful empirical conclusions, and, generally, challenges in generalizability of the findings. In the context of this thesis, EaP provides a theoretical foundation that is well-suited for examining how ESG considerations are interpreted, enacted, and resisted through organizing practices within the Baltic Social Entrepreneurship and Innovation

Ecosystem. The next section covers other related but distinct practice-based frameworks, including Creative Organizing, Strategy-as-Practice and Intrapreneurship-as-Practice to provide a more holistic view of the nuanced dynamics of organizing practices.

1.1.3 Strategy-as-Practice and Other Practice-Based Perspectives

To enrich the main literature stream of Entrepreneurship-as-Practice, this sub-section introduces complementary perspectives that, similarly to EaP, build upon Practice Theory. Exploring how practices are enacted beyond entrepreneurship facilitates a deeper understanding of this thesis's underlying problem - social businesses are highly unstructured and operate in an emerging ecosystem. Thus, additional lenses are brought about to help navigate the research site and empirical analysis. First, Johannisson's Creative organizing is discussed as a long-standing approach to understanding how social businesses are structured. Then, Intrapreneurship-as-Practice (IaP) is examined, providing a lens to interpret initiatives and entrepreneurship as sets of practices within an organization. Lastly, Strategy-as-Practice (SaP) is considered to better situate strategic thinking and organizing strategies in the practice-forward theoretical grounding of this research.

One of the most distinctive approaches to practice-based entrepreneurship research is brought forward by Bengt Johannisson, whose work on **creative organizing** presents an alternative yet complementary view to mainstream EaP literature. While Johannisson does not tie his theoretical work directly with the typology of Practice Theory as laid out by Schatzki (2002) or Reckwitz (2002), his work is undeniably rooted in the ideology of PT, particularly its emphasis on actors, routinized practices, and contextual importance.

In his seminal piece *Towards a Practice Theory of Entrepreneuring* (2011), Johannisson advances the idea that entrepreneurship should be understood primarily as organizing rather than as opportunity exploitation or venture creation. He emphasizes that entrepreneurs do not act in isolation but engage in ongoing negotiations within their contexts, shaping relationships, resources, and symbolic meanings through daily organizing practices. Johannisson (2011) highlights the significance of imagination, improvisation, and tacit knowledge when it comes to entrepreneurship manifestation. The author states that "everyday life actually is a flow of disturbances" (2011, p. 137) and criticizes academics for ignoring—and even hiding—this chaos to fit their empirical and theoretical findings into the field of entrepreneurship. In this article Johannisson (2011) synthesizes several features of entrepreneuring, including (1) systemic strategy as a non-viable option because of constant change and creative intuitive responses to disturbances; (2) analogizing—translating others' experience and creatively contributing to it - as an essential tool for continuous improvement in resource-bound environment, or what might also be called bricolage.

In *Disclosing Everyday Practices Constituting Social Entrepreneuring* (2018), Johannisson further develops his perspective by exploring how social entrepreneurship in resource-scarce environments is performed through necessity effectuation: a form of organizing that, similarly to his earlier works, is improvisational but also responsive to local constraints and community needs. Here, creative organizing emerges as a response to ambiguity and poor institutionalization. Creative organizing is inherently chaotic to facilitate the constant tension between social mission and financial survival (Johannisson, 2018). His notion of creative organizing emphasizes the significance of tacit knowledge, collaboration, and non-linear strategizing in contexts where formal strategy, structure, and frameworks may be absent or hard to come by.

Considered in tandem with EaP, Johannisson's work reinforces the idea that entrepreneurship is not only about creating ventures but also about making do with what is available and sustaining purpose in often unstable or evolving environments. This unveils a theoretical and empirical tension explored in this research: is entrepreneurship in social businesses unstructured and completely improvisational, or is it routinized and situated via organizing practices? In the context of this research, Johannisson's views offer alternative conceptual grounding for interpreting how organizing practices in Baltic social enterprises enact, adapt to, or resist ESG considerations.

When it comes to innovation and leadership in social enterprises, often employing flat organizational structures, it is essential to consider not only entrepreneurship but also intrapreneurship - the act of initiating and implementing change from within existing organizational structures (Hernandez-Perlines, Ariza-Montes, Blanco-Gonzalez-Tejero, 2022). From a practice-based perspective, Intrapreneurship-as-Practice (IaP) can enhance Entrepreneurship-as-Practice by drawing attention to bottom-up initiatives within established systems, emphasizing the importance of routinization, context, and situated action (Gawke et al., 2019).

Gawke et al. (2019) discuss *personal initiatives* – a type of behavior that employees involve themselves in without being formally assigned to them or even permitted to do so. In this sense, intrapreneurship can be expected in emerging ecosystems, where institutional systems are in place yet still developing, to advance by deprioritizing some formalities. When it comes to social enterprises, unified impact-first direction and small team structures enhance the importance of intrapreneurship even more, situating IaP as a necessary consideration in this research.

Intrapreneurship is often discussed in the context of government institutions; for example, Kraus, Breier, Jones, and Hughes (2019), when talking about the public sector, underscore the difference between exploration and exploitation of opportunities, arguing that while entrepreneurs are prone to risk-taking and value maximization, intrapreneurs tend to search for an opportunity that fits the organization logic rather than challenging it. IaP is an asset for a well-rounded understanding of how Baltic social business functions through partnerships, strategic workarounds, and how bottom-up initiatives that constitute organizing practices.

Practice-based theories broaden the definition of what shapes practices and what can be defined by them. The final theory of this section contextualizes strategic thinking, positioning and decision making by turning to strategy. **Strategy-as-Practice** (SaP) marks a practice turn in strategy research, moving away from top-down strategic planning to micro-level doings and sayings that guide strategic direction (Whittington, 2006). Thus, the understanding of strategy is shifted from a static product to a dynamic and often social activity, materially and contextually situated, enacted through routines and conversations. This position is affirmed by Vaara and Whittington (2012) who argue that *strategy-making* happens through everyday activities, not by procedural planning; even though it can promote tangible change.

Jarzabkowski (2004) establishes strategy as a recursive and dynamic practice, shaped through the ongoing interplay of micro-level activities (social life of an organization) and macro-level contexts (industry practices, institutionalization). Strategy is enacted both through explicit mechanisms, such as meetings, documents, and financial indicators, and through tacit dimensions like organizational rhetoric, everyday communication, and interpretive framing. These seemingly mundane activities form part of what Jarzabkowski (2004) calls *practices-in-use*, where strategizing happens through socially situated actions rather than formal analysis. Essentially, organizations do not *have* strategies but rather hold tools, either tacit or explicit, to practice strategizing, through which these tools are refined. This duality of the visible and invisible elements of strategizing directly informs decision-making, especially in settings like social businesses where formal structures may be weak and strategic choices rely heavily on context-sensitive judgments rooted in shared practices.

In summary, this literature review section has traced the theoretical grounding of this research in practice-based views, beginning with foundational Practice Theory, focusing its application on Entrepreneurship-as-Practice, and supplementing it with intrapreneurship, creative organizing, and strategic decision-making. Collectively, these perspectives center the significance of everyday activities, situated contexts, and material enactments in shaping entrepreneurial and organizational realities. By emphasizing routinized practices, these frameworks provide a cohesive lens for examining how social businesses in the Baltics navigate complex realities, such as balancing mission and survival and engaging with ESG principles, through their organizing practices and strategizing efforts. This practice-forward orientation now serves as a foundation for examining social businesses as practice-based organizations.

1.2 Social Businesses as Practice-based Organizations

To better understand how ESG considerations manifest in social businesses, it is crucial to first examine how these organizations operate through the lens of practice. Social businesses are not merely defined by their hybrid legal forms or social missions, but by how they organize, act, and adapt in various everyday contexts. These organizations often emerge in ambiguous institutional environments, with limited formal structures, scarce resources, and conflicting logics between social impact and financial sustainability. A practice-based perspective shifts the focus of this thesis from normative surface-level definitions to a closer inspection of how social businesses function in reality - through routines and organizing practices. This is particularly relevant in the context of the Baltic region, where social entrepreneurship ecosystems are still emerging and institutional support is fractured. By bringing forward daily actions and informal strategic mechanisms, this section explores how social businesses enact their mission, manage tensions, and structure organizing processes in practice. The structure of this sub-section is as follows: first, ways of social mission enactment are investigated, placing the emphasis on entrepreneurial practices. Second, tensions between mission, organizational survival, and social impact are examined. This sub-section is finalized with an exploration of informal governance, strategy- and decision-making practices.

1.2.1 Social Mission and Impact as Practice

In social business, mission can be perceived as the main driver in structuring the organizational operations and overall organizational structure. Nevertheless, a practice-based approach reveals a more complex nature of social mission. Bruder (2025) highlights the fact that the mission is continuously reaffirmed through organizing practices and employs the concept of *mission drift*: a sustained and directional change in the social mission, sometimes resulting in divergence from the initial purpose of the social business. The author argues that this change is facilitated, either deliberately or not, by *practice drift*, which is described as often unnoticed and undesired shift in organizing and material practices (2025). However, it could be argued that this drift does not have to carry a negative notion: these practice shifts could result in encompassing of other, supplementary missions; for example, a social enterprise with the central mission of employing marginalized groups could start a rigorous recycling program. However, this change can only happen through practices - either *doings*, like employees starting to recycle some waste at home, then gradually moving the practice to their organization, or *sayings*, which might include informal conversations or personal initiatives.

The way in which a social mission is embedded in and transformed through practice is shaped by how that mission is interpreted within the organization. Panda (2023), in a study of Non-Governmental Organizations (NGOs) and their engagement with grant-related practices, underscores the significance of *consensus building*. In this context, consensus building refers to the ongoing meetings, conversations, and tacit knowledge exchanges that collectively shape organizational understanding of which grant opportunities are appropriate to pursue. Although not all social businesses operate identically to NGOs, many rely on grants and subsidies, and similarly depend on shared interpretations of the social mission. These interpretations play a crucial role in constructing the organizational context within which employees perform everyday organizing practices; a mission of enhancing community engagement could be interpreted in a variety of ways, from hiring practices, to healthcare initiatives, to any element that an individual actor in an ecosystem considers as part of 'community'. Organizing practices and strategic efforts bound and shape this understanding in social businesses.

Not unlike the mission, social impact is enacted via practices. Cavalcanti (2021) examines how social change in NGOs is enacted through constant action and adaptation, not by the existence of social mission or desired change. There's an essential dissonance in social entrepreneurship, as highlighted by the author (2021): the pursuit of social impact to better the society is never ending, while the ultimate goals of social entrepreneurs is a world—in fairness, a utopian one—in which no one needs help and equality and equity are at their peak. Cavalcanti (2021) states:

> It is important to highlight that being processual seems to be the very nature of SE, as their goals are never fully realized, mainly because this realization would mean that these organizations would be no longer necessary. Still, participants in this study were aware that in their "ideal" world, their work would not be necessary. (p. 180)

Additionally, Cavalcanti (2021) suggests that another key element of social impact is continuous engagement with current and potential stakeholders, some of which can be antagonistic. The collaborations and partnerships are described as intuitive and based on faith in mutual belief of social causes rather than rational thinking or tangible benefit. This shareholder engagement is inevitably continuous and cyclical, based on routines and constructed by changing contextual clues. Cavalcanti (2021) also examines the importance of flat organizational structures in social businesses and how they enable entrepreneurial aspects within the organization. This notion coincides with Intrapreneurship-as-Practice and *multiple-practitioner* concept in Entrepreneurship-as-Practice, both covered in the previous sections of this literature review. Essentially, an organizational structure, which minimizes hierarchical power and top-to-bottom entrepreneurship, empowers employees to consider new venues and practices, enhances involvement in decision-making and broadens avenues for social impact to be enacted.

In sum, a practice-based perspective reveals the dynamic and context-sensitive nature of how social mission and impact are enacted within social businesses. Rather than being static or top-down directives, both mission and impact are continuously shaped, adapted, and expanded through everyday organizing practices. These processes are embedded in the lived realities of practitioners and influenced by the organizational structures that enable or constrain initiative and decision-making. Thus, mission and impact in social businesses must be understood not only as intentions or outcomes, but as continuously constructed through socially shared practices.

1.2.2 Balancing Mission and Market: Tensions in Practice

Social businesses operate at the intersection of purpose and pragmatism. While their core mission is grounded in generating social value, the realities of organizational survival, such as securing funding, ensuring operational continuity, and maintaining stakeholder engagement, inevitably introduce tensions between idealistic goals and market-based demands. A practice-based perspective enables a close examination of how these tensions are navigated in daily activities, routines, and decisions, rather than in abstract strategic plans. Rather than assuming a static balance, this view highlights how social entrepreneurs and team members continuously negotiate and refine priorities as part of their organizing practices. This section explores how these competing logics interact in practice, shaping the ways social value is prioritized, compromised, or adapted.

According to Janssen, Fayolle, and Wuillaume (2018), three key dimensions of value creation in social businesses can be considered: (1) revenue generated by selling products and/or services, (2) social outcomes that can be translated into economic gain, and (3) additional benefits such as public facilities or social capital. This classification brings to light a central dilemma: should the emphasis be placed on financial viability to ensure long-term operations, or should the primary focus remain on advancing the social mission? Moreover, how should organizations value indirect or supplementary contributions to social wellbeing? Entrepreneurship-as-Practice suggests that the answer to these questions is inherently situated in the practices themselves and constantly negotiated through lived experiences. Returning to the ideas of mission drift and practice drift, Bruder (2025) argues that unresolved tensions between financial survival and social value creation may result in discursive shifts that increasingly deprioritize the original mission, even unintentionally.

Bruder (2025) further theorizes that this tension is driven by two opposing yet equally compelling forces. On the one hand are *legitimate stakeholder claims*, which are understood as the real and perceived needs of the social groups the organization aims to benefit. These claims are often intangible and deeply contextual, making them vulnerable to being overlooked in the fast-paced, unstructured environments in which many social businesses operate. Notably, while most claims align with the mission, they can also extend to peripheral or even unrelated societal issues, placing additional demands on already stretched resources. On the other side lie *organizational success metrics*, which often favor quantifiable, trackable indicators (Bruder, 2025). These may include financial performance, growth in outreach, or even ESG compliance indicators, which can subtly shift the organizational focus toward more easily demonstrable results (Bruder, 2025). Unlike stakeholder claims, success metrics are often measurable and trackable, positioning them as an attractive indicator of achievement, both economic and social (Bruder, 2025).

Because organizing practices occur within normative expectations of what is considered appropriate behavior in a certain site or ecosystem (Schatzki, 2002), any drift, whether toward mission or market, tends to reinforce itself over time. As practices become routinized, deviations from the mission may be normalized, making it difficult to reverse course. This makes it imperative to examine how social mission is interpreted, enacted, and maintained in practice, especially within the turbulent and evolving Baltic social business ecosystem. Understanding how these interpretations shape organizing practices can provide insight into how the mission–market tension is navigated or, in some cases, redefined altogether.

Battilana and Lee (2014) position social enterprises as hybrid organizations and argue that many of them benefit from producing hybrid offerings through what can be called activity integration.

This involves developing products or services that simultaneously fulfill social and financial objectives, for example, micro-lending initiatives that generate revenue while providing access to capital for marginalized communities. This form of innovation is not only aligned with the Entrepreneurship-as-Practice framework but also reflective of the entrepreneurial dynamics present in the Baltic Social Entrepreneurship and Innovation Ecosystem, where hybridity is often a practical necessity rather than a theoretical choice. The complexity of these arrangements further underscores the need for continual innovation in product and service design, informed by both social mission and survival imperatives.

In sum, balancing social mission and market survival in social business is not a one-time decision but an ongoing, negotiated process enacted through daily practices. Practice perspective enables us to see how these tensions play out not only in strategic discourse but in hiring decisions, funding applications, partnerships, and stakeholder interactions. The concept of hybridity, practice drift, and situated meaning-making are all essential to understanding how social businesses operate in dynamic ecosystems like the Baltics. By observing these tensions at the micro level, this study aims to reveal how social value is preserved, reinterpreted, or lost within the evolving landscape of organizing practices.

1.2.3 Practicing Governance Informally: Organizing in Social Business

In smaller social businesses, formal rules and hierarchies often take a back seat to informal structures built on trust, shared values, and tacit routines. Rather than being a flaw, this flexible form of governance becomes a bricolaged response to limited resources and evolving needs. A practice-based perspective helps uncover how these informal systems guide decision-making, role distribution, and collective action in everyday work. This sub-section explores how informal governance plays out in practice, shaping coordination, strategy, and organizational identity.

Governance and decision-making in social businesses is often conceptualized through stakeholder participation. Scuotto, Cicellin, and Consiglio (2023), while discussing how social enterprises can innovate their business models through *social bricolage*, among other considerations, bring forth two strategic activities that impact how the business is run: first, co-participation, building new relationships and utilizing existing ones to further the design of the enterprise or its services and products. Co-participation also includes beneficiaries, clients, volunteers, public sector, and employees alike; it is established through routines, informal meetings, ad-hoc decision making - Scuotto et al. (2023) provide an excerpt of one interviewee describing holding a strategic meeting on church stairs, emphasizing the importance of positive ambiance in informal governance. Seelos and Mair (2005) study the case of micro-lending firm operating in rural areas, where villagers themselves participate in evaluation groups to decide on applications of loans. This enhances responsibility, knowledge, and engagement of these villagers, who in this case are both clients and beneficiaries.

The second strategic activity noted by Scuotto et al. (2023) is *generative* leadership, which complements the earlier-discussed effects of flat organizational structures. This leadership style is a way for entrepreneurs to enhance workers' motivation and involvement by democratizing decision-making and strategic efforts for everyone to participate to dismantle the top-down hierarchy. However, to be effective, such distributed governance must be anchored in a shared vision, whether in the form of a social mission or collective sensemaking, to ensure alignment across informal organizing practices. Ge, Hamilton and Haag (2024) underscore the importance of artefacts: practices or material belongings that enable a deeper meaning or tradition. While the authors (2024) study a family business, which is not expressly tied to this thesis's field of social business, the meaning of artifacts transcends the singular article and helps understand how certain tangible and intangible artefacts enhance the meaning-making through time. Ge et al. (2024) place particular emphasis on discursive artefacts, such as stories, narratives, video recordings, and other, as tools to situate not only the practices they directly represent, but also the overarching vision of a family business and how it operates.

Informal governance in social businesses is not merely a workaround for lacking resources; it is a functional organizing logic rooted in shared values and situated practices. Through relational trust, tacit coordination, and mutual understanding of purpose, these enterprises enact strategy and structure without needing rigid formal systems. From a practice-based perspective, this dynamic and evolving form of governance becomes a key lens for understanding how social businesses operate, innovate, and respond to their ecosystem.

1.3 ESG in Social Businesses: Beyond the Frameworks

To critically explore how the organizing practices and strategic actions of social businesses relate to Environmental, Social, and Governance (ESG) considerations, particularly within emerging SEIEs such as the Baltics, it is essential to first investigate the conceptual foundations and applicability of ESG in the context of socially businesses. Originally developed to guide sustainable and responsible investment in large corporations, ESG frameworks have historically been shaped by the reporting capacities, financial resources, and regulatory expectations of major institutional actors

(Kotsantonis and Serafeim, 2019). As a result, the translation of ESG principles to smaller, impact-driven organizations such as social businesses remains under-theorized and fragmented. Nevertheless, social enterprises can further their social impact through ESG manifestations, either intentionally or unintentionally (Asim, Aziz, Khalid, and Khan, 2025).

Since academic literature on ESG in social businesses is limited, the scope of literature analyzed was broadened to include certain sources researching small- and medium-sized enterprises (SMEs). As discussed in Section 2.3: *Research Site and Context*, most social businesses are SMEs, making it a substantiated proxy. This section of literature review starts by exploring historic roots of the ESG concepts and various ESG frameworks and uses. Following that, the enactment of ESG through daily practices is investigated. Finally, ESG manifestations in SMEs and social businesses are examined.

1.3.1 History of ESG concepts and constructs, and ESG frameworks

The concept of Environmental, Social and Governance (ESG) criteria was formally introduced in the 2004 report *Who Cares Wins*, published by the United Nations in collaboration with major financial institutions. This report emphasized the importance of integrating environmental, social, and governance factors into capital markets to promote sustainable development and long-term financial performance (United Nations Global Compact, 2004). The ESG framework seeks to operationalize three core dimensions—environmental sustainability, social responsibility, and governance integrity—into measurable indicators that allow monitoring, benchmarking, and evaluation across firms to happen (Kotsantonis and Serafeim, 2019).

ESG builds upon, and in many ways responds to, the earlier concept of Corporate Social Responsibility (CSR). While CSR historically emphasized a company's ethical obligations and philanthropic initiatives, it was largely voluntary, lacked clear definition, and was often criticized as rather symbolic (Aguinis and Glavas, 2019). Corporate sustainability and integrated reporting were, among others, used as early synonyms for CSR (Reddy and Gordon, 2010), displaying the nature of social impact as a signaling method to regulators and investors of large companies. Berger-Walliser and Scott (2018) include context-sensitivity to CSR by simplifying its definition to reduction of costs of externalities produced by the company. In sum, while CSR is a floating term with its interpretation changing based on the background it is applied onto, ESG supplies a framework with various avenues to measure a company's environmental, social and governance impacts. The three dimensions of ESG can acquire different meanings when combined or situated in different contexts. Although, generally, Environmental (E) aspect includes elements such as CO2 emissions, waste management, or water consumption; Social (S) pillar comprises labor practices, equity and inclusion, or community engagement; Governance (G) dimension incorporates board structure or compliance (Luque-Vilchez, Gomez-Limon, Guerrero-Baena, Rodriguez-Gutierrez, 2023).

A significant portion of ESG literature focuses on reporting mechanisms and the role of ESG in sustainability-oriented investing. ESG engagement can serve as a form of signaling to investors, customers, and other stakeholders that a company is reliable, resilient, and committed to sustainable performance (Lee, Raschke, and Krishen, 2022). Empirical evidence suggests that firms engaging in ESG reporting often outperform their peers in terms of operational efficiency and long-term value creation for shareholders (Eccles, Ioannou, and Serafeim, 2014; Yavuz, Tatli, Bozkurt, and Ongel, 2025). However, this dominant focus on reporting has contributed to the perception that ESG is primarily a formal, top-down compliance exercise - an assumption that may not hold in the context of small and social enterprises.

Several ESG frameworks have been developed to guide reporting and strategic alignment. Among the most widely cited are the Global Reporting Initiative (GRI), which emphasizes stakeholder inclusivity and transparency; the Sustainability Accounting Standards Board (SASB), focused on industry-specific materiality; and the Task Force on Climate-related Financial Disclosures (TCFD), which centers climate risks in financial planning. Recently, the European Union introduced the Corporate Sustainability Reporting Directive (CSRD), which mandates detailed sustainability disclosures for large and listed companies. While these frameworks are primarily designed for large corporations, social businesses may find more relevant alignment through the Sustainable Development Goals (SDGs), which provide a universal yet flexible framework for addressing social and environmental challenges (Samasonok and Isoraite, 2023).

However, most of these frameworks were largely developed with large corporations in mind, assuming ample resources, specialized staff, and robust data management systems (Asim et al., 2025). This makes them less accessible or applicable to micro, small, and medium-sized enterprises (MSMEs), especially in emerging economies, or social businesses. These smaller actors often face disproportionate burdens in aligning with ESG standards, leading to a gap between formal compliance and informal or intuitive sustainability practices (Baumann-Pauly, Wickert, Spence, and Scherer, 2013). Thus, ESG in such organizations is more likely to be enacted through value-driven micro-decisions, local relationships, and routines, rather than standardized documentation.

1.3.2 Enacting ESG Values Through Everyday Practices

While ESG was formalized through structured reporting frameworks, it is increasingly understood as a lived, situated phenomenon, particularly when examined through a practice-theory lens. As ESG becomes integrated into organizational life, its meanings are shaped not only by formal documentation but also by informal routines, moral commitments, and contextual negotiations. This sub-section shifts the lens toward the lived experience of ESG enactment, exploring how environmental and social values are performed through Entrepreneurship-as-Practice and other practice-based views.

ESG practices are not merely policy directives or reporting tools, they are situated, context-sensitive enactments. In the process of establishing sustainability-as-practice concept, Silva and Figueiredo (2017) highlight Institutional Logic (IL) as a socially constructed narrative; this narrative, whether tangible or intangible, can regard a plethora of topics, however, the author focuses on IL of sustainability. Silva and Figueiredo (2017) discuss how these logics of sustainability, emerging in different institutions—be it family, government, or a certain organization—interact and often contradict one another. Silva and Figueiredo (2017) argue that ESG efforts change IL of sustainability through time and states:

> The practice of sustainability emerges in the context of actions within institutional structures that were created to improve sustainability. The ILS emerges as both the cause and consequence of the practice of sustainability; it enables new agent practices, new structures or structural changes and new organizational actions that further support it. (p. 8)

This implies the notion of personal sense-making continuously shaping a broader societal context of sustainability; this context can be equated with Schatzki's (2002) theorizing of sites with qualificatory appropriate behaviors.

The perception of individual practices being influenced by and affecting the wider society and, in this way, impacting organizational behavior, is seconded in several other academic works, for example, Gond, El Akremi, Swaen, Babu (2017) discuss micro-CSR and classify three types of individual motivators—self-serving concerns, need for social belonging, and moral needs—small daily practices which honor CSR and, thus, shape the organizational social responsibility landscape. Whiteman and Cooper (2011) argue that ecological concerns are not implicit but rather shaped through ecological materiality - a way people connect with artefacts in the nature through routines and practices.

Individual factors can shape organizational ESG considerations and practices through stakeholder involvement. In a comparative case study, Bulgacov, Ometto, and May (2015) posit that truly effective organizational social responsibility can be achieved through individuals who possess social awareness. Authors (2015) express that social awareness is especially effective when enacted through leaders and entrepreneurs in a corporation, however, every individual has the power to shape and maintain sustainability practices through individual, environmental and organizational Strategies-as-Practice. Thakhathi, le Roux, and Davis (2019) discuss sustainability leadership through Strategy-as-Practice lens and argue that corporate sustainability efforts can be enhanced by leaders through practices such as active participation and organization-wide routines and alignment enhancing commitment to ESG considerations. This emphasis on strategically situated practices suggests that, especially in large organizations, ESG goals are most effectively pursued not through abstract commitments, but through routinized, organization-wide engagement embedded in everyday strategic activity.

In sum, ESG in practice extends far beyond formal frameworks, instead manifesting through situated, everyday actions shaped by personal values, institutional logics, and organizational routines. From individual moral commitments and stakeholder influence to leadership practices and strategic alignment, the enactment of ESG is a socially embedded and dynamic process. This perspective highlights that sustainability is not only implemented through top-down directives but also emerges from bottom-up practices that collectively shape how ESG is interpreted and realized within organizations.

1.3.3 ESG as Enacted Practice in Social Businesses

While ESG frameworks have gained traction among large corporations, their implementation within smaller firms and social businesses presents a set of challenges. These actors typically lack resources, both human and financial, to engage in comprehensive ESG reporting or adopt elaborate sustainability strategies (Baumann-Pauly et al., 2013). Instead, ESG in such contexts is often shaped as a set of lived, socially embedded practices, situated throughout organizational routines, relationships, and local contexts rather than formal metrics.

This resource constraint does not equate to a lack of engagement. In fact, smaller enterprises and social ventures often demonstrate a deep commitment to sustainability - although in more implicit and chaotic manners. Baumann-Pauly et al. (2013) argue that, in small firms, sustainability is largely enacted through organizing practices, rather than strategic declarations and stress the role of habitual actions, local knowledge, and context-sensitive decision-making. Authors (2013) assess CSR implementation through three dimensions: CSR commitment, internal procedures, and external partnerships; large corporations performed better only in the first dimension that, for the most part, comprised consistent and heavy communication to stakeholders. SMEs displayed embedded practices and routines when it came to ESG considerations, and a stronger collaboration positioning, whereas large companies displayed risk aversion to collaborations and waited to witness the success of an ESG effort implementation in other companies. Such well-rounded practice enactment in SMEs is consistent with a practice-theory view, where ESG considerations are performed, reshaped, and routinized through situated activities, such as recycling practices, energy-saving measures, inclusive hiring, rather than formal declarations.

Collaborations and partnerships embedded in practices are essential elements for resource-bound organizations to enhance sustainability. Lehtimaki, Jokinen, and Pikanen (2023) explore routines practices by a small municipal project team that works to promote sustainability initiatives in three Finnish cities. Authors (2023) identify a variety of routinized practices in meetings and workshops with partners and citizens, such as repetitively zooming in on positive impacts, reflecting and course correcting to reach as sustainable of a consensus as possible. Although this study is not situated within SMEs or social businesses, it provides important insights into resource-scarce, non-profit organizational unit that seeks to produce positive social impact.

Moreover, the informal nature of ESG in smaller enterprises can be seen as a form of resilience. Tabares (2021) explores how hybrid organizations in Colombia working toward Sustainable Development Goals (SDGs) proposed by United Nations often refrain from traditional ESG metrics and instead draw on alternative indicators, such as community impact or long-term stakeholder relationships. These alternatives are more consistent with the values of social businesses and can function as proxies for ESG goals, even in the absence of formal structures. Tabares (2021) highlights how researched hybrid organizations pursue social missions, positive environmental impact, and financial stability through frequent social innovations, tying the research rationale to Entrepreneurship-as-Practice.

Notably, the lack of formal ESG structures in social businesses does not imply strategic weakness. Instead, it can reflect a different approach to sustainability: one that is fluid, people-centric, and responsive to local needs. While formal ESG adoption remains aspirational, especially under tightening EU directives, the lived enactment of ESG values in social businesses often provides more authentic alignment with their mission-driven logic.

In summary, this section of the literature review has provided an academic foundation for understanding Environmental, Social, and Governance (ESG) considerations and frameworks, which have limited applicability beyond large corporations. While ESG is widely formalized and institutionalized, actual sustainability progress often emerges through routinized practices embedded in organizational strategies and everyday operations: practices shaped and enabled by individual actors, investors, and various other stakeholders. Small and medium-sized enterprises and social businesses, constrained by limited resources, tend to ground their sustainability efforts in implicit values and informal approaches rather than explicit ESG strategies or reporting. Ultimately, social businesses do not appear to lack ESG-related practices or strategic intent, even if they do not explicitly frame their activities within the ESG paradigm.

1.4 Research Gap and Theoretical Grounding

This thesis is theoretically grounded in the practice-based perspective, specifically drawing from the **Entrepreneurship-as-Practice** (EaP) approach. This lens enables an inquiry into how sustainability and ESG considerations are enacted through everyday organizing practices and strategies in social businesses, rather than imposed through top-down formal compliance structures.

Despite the growing importance of ESG frameworks in corporate settings, academic literature often refrains from researching informal, unstructured realities of small-scale actors and rather studies large enterprises, their regulatory compliance and sustainable investment decisions. Little is known about how ESG is interpreted, negotiated, and embedded in social businesses through continuous practices and strategic efforts. Emerging ecosystems such as the Baltics remain critically important yet under-theorized. **Figure 1** represents research concepts and the ambiguities that pertain: it is unclear how Environmental, Social, and Governance (ESG) daily and strategizing practices interact with ESG considerations while navigating the Baltic SEIE. This research aims to explore these relationships through a practice-based lens and situate them in theoretical grounding.

Figure 1

Conceptual framework

Source: compiled by the author

Entrepreneurship-as-Practice offers a suitable theoretical foundation, as it focuses on the role of situated practices, emergent routines, and context-sensitive strategic efforts and initiatives in entrepreneurial settings. This lens is especially valuable for assessing how social businesses—often small, hybrid, and under-resourced—enact social, environmental, and governance values outside of formalized ESG frameworks. Theoretical contributions such as Champenois et al. (2020) and Johannisson (2011; 2018) emphasize that entrepreneurship is not a set of outcomes but rather a continuous organizing process shaped by actors, values, and context.

Similarly to other practice-based theories, Entrepreneurship-as-Practice scholars call for empirical research in complex, under-researched sites to further the academic coverage in the literature stream (Champenois et al. 2020). By applying this lens to ESG in Baltic social businesses, this research provides a grounded understanding of how sustainability is practiced, not just reported or externally communicated, advancing both EaP literature and the discourse on ESG in small, mission-driven organizations.

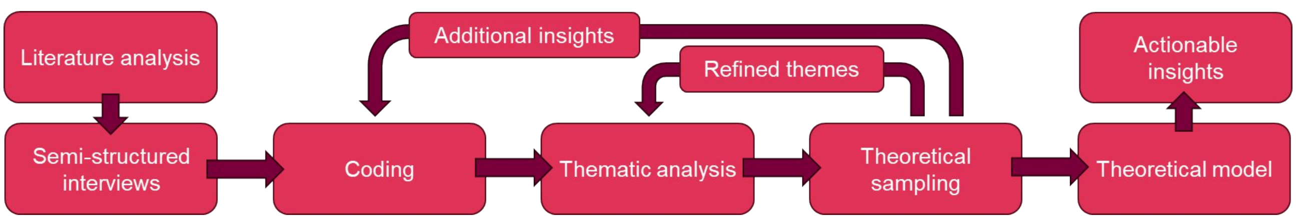
2. METHODOLOGY TO RESEARCH ESG IN SOCIAL BUSINESSES

This chapter outlines the methodological approach adopted to explore how Environmental, Social and Governance (ESG) considerations are interpreted and enacted through daily and strategizing practices of social businesses operating in the emerging social enterprise and innovation ecosystem (SEIE) of the Baltics. The study is guided by an interest in meaning-making, organizing logic, and situated practice, and the methodology is therefore designed to capture how ESG is understood, negotiated, and embedded in everyday decisions rather than treated as a formalized framework.

Figure 2 illustrates the overall research design, emphasizing the emergent and iterative nature of the study and allowing for flexibility in analytical steps, ongoing comparison, and limited theoretical sampling. This chapter presents the philosophical stance of the research, the overall research design, the research context, participant selection, data collection approach, analytical process, ethical considerations, and methodological limitations.

Figure 2

Research design



Source: compiled by the author

Research objectives are set as follows:

1. Identify the ways in which ESG considerations manifest in practices and strategies of social businesses in the Baltics.
2. Analyze the bidirectional relationships between ESG considerations, and practices and strategies deployed within the broader context of Baltic SEIE.
3. Develop a theoretical model that illustrates the interplay between ESG considerations and organizing practices and strategies in Baltic social businesses.
4. Craft actionable insights to support social businesses in aligning their organizing practices and strategic priorities with ESG values in context-sensitive ways.

2.1 Research Approach, Philosophical Position, Design, and Strategy

The research is guided by a constructivist ontological and interpretivist epistemological stance, combined with a value-bound axiology. This position assumes that reality is socially constructed, context-dependent, and co-created through personal interpretations, values, and interactions between researcher and participant (Saunders, Lewis, and Thornhill, 2023). Accordingly, the study adopts an open and exploratory qualitative research design and employs Constructivist Grounded Theory Analysis (CGTA) as its core methodological approach (Charmaz, 2006; 2014). In line with this approach, the researcher does not claim a position of *tabula rasa*, but rather acknowledges their lived experience and academic background as part of the research process, consistent with Charmaz's modern constructivist grounding of theory development.

The theoretical grounding of the study lies in Practice Theory, operationalized through Entrepreneurship-as-Practice (EaP) as the primary literature stream to which this research contributes. These perspectives emphasize the foundations of organizing as they occur in everyday work: routines, interactions, and informal practices through which values, including ESG considerations, may be enacted in social businesses (Champenois et al., 2020). Rather than focusing on formal strategy documents or standardized ESG reporting, the study foregrounds how sustainability-related concerns are practically enacted through work processes, interactions, and decision-making, and how these elements influence one another over time. Practices are understood as recurrent doings and sayings through which organizing is continuously produced. Strategy, in turn, is approached not as a separate analytical layer, but as a particular orientation of practice. Within this study, *strategizing practices* refers to the situated actions through which participants make priorities, allocate attention and resources, and position their organizations in relation to others within the ecosystem.

Building on these philosophical foundations, as well as insights from the literature review and early engagement with the research field, a qualitative research design based on CGTA and semi-structured interviews was identified as the most appropriate methodological choice (Charmaz, 2006; 2014). This design enables the exploration of complex and largely unstructured realities surrounding ESG-related practices in social businesses, providing access to rich, context-embedded narratives from Baltic social business actors. CGTA is particularly well suited to investigating how meaning is constructed through action and interaction, which aligns closely with the practice-forward orientation of the study.

Constructivist Grounded Theory Analysis supports flexible and iterative theorizing by allowing data collection and analysis to develop in parallel. Theoretical sensitivity is maintained by treating Entrepreneurship-as-Practice and insights from prior literature as sensitizing concepts that inform, but do not predetermine, the analytical process (Charmaz, 2006; 2014). Throughout the study, the researcher actively reflects on their positionality, subjectivity, and values, recognizing their influence on interpretation and theory construction. Within this research design, analytical rigor is pursued through extensive memoing, constant comparison, and selective theoretical sampling, which together support conceptual abstraction while remaining grounded in empirical material.

This methodological approach provides a robust foundation for addressing the overarching research question: *How do social businesses' daily and strategic practices, manifesting in an emerging social entrepreneurship and innovation ecosystem (SEIE), such as the Baltics, relate to the Environmental, Social and Governance (ESG) considerations?* The ultimate aim of the study is to develop a conceptual model that is closely grounded in participants' lived realities while remaining attentive to the interpretive nature of qualitative inquiry. In doing so, the study seeks to contribute to the Entrepreneurship-as-Practice literature and to offer a conceptual tool that may help Baltic social business actors reflect on and navigate both strategic and day-to-day ESG-related practices

2.2 Research Site and Context

This research is situated in the emerging Social Entrepreneurship and Innovation Ecosystem (SEIE) of the Baltic region, comprising Lithuania, Latvia, and Estonia. Although the three countries exhibit distinctive characteristics, they share a common post-Soviet legacy which affects the contemporary structuring, management, and governance of social impact efforts. While the Soviet Union tried to instill the importance of equality in all walks of life, including gender equality and financial support for low-income society, the lack of competitiveness built up a culture of inefficiency and wasted resources with few sustainability considerations (Luzgina, 2022). Since regaining independence in the 1990s, the Baltic countries have developed rapidly, joined the EU, and are now shifting toward more sustainable, resilient, and inclusive economies (Dupain et al., 2022). For more than three decades these countries had to navigate a complex route of technologic and economic catching up to the rest of the European Union while nourishing civil society values.

According to the European Social Enterprise Monitor report (Dupain et al., 2022), 95.4% of European Social Enterprises under their scope are SMEs with fewer than 250 employees, although the median number of employees is likely much lower given that nearly a third of the social businesses covered in the report generate up to €50,000 in annual revenue. Social Enterprises function in a variety of sectors, predominantly human health, social work, education, and other community-based services (Dupain, et al., 2022). This variety in small- and medium-sized social businesses is also evident in the Baltics.

Lithuania, tracing its non-profit organization roots back to 1500s, is an expanding social entrepreneurship ecosystem (OECD/EU, 2019). In 2004, the Law on Social Enterprises was adopted, establishing the notion of Work Integration Social Enterprises (WISEs), businesses that are dedicated to employing and required to employ disadvantaged individuals. This policy, although limited to hiring practices, laid the foundation for modern social business understanding in the country. In 2015, additional lawmaking efforts bridged the gap between WISE and the broader, more prevalent understanding of social businesses - the concept of Social Enterprise was instituted. In 2023, the Lithuanian Parliament enacted legal guidelines for the granting and revocation of social enterprise status, delineating the space for social businesses within the national framework (LiSVA, 2024b). European Commission (2020) estimates the number of Social Enterprises in Lithuania at approximately 3500; however, Lithuanian Labor Exchange (2017) states that there were 186 WISEs registered, while Lithuanian Social Business Association (LiSVA) reported to have 24 members in 2024 (2024a), indicating a significant discrepancy between businesses that might be legally considered as Social Enterprises and organizations that have a clear vision of themselves as social business agents.

Latvia has had a slower trajectory of development in defining social business. The first efforts to conceptualize social business were started in 2011 by Public Policy Centre PROVIDUS, although the product of these efforts materialized in 2015, when Latvian Social Business Association (SEAL) was established (PROVIDUS, 2022). Numerous related laws were adopted through the following years, implementing WISEs and various governmental grants, establishing the social enterprise in legislation in 2018. European Commission (2020) states that the number of Social Enterprises in Latvia is approximately 200 and SEAL (2025) claims to harbor a little more than 130 member organizations, thus the exact number of social enterprises in Latvia remains uncertain.

Estonia has a well-established tradition of social welfare that carved the country's social business landscape. While a common definition of social business in the country is lacking, Estonia's policymakers have defined structures such as associations, foundations, and hybrid businesses; the latter benefiting from both tax breaks and donations that are permitted for associations and commercialized activity that is allowed for limited companies only (OECD, 2020). This suggests that a lot of social businesses might legally be located under the umbrella of hybrid organizations, especially if they intend to supply a product or provide a service to a third party. Similarly to other Baltic countries, the number of social businesses in Estonia is hard to pinpoint: 121 social businesses are estimated by European Commission (2020) but Estonian Social Business Association (2025) reports having only 25 members as of May 2025.

From a regional perspective, a few social business trends in the Baltics emerge: first, the three countries are united by a historic context, characterized by a strong civil society and an emerging social business landscape. Second, the policy surrounding social organizations has an established base but is subject to ongoing development and refinement, reconciling a plethora of interpretations to the EU-wide framework of social entrepreneurship. Third, there is considerable variation in reported numbers of social businesses across sources and countries, although Latvia appears to have a relatively greater concentration of Baltic social businesses.

Because most Baltic social businesses are SMEs that function in between the boundaries of Social Enterprises, hybrid organizations, associations, and foundations, navigating the tension between social impact and financial sustainability, their efforts seemingly reflect 'creative organizing'. Although many social businesses report high rates of social procurement, inclusion of vulnerable groups, and environmental action, such as circularity practices (ESEM, 2023), systematic ESG integration remains limited. These characteristics align well with Practice Theory, Entrepreneurship-as-Practice, and CGTA approach of this thesis, positioning the Baltic social business landscape as a suitable site for exploring the lived and enacted ESG action. This research site was chosen because of novelty, as an under-theorized, evolving, and emerging context. By investigating social businesses in the Baltic SEIE context, this study contributes to bridging gaps in the ESG and practice-based literature.

2.3 Data Collection

This study employed semi-structured interviews as the primary data collection method. This approach provides a balance between structure and flexibility, enabling the researcher to explore core topics while remaining open to unanticipated insights (Saunders et al., 2023). Such flexibility is particularly important given the heterogeneity of the Baltic social business sector, where organizations vary widely in size, mission, activities, and impact domains.

Participants were selected using purposive and convenience sampling, targeting founders, co-founders, and top-level managers of social businesses in Lithuania, Latvia, and Estonia. This sampling strategy was chosen for two reasons. First, it allowed for intentional regional representation across the three Baltic countries. Second, due to the typically small size of social businesses, organizational leaders are often directly involved not only in strategic decision-making but also in everyday operational practices, making them well positioned to reflect on organizing and strategizing in practice.

In addition to purposive selection, the study prioritized broad coverage of the accessible Baltic social business ecosystem. All social businesses identified through national social business associations, institutional databases, and verified online directories were contacted. Every organization that responded positively and met the inclusion criteria was included in the study. As a result, participation was partly dependent on response rate rather than researcher selection. This approach reflects practical constraints of field access while enabling the most comprehensive dataset attainable within the accessible population. Invitations were distributed via email, and national social business associations were contacted to increase reach and support balanced regional representation.

The intended sample size was 20–30 interviews, consistent with qualitative research norms emphasizing depth and conceptual adequacy rather than representativeness (Guest, Namey, and Mitchell, 2013). In total, 23 interviews were conducted, of which two were excluded for not meeting the inclusion criteria. Successful interviews met the following conditions:

1. The participant was a founder, co-founder, or CEO (or equivalent) actively involved in leading the organization.
2. The organization identified as a social business, either through legal status or organizational identity.
3. The organization was actively operating at the time of the interview.

These criteria allowed for necessary flexibility given differences in legal definitions and institutional recognition of social enterprises across the Baltic states. The final sample included several NGOs that self-identify as social businesses, emphasizing reinvestment of surplus into operations, infrastructure, or impact creation. Given the response-based nature of participation and the exploratory, constructivist design of the study, full theoretical saturation in the classical sense cannot be claimed. However, the dataset is considered contextually sufficient to capture the range of practices, experiences, and interpretations present within the accessible Baltic social business ecosystem. The study thus prioritizes coverage and contextual representativeness over formal saturation, consistent with its practice-based orientation.

An anonymized overview of interview participants and interview characteristics is presented in **Table 1**. The final sample consists of six Estonian, eight Lithuanian, and seven Latvian social business representatives. Organizational size, maturity, role of the participant, and impact domain were recorded to contextualize interpretations. All organizational size categories were represented, with most organizations falling into the small (S) size category.

Table 1

Interview and participant list

ID	Role	Field of impact	Org. size	Org. maturity (in years)	Interview duration (in min.)
EE-1	Founder	Environmental sustainability / Community development	L	16	46
EE-2	CEO	Education & Youth	S	19	60
EE-3	Founder	Work integration	M	15	61
EE-4	CEO	Education & youth / Community development	M	10	47
EE-5	Founder	Work integration / Health & Well-being	S	12	50
EE-6	CEO	Education & youth	S	9	50
LT-1	Founder	Community development	S	5	69
LT-2	CEO	Education & youth	S	32	40
LT-3	Co-Founder	Environmental sustainability / Work integration	S	6	75
LT-4	Founder	Cultural & creative / Community development	XS	5	63
LT-5	Co-Founder	Environmental sustainability / Community development	S	10	42
LT-6	Founder	Work integration	S	7	80
LT-7	Founder	Community development	XS	1	49
LT-8	Founder	Education & youth / Cultural & creative	M	11	75
LV-1	Co-Founder	Education & youth	M	4	60
LV-2	Founder	Education & youth / Community development	S	14	45
LV-3	Founder	Education & youth / Community development	M	8	48
LV-4	Founder	Health & well-being	S	8	45
LV-5	Founder	Cultural & creative	S	13	55
LV-6	Founder	Environmental sustainability	XS	6	56
LV-7	Founder	Education & youth	M	5	60

Source: compiled by the author

Interviews were conducted between October and November 2025. Each interview was intended to last approximately one hour, with an average duration of 56 minutes. All interviews were conducted in English to ensure consistency and equitable opportunities for expression across countries. Most interviews were conducted online via Zoom and audio-recorded with participant consent; one interview was conducted on-site at the participant's request and transcribed manually. Automatically generated transcripts were manually reviewed and edited while listening to the recordings to correct transcription errors, clarify phrasing, and preserve meaning.

The semi-structured interview guide was aligned with the research objectives and organized around key themes including mission, daily practices, decision-making, ESG awareness, and interactions with the ecosystem. The guide was informed by literature on social business, ESG in SMEs, and practice-based perspectives, while remaining open-ended to support emergent insights (Charmaz, 2006; 2014). The full and final interview guide is provided in **Annex 1**. Ad hoc decisions to skip, rephrase, or probe questions were made during interviews to manage time, build rapport, and follow participant narratives.

Three pilot interviews were conducted to test the clarity, flow, and relevance of the interview guide. Based on these pilots, wording and sequencing were refined. For example, early references to governance tended to redirect discussions toward governmental institutions rather than internal organizing; these questions were subsequently reframed to focus on decision-making and trust-building practices.

In line with the Constructivist Grounded Theory approach, the researcher maintained a reflexive stance throughout data collection. Analytic memos were written during and after interviews to capture initial impressions, contextual observations, and emerging analytical ideas. Prior to each interview, publicly available materials (e.g., websites, reports, media articles) were reviewed to familiarize the researcher with each organization's activities and stated impact, allowing interview time to focus on internal practices and lived experience.

2.4 Data Analysis

This study employed Constructivist Grounded Theory Analysis (CGTA) as the central analytical approach, following Charmaz's (2006; 2014) framework and retaining an interpretivist epistemology. CGTA was selected for its compatibility with a practice-oriented research design that emphasizes emergent meaning, reflexivity, and flexible theorizing. Data collection and analysis proceeded in iterative and overlapping cycles rather than as a linear sequence of steps. While the analytical process was primarily inductive, abductive elements were incorporated when analytically surprising patterns emerged or when engagement with existing theory supported conceptual refinement.

All interview transcripts were analyzed using MAXQDA software. Initial coding focused on identifying significant actions, meanings, and processes in the data, using a combination of in vivo and analytic codes (Charmaz, 2006; 2014). Seven transcripts were coded at this stage, resulting in 351 initial codes and 848 coded excerpts. Coding emphasized gerunds where possible in order to capture action-oriented processes rather than static topics. The remaining transcripts were subsequently coded using focused codes developed through constant comparison.

Initial codes were condensed into focused codes, resulting in 234 focused codes and 1,599 coded excerpts across the full dataset. Memo-writing accompanied both initial and focused coding phases. Early memos were primarily excerpt-based and reflective, supporting comparison across interviews and highlighting analytically significant or surprising moments. Focused codes were provisionally organized into 44 initial categories, which functioned as intermediate analytical structures rather than final outcomes.

Analytical work extended beyond coding through further cycles of comparison, memoing, and reconstruction. The 44 initial categories were repeatedly revisited, reorganized, or abandoned as analytical attention shifted toward codes that recurred across cases, carried explanatory weight, or contributed to understanding relationships and processes rather than descriptive detail. Through this iterative process, 10 analytically central categories were constructed and treated as first-order categories in this study. These were not derived through linear aggregation of the initial categories, but through abductive engagement with focused codes, memos, and insights accumulated during earlier analytical cycles.

First-order categories were subsequently refined into second-order categories (two to four per first-order category), capturing more specific bundles of practices and processes. This stage involved merging closely related codes, discarding analytically weak or out-of-scope material (such as identity narratives or future aspirations), and refining category boundaries. Category memos played a central role at this stage, supporting abstraction, clarification, and theorization of relationships between categories.

Engagement with relevant literature occurred primarily after the first iteration of category construction and was used as a sensitizing resource rather than as a foundation for category development. Visual mapping and creative coding tools within MAXQDA were used experimentally to explore alternative analytical configurations and relationships between categories. While early visual structures did not remain in their original form, they supported theoretical sensitivity and reflexive engagement with the data.

Through continued cycles of comparison and memoing, the analytical structure stabilized into 10 first-order categories and associated second-order categories, which were subsequently organized into three overarching analytical themes: ESG enactment, ESG-orienting bundles of practices, and ecosystem emplacement. These themes do not represent sequential stages or causal relationships but analytically distinct yet empirically intertwined configurations of practice.

Analytical closure was reached when further comparison no longer generated substantively new categories but instead contributed to sharpening category boundaries and clarifying relationships between them. The final analytical outputs consist of first- and second-order categories, higher-order themes, and a theoretical model. This model serves as a conceptual representation of the findings rather than a definitive depiction of organizational reality.

2.5 Research Boundaries and Limitations

This study is subject to several empirical, analytical, and interpretive boundaries that shape the conditions under which the findings were produced. These limitations reflect the interpretive, practice-based design of the research and clarify the scope within which the findings should be understood.

Empirically, the study relied primarily on one-off, semi-structured interviews with founders, co-founders, or CEOs who were actively involved in daily organizational operations at the time of data collection. With the exception of one on-site interview, prolonged engagement or direct observation of practices was not possible. As a result, the analysis is grounded in narrated and reflected practices rather than sustained immersion in organizational settings.

The empirical scope of the study constitutes an additional boundary. All organizations are situated within the Baltic social business ecosystem, including several national branches of international organizations operating with local autonomy. The study focuses exclusively on organizational leaders; employees, beneficiaries, and external stakeholders were not interviewed directly. While participants frequently referred to interactions with these actors, the findings reflect leader-positioned interpretations of practice rather than multi-actor organizational accounts.

An analytical boundary arose from the fluidity of stakeholder roles across cases. Beneficiaries, employees, volunteers, clients, and partners often occupied overlapping or shifting positions depending on organizational context. In line with a practice-based perspective, coding decisions were made based on situated actions rather than fixed role categories. While analytically appropriate, this limits the transferability of standardized role-based insights.

From an analytical standpoint, coding and interpretation were conducted by a single researcher. Although this limited inter-coder comparison, analytical rigor was supported through extensive memoing, preservation of coding iterations as an audit trail, and iterative comparison across interviews and categories. Stability in the coding structure following focused coding reflects consolidation rather than premature closure. Interpretive limitations are also acknowledged. Participants' accounts were often non-linear and anecdotal, and all interviews were conducted in English, which in some cases constrained participants' ability to express nuanced institutional or contextual detail. Ambiguities were treated as part of the interpretive context rather than resolved through assumption, resulting in a cautious analytical stance.

Finally, ethical considerations related to anonymity in a small and identifiable field imposed further constraints. In some cases, analytically relevant material was generalized or omitted to reduce the risk of deductive identification. While this reduced contextual richness in places, it was treated as a necessary condition of responsible research practice. Taken together, these boundaries delineate the empirical and analytical conditions of the study and situate its contributions within a specific interpretive context.

2.6 Reflexivity and Ethics

This study adopts a reflexive stance toward both knowledge production and the ethical implications of practice-based qualitative research. Reflexivity is understood not as personal introspection, but as a systematic examination of how theoretical lenses, analytical choices, and research practices shape what can be known and how it is represented (Sklaveniti and Steyaert, 2020). In line with Constructivist Grounded Theory Analysis (CGTA) and practice-based research, reflexivity is treated as an ongoing epistemic and ethical concern throughout data collection, analysis, and theorizing, rather than as a discrete methodological step.

The practice-based positioning of the study shaped both data collection and interpretation. Entrepreneurship-as-Practice and related lenses sensitized the analysis toward everyday actions, routines, and interactions rather than formalized ESG frameworks, while CGTA foregrounded an interpretive and iterative analytical process that avoided specifying domains or relationships in advance. One deliberate decision during interviews was to introduce ESG-related terminology as late as possible, in order to minimize social desirability effects and encourage participants to speak in their own terms. Concepts such as ESG, governance, or strategy are therefore treated primarily as analytical constructs rather than participants' native language.

A central reflexive tension was balancing analytical abstraction with closeness to empirical material. In-vivo coding was used extensively during initial coding to remain close to participants' expressions, followed by iterative cycles of focused coding, category construction, and abductive engagement with theory. Category and theme boundaries were repeatedly questioned through memoing and constant comparison. Despite these efforts, the resulting theoretical framework is acknowledged as a conceptual configuration rather than a direct representation of lived practice.

A further reflexive tension emerged in relation to formal thesis constraints, particularly the prescribed limit on total length. The multi-level structure of the findings and the interpretive bridging required between empirical analysis and theoretical abstraction posed challenges for condensation, and full alignment with page limitations was difficult to achieve. This constraint influenced decisions about the depth and sequencing of analytical exposition, and thus forms part of the conditions under which the study's representations were produced.

Interactional dynamics during interviews inevitably shaped the material produced. While maintaining a professional research relationship, the researcher adapted communication styles to build rapport and facilitate reflection. Participants often engaged in advocacy-oriented narratives, reflecting common communicative practices among social entrepreneurs. Where possible, the interviewer redirected discussion toward internal practices and everyday organizing, recognizing that such steering also influences what becomes visible in the data. Participants' accounts are therefore understood as situated, selective, and performative.

Procedural and relational ethics were carefully addressed throughout the study. Informed consent was obtained both in writing prior to interviews and verbally at the start of each interview. Anonymity and confidentiality were prioritized due to the small and highly identifiable nature of the Baltic social business field, and in some cases analytically relevant detail was generalized or omitted to reduce the risk of deductive identification. Conducting interviews in English ensured a shared communicative ground, while additional care during transcription and analysis helped avoid privileging fluency or rhetorical confidence. The researcher avoided normative evaluation of participants' ESG performance and sought to prevent instrumentalization of participants' experiences. Interview data were securely stored on a password-protected device and will be retained for two years before deletion.

Use of AI-enabled tools. AI-enabled tools were used in a limited and supportive capacity during the research process. The AI-assisted coding function in MAXQDA was explored experimentally at an early stage of analysis; however, it was not employed in the actual coding or analytical decision-making, and all coding, categorization, and theorizing were conducted manually by the researcher. In addition, generative AI tools were used to refine the wording and clarity of the informed consent form, and to support grammar and language checks in parts of the final manuscript. These tools were asked to generate suggestions for grammar changes and the researcher made autonomous decisions on the usage of these suggestions; AI-enabled tools were not used to generate empirical content, interpret data, or draw conclusions, and responsibility for all analytical choices and interpretations rests with the researcher.

3. EMPIRICAL ANALYSIS RESULTS OF ESG IN SOCIAL BUSINESSES

This chapter presents the findings of this study, developed through Constructivist Grounded Theory Analysis and grounded in participants' accounts of everyday organizational practices. The findings are organized around three overarching analytical themes: **ESG-enacting bundles of practices**, **ESG-orienting bundles of practices**, and **ecosystem emplacement**. Together, these themes capture how social businesses enact ESG-related practices in their daily operations, orient themselves toward ESG concerns in strategic and interpretive ways, and navigate the broader Baltic social business ecosystem. Rather than representing discrete or sequential stages, the themes are analytically distinct yet empirically intertwined. Each section introduces a theme, outlines its associated first- and second-order categories, and illustrates them through selected empirical excerpts, allowing participants' perspectives to remain central while progressively building analytical insight.

A systematic overview of themes, first-order categories, second-order categories, and illustrative data excerpts is presented in **Table 2**. This material is organized using a Gioia-style data structure, which illustrates how empirical observations are progressively aggregated into higher-order analytical categories.

Table 2

Empirical research results presented in Gioia table

Theme	First-order category	Second-order category	Illustrative data excerpt
ESG-Enacting Bundles of Practices	Producing Impact Through Mission Enactment	Mission-embedded impact	"One is to give people food aid people who need it and the other is to rescue food because a lot of food is being wasted" (EE-1)
		Mission-adjacent responsibility practices	"activity instructors are available not only during work hours, but 24/7 […] we always aim to make sure that people's needs are being met" (EE-3)
		Enacting social impact through beneficiary engagement	"we are talking with them, we are building their strengths, and we get to know what life is from their perspective" (LV-7)
	Enacting ESG-Like Practices Internally	Caring for employees through everyday work arrangements	"We are talking a lot, asking how they are, just like in a normal family" (LV-2)
		Building relational and trust-based organizational cultures	"I don't think we're doing anything intentionally. It happens mostly through social gatherings and daily routines" (EE-3)
		Organizing work through participation and coordination	"We look into the calendar, we keep track of how much services are provided by whom" (EE-2)
		Structuring internal capabilities, performance, and routines	"I don't hire people if they think their view is the only and the smartest one" (LV-1)

Continuation of Table 1

	Enabling Impact Through Third-Party Engagement	Designing win–win impact arrangements	"one factory gave us waste materials. We made products […] I can give jobs for disabled people and also factory got their Christmas gifts. It's a nice symbiosis" (EE-5)
		Motivating and mobilizing external actors	"Buying from us means three things: you get a good product, you offer job opportunities to people with mental disorders, and you help the environment" (EE-3)
		Supporting others' capability to create impact	"helping is not about the help itself. It's about our kids learning about people with disabilities" (LT-8)
	Navigating Organizational Constraints	Managing financial pressures	"we have created a new branch of our company which does IT services […] just so that we can have an IT team which helps with our social goal" (LV-3)
		Coping with limited capacity and workload	"we sometimes lack the administration resources to make all the nice reports" (LT-2)
ESG-Orienting Bundles of Practices	Positioning the Organization for Impact	Aligning with external actors and ecosystems	"I visit all the suppliers before making the decision […] see how it's made, the conditions there, and only then I decide to work with them" (LV-4)
		Learning from stakeholders	"we've been interviewing our beneficiaries […] to understand what their needs are" (LT-2)
		Making impact visible through outreach and transparency	"I showed that I put clothes into washing machines […] people said, 'oh I remember, I saw it on a video'" (LT-3)
	Calibrating Morals and Mission	Interpreting moral responsibility in daily decisions	"Looking from the social part first of all, my biggest responsibility is my employees. They need to have a job" (LT-6)
		Negotiating moral tension between impact and survival	"We don't make it from plastic, even though it would be cheaper and easier" (LV-4)
	Negotiating and Utilizing ESG	Questioning the relevance and legitimacy of ESG	"Everything in our place is so organic that we even do not try to put something into certain boxes" (LT-5)
		Using ESG selectively	"ESG is good as a way to talk to big companies. But I need to talk their language" (LV-1)
		Interpreting environmental responsibility outside formal ESG frameworks	"Obviously, we recycle; we're good citizens" (LV-3)
Ecosystem Emplacement	Struggling with Public Sector Instability	Compensating for public sector capacity gaps	"If nobody wants to do it, then I can do it myself" (EE-1)
		Maintaining pragmatic engagement with public institutions	"I call the municipality head and ask [them] for people to help me" (LT-3)
		Navigating political, regulatory, and funding uncertainty	"EU supported this program for 9 years, but stupid politicians don't understand that the main reason that EU gives money for this is to start it and then the government must continue the program." (EE-5)
	Interpreting the Problem Space for Impact	Developing problem awareness	"I have been a teacher for six or seven years […] to see what actually happens in school, why do parents come to me" (EE-6)
		Learning about the ecosystem and market conditions	"We always try to ask the families, what do you need more of? And then we try to create what they need more of" (LT-1)

Continuation of Table 1

		Prioritizing intervention points	"If we can reach kids, in 10–15 years they are going to be the ones deciding what do we do with people with disabilities" (LT-6)
	Building Community and Advocating Within the Field	Actively cultivating community relationships	"The kids, their mothers, fathers, even grandparents all gather together to dance" (LV-5)
		Promoting inclusion and positive social change	"You can buy a coffee and not drink it […] and the next time we see a client who maybe cannot afford it, we can offer it" (LT-5)
		Navigating limits to community reach and influence	"We make open-house days […] but nobody comes, because it's a stigma" (EE-5)

Source: compiled by the author based on the conducted research

3.1 ESG-Enacting Bundles of Practices

This theme captures how Environmental, Social, and Governance–related considerations are enacted through everyday practices, even when participants do not explicitly refer to ESG frameworks. During the interviews, references to ESG did not emerge organically from participants' accounts and appeared only when asked about it by the researcher or in relation to discussions of private-sector actors and their associated challenges. Across cases, responsibility and impact were described as embedded in routine activities, work arrangements, and operational choices through which social businesses pursue their mission, care for people involved in and around the organization, and manage limited resources. ESG enactment thus appeared less as a formal guide for action and more as an outcome of "how the organization works" in practice.

The categories within this theme illustrate how impact is produced and sustained through interconnected bundles of practices. These include enacting the mission through everyday work with beneficiaries, organizing internal relations and routines, engaging third parties in mutually beneficial arrangements, and navigating persisting organizational constraints. While analytically distinct, these practices frequently overlap in practice and shape one another. Differences in how closely organizations engage with beneficiaries, how internal responsibility is organized, and how external actors are motivated begin to reveal variations in how organizations orient themselves toward impact and their surrounding ecosystem. These variations provide a basis for understanding later practices of positioning, moral calibration, and engagement beyond the organizational boundary.

3.1.1 Producing Impact Through Mission Enactment

This first-order category displays how participants describe impact as something that comes directly from "doing the mission." Across cases, impact was not referred to as a separate outcome to measure later, but as something produced through everyday mission-driven work with real social and environmental problems (food insecurity, exclusion, mental health, youth development, access to education).

Mission-embedded impact. Participants often spoke as if impact is built into the core service itself. One organization described its mission as simultaneously addressing a social need and reducing waste: "One is to give food aid [to] people who need it and the other is to rescue food because a lot of food is being wasted" (EE-1). Another described their mission as ongoing, practical support rather than a one-time intervention: "to provide the support that parents need, maybe daily support" (LT-1). In some accounts, mission enactment was also anchored by the scale of the problem being addressed, which made impact feel self-evident: "In Estonia, it's every hour one garbage truck of food" (EE-1). Here, "impact" is narrated as the natural result of addressing a visible gap, rather than something that must be proven through indicators.

Mission-adjacent responsibility practices. Participants also described practices that sit next to the mission but still felt part of "doing impact." These were usually small, concrete, and value-driven choices around care, well-being, or everyday responsibility. For example, one participant described designing the space to feel welcoming and safe for kids: "So in our school, it looks like a home. It has a kitchen so children can warm up food […] they feel good because the studio feels like home" (LV-5). Others described extending support beyond formal boundaries when working with vulnerable groups: "activity instructors are available not only during work hours, but 24/7 […] we always aim to make sure that people's needs are being met" (EE-3). Environmental responsibility was also narrated as embedded in routine choices: "We have small towels for drying hands […] so no tissues. That's one ecofriendly thing" (LV-5). These were not framed as "ESG actions," but as normal extensions of how the organization tries to be responsible.

Enacting social impact through beneficiary engagement. A further way mission enactment produced impact was through ongoing engagement with beneficiaries. Several participants described relational work: listening, learning, adjusting, and staying close to lived needs. One participant framed this as learning directly from beneficiaries and building skills: "we are talking with them, we are building their strengths, and we get to know what life is from their perspective" (LV-7). In some cases, engagement was also about long-term trajectories. For example, one organization described moving people toward employment incrementally: “next level is to start them in the open labor market and we can help find a job […] and support them step-by-step” (EE-5). Another highlighted how routines can create identity and dignity: “People who go to work are very proud because it gives their lives meaning […] putting on shoes, a coat, gives them that identity” (EE-3).

Emerging implications for positioning. Across these accounts, impact was often treated as self-evident and therefore not extensively justified. However, the ways in which missions were enacted (through problem framing, responsibility-driven extensions of care, and ongoing engagement with beneficiaries) also positioned organizations in relation to the issues they address and the actors around them. By repeatedly articulating what problems they work on, how they engage with beneficiaries, and why their activities matter, social businesses established a basis for interaction with external stakeholders and for making their impact legible. In this sense, producing impact through mission enactment not only sustained internal meaning and direction, but also laid the groundwork for later practices of *Positioning the Organization for Impact*, particularly in how organizations relate to their problem space and communicate relevance beyond their immediate operations.

3.1.2 Enacting ESG-Like Practices Internally

Another first-order category in this theme captures how ESG-like practices were enacted through internal organizational routines rather than formalized through explicit ESG frameworks. Across cases, responsibility toward people and resources was depicted through everyday decisions about employee care, workplace culture, coordination, and internal routines. These practices were rarely described as strategic initiatives. Instead, they were framed as values-based, practical, or simply as “how we do things here,” and treated as self-evident components of organizing.

Caring for employees through everyday work arrangements. Participants frequently described employee well-being as something attended to through ongoing, relational practices rather than formal policies. Regular check-ins, flexibility, and attentiveness to personal circumstances were common. One participant described weekly calls with their only employee as a way of maintaining both work alignment and personal awareness: “I have weekly calls with the singular employee on Mondays […] just to keep that pulse. And know what's happening, and also just to make sure if she's okay, if I'm okay” (LT-1). Others framed care in more informal terms, emphasizing familiarity and closeness: “We are talking a lot, asking how they are, just like in a normal family” (LV-2).

Care was also enacted through specific perks. Some organizations provided wellness benefits, including mental health support and insurance coverage (EE-3). Flexibility in schedules and workload was often described as grounded in trust and autonomy rather than rules. As one participant explained, formal contracts mattered less than shared ethical understanding: "On the paper they are working half and half day. But actually […] they choose how to work together" (LV-2). These practices illustrate how responsibility toward employees was negotiated continuously through everyday interaction rather than set-in-stone conduct.

Building relational and trust-based organizational cultures. Beyond individual arrangements, participants described internal cultures characterized by informality, openness, and trust. These cultures were often not intentionally designed but described as emerging through repeated interaction and shared routines. One participant noted: "I don't think we're doing anything intentionally. It happens mostly through social gatherings and daily routines" (EE-3). Trust, in particular, was understood as something enacted rather than declared: "Trust is through behavior, not words" (LV-1). At the same time, participants acknowledged variation in how relational these environments could be. In some organizations, task-oriented routines and physical separation limited informal interaction with employees: "they go to their rooms […] and afterwards they go home" (LV-7). These contrasts suggest that relational culture was not an outcome of values alone, but depended on organizational size, work structure, and available time.

Organizing work through participation and coordination. Coordination practices ranged from structured systems to highly informal arrangements. Some organizations relied on explicit workload tracking and planning tools: "We look into the calendar, we keep track of how much services are provided by whom" (EE-2). In other cases, coordination was embedded in daily interaction without formal routines. One participant emphasized the intentional absence of structured meetings altogether: "In our company there are no regular meetings" (EE-6). In small teams, decisions were often made immediately and collectively as part of everyday work. These different coordination practices shaped how participation occurred. Rather than being defined through formal governance structures, participation emerged through proximity, accessibility of decision-makers, and ongoing dialogue. Importantly, these practices also revealed tensions around responsibility, overload, and fairness, making coordination a field where moral considerations were enacted and revisited.

Structuring internal capabilities, performance, and routines. A further set of internal ESG-like practices concerned how organizations structured roles, standards, and expectations in ways that balanced inclusion, fairness, and performance. Salary practices were frequently discussed as morally charged decisions, particularly in relation to retaining skilled employees: “balancing […] salary versus what they could do in fintech or other sectors” (LV-1). Such accounts highlight how internal structures were shaped by ongoing negotiation between mission commitment and economic reality.

Standardization practices were expressed in organizations working with people with disabilities. One participant described using product cards to ensure consistency while enabling inclusive participation: “product cards describing how to make each product, so that products remain standardized across all centers” (EE-3). Hiring decisions were similarly framed as value-based, privileging attitudes and ways of working over formal credentials: “I don't hire people if they think their view is the only and the smartest one” (LV-1). Environmental responsibility also appeared in internal routines, such as sourcing locally or prioritizing second-hand materials (LT-5; LT-2). These practices were narrated as ordinary operational choices rather than environmental strategies, reinforcing the view that responsibility was embedded in everyday organizing.

Emerging implications for moral calibration. Across these accounts, internal ESG-like practices were shaped by ongoing calibration of moral responsibility, mission commitments, and practical constraints. Decisions about care, trust, coordination, and standards were not only outcomes of prior moral positioning, but also sites where tensions became visible. Through everyday interaction, such as one-on-one check-ins, informal coordination, or salary negotiations, organizations surfaced questions about fairness, sustainability, and responsibility that required continual adjustment. Additionally, internal communication routines were utilized as carriers for moral and mission calibration. In this sense, Enacting ESG-Like Practices Internally both reflected and informed practices of *Calibrating Morals and Mission*, positioning internal routines as a key platform where values were negotiated and re-aligned in practice.

3.1.3 Enabling Impact Through Third-Party Engagement

This category captures how social businesses extend and sustain impact through engagement with external actors, including customers, corporate partners, suppliers, volunteers, and public or community institutions. Rather than treating third parties as passive supporters, participants described actively shaping arrangements that allow others to contribute to impact while also receiving tangible or symbolic benefits. These engagements were framed as practical ways of expanding impact beyond the organization’s own resources and capacities.

Designing win–win impact arrangements. Participants frequently described collaborations structured to generate benefits for multiple parties at once. Several organizations worked with companies that provided leftover or waste materials, which were then transformed into products, reducing waste and enabling meaningful work at once. As one participant explained: "Sometimes companies bring leftover materials and ask us what we can create […] If you have the material, we have the ideas" (EE-3). Another described this reciprocal logic more explicitly: "one factory gave us waste materials. We made products […] I can give jobs for disabled people and also factory got their Christmas gifts. It's a nice symbiosis" (EE-5).

Win–win arrangements also extended to customers and local communities. Some organizations embedded circular practices into everyday consumption, such as encouraging customers to return containers: "we are asking people to bring us glass jars […] [Suppliers] don't need to buy new jars" (LV-6). Others enabled peer-to-peer exchanges by providing simple infrastructure, such as local notice-board chats: "moms know that if they have something to give to others […] they just exchange things over there" (LT-1). In these cases, impact was co-produced through designed exchanges rather than delivered unilaterally.

Motivating and mobilizing external actors. A second cluster of practices involved encouraging impact-oriented behavior through communication, incentives, and repeated explanation. Some organizations framed participation as combined personal and social benefit. One participant described how purchasing was positioned as an impact act: "Buying from us means three things: you get a good product, you offer job opportunities to people with mental disorders, and you help the environment" (EE-3). Others relied on simple economic incentives, such as saving money by avoiding paying for packaging: "when you're coming to us and with your own jar it costs […] cheaper" (LV-4).

Mobilization also involved engagement with institutional actors. One participant described expressing potential benefits to public sector workers through frequent interaction: "we talk to them all the time […] We explain all the time what we offer" (EE-1). At the same time, participants emphasized that such efforts were not always successful. As one founder noted: "people loved my speech, but no one wanted to step up and purchase it" (LV-4). These accounts illustrated that mobilizing others, although not necessarily successful, required ongoing effort and adjustment.

Supporting others' capability to create impact. Beyond mobilization, participants described practices aimed at strengthening others' ability to generate impact themselves. This often took a form of education, skill-building, and structured exposure to alternative ways of acting. One participant described using storytelling and interaction to communicate care and responsibility: “I call the story ‘myths and truths about animals’ […] I'm giving as much information as I can in 40 minutes” (LV-2). Another framed interactions with disabled individuals as a learning experience for children: “helping is not about the help itself. It’s about our kids learning about people with disabilities” (LT-8).

Capability-building was particularly central in work integration contexts. One participant emphasized preparing beneficiaries for life beyond the organization: “if we go bankrupt […] I want our guys to have experience in business” (LT-6). Participant also described skill development through external collaboration: “we send two of our own guys to a coffee roastery […] So our guys learn how to roast coffee” (LT-6). In these cases, third-party engagement extended beyond transactions and became a means of enabling longer-term participation in social and economic life.

Emerging implications for positioning. Across these practices, enabling impact through third-party engagement functioned not only as an outward extension of mission enactment, but also as a process through which organizations learned how they were perceived and what forms of engagement were workable. Designing win–win arrangements, motivating participation, and supporting others’ capabilities required ongoing interaction with stakeholders and continuous attempts to translate interest into action. In this sense, engagement practices both contributed to and were shaped by *Positioning the Organization for Impact*. As organizations interacted with external actors, responses fed back into how engagement was structured, what incentives were emphasized, and how impact was framed. This mutual shaping highlights the two categories as analytically distinct but empirically intertwined bundles of practice.

3.1.4 Navigating Organizational Constraints

When covering mission-driven impact and daily operations, all participants mentioned certain constraints, most significantly expressed as lack of financial sustainability and stability and restricted human capacity. This first-order category captures how social businesses navigate these organizational constraints while attempting to maximize impact. Constraints were not framed as temporary obstacles but as an ongoing condition of organizing, shaping what could realistically be enacted and how priorities were set. As one participant summarized, “You can only make decisions if there are finances and people to execute them” (EE-1).

Managing financial pressures. Financial instability emerged across cases as a persistent concern requiring continuous adjustment. Many organizations described pursuing diversified income streams to stabilize operations, often combining mission-driven activities with commercial services or project-based work. Examples included running restaurants, renting spaces, organizing private events, or developing parallel commercial offerings: "So that's why we have a restaurant. It makes money for our center […] because without those private events we couldn't survive" (LT-5). Others described deliberately creating less mission-oriented branches to subsidize the impact-driven side of the operation: "we have created a new branch of our company which does IT services […] just so that we can have an IT team which helps with our social goal" (LV-3).

Subscription-based or recurring revenue models were described as offering relative stability. One participant emphasized predictability as essential for survival: "every month we get a specific amount of money […] It gives us stability; it gives us that financially secure position" (LT-1). At the same time, financial pressure often produced difficult trade-offs. Participants described tensions between moral commitments and economic necessity, particularly when staffing decisions were involved: "I want to be good, but I can't keep employees who bring no income. It's quite a battle" (EE-4). In some cases, constrained finances limited staffing to extreme extent: "Our incomes are lower than our expenses. This is the reason why we don't have employees" (LV-4).

Coping with limited capacity and workload. Alongside financial pressures, participants described operating with limited human capacity and high workload. Several organizations relied on service-based contracts or external collaborators rather than permanent staff: "their relationship with the company is on a service basis […] contract-based on a specific service plan" (EE-2). While this arrangement allowed flexibility, it also required ongoing coordination and oversight.

Founders and core team members were frequently described as occupying multiple roles simultaneously, particularly in smaller organizations. One participant described cycles of delegation followed by recentralization when employing proved to be inefficient: "eventually I had to gather different tasks back to myself" (LT-4). Time scarcity further shaped what organizations could realistically pursue. Administrative work, reporting requirements, and daily operational demands often limited engagement in additional activities: "we sometimes lack the administration resources to make all the nice reports" (LT-2). Across cases, constraints were painted not as one-off problems but as conditions that required continuous prioritization and adjustment. Decisions about what to pursue or abandon were shaped by ongoing judgings of available resources, capacity, and risk.

Emerging implications for negotiating ESG and public sector engagement. Navigating organizational constraints did not occur in isolation but intersected with other domains of practice through processes of interpretation, prioritization, and negotiation. Persisting financial and capacity pressures shaped how organizations engaged in balancing mission against scarce resources, and how they oriented themselves toward formal frameworks and external systems. In particular, limited administrative resources and time constraints affected engagement with ESG-related reporting, documentation, and coordination requirements.

These conditions were prompted by and informed practices of positioning and moral calibration, as organizations continuously assessed which expectations to engage with, how to frame their activities, and where to draw boundaries between mission-driven priorities and externally imposed requirements.

3.2 ESG-Orienting Bundles of Practices

This theme establishes how social businesses orient their activities toward ESG-related considerations through practices of positioning, moral calibration, and selective engagement with ESG framework. Rather than treating ESG as a predefined system to be implemented, participants described ongoing efforts to interpret what responsibility means in context, align with relevant actors, and translate their work into forms that are legible to external audiences. ESG orientation thus emerged not as a stable strategic layer, but as a set of situated practices through which organizations navigated expectations, legitimacy, and value-based tensions while remaining anchored in mission-driven work.

The theme comprises three first-order categories. *Positioning the Organization for Impact* examines how social businesses actively align with external actors, learn from stakeholders, and make impact visible in ways that set them up for enhanced impact. *Calibrating Morals and Mission* captures how moral responsibility is interpreted and negotiated in everyday decisions, particularly where values and survival pressures collide. *Negotiating and Utilizing ESG* shows how ESG is encountered as an external framework: it is questioned, resisted, or strategically mobilized rather than adopted as a guiding logic. Together, these categories illustrate how ESG orientation is produced through practice, shaped by interaction with external environments, and continuously adjusted in response to ethical, relational, and institutional demands.

3.2.1 Positioning the Organization for Impact

This first-order category depicts how social businesses actively set themselves up to create and sustain impact by aligning their organizational practices with external actors, infrastructures, and ecosystem conditions. Rather than treating impact as a purely internally generated outcome, participants described efforts to situate their organizations within networks of suppliers, partners, sponsors, clients, and communities whose values, practices, and expectations shaped what impact was possible. Positioning for impact therefore involved external alignment, learning from stakeholders, and making impact visible in ways that supported legitimacy, trust, and continued engagement.

Aligning with external actors and ecosystems. Participants described deliberate efforts to align with external actors whose values, practices, or strategic orientations were perceived as compatible with their mission. This alignment extended beyond formal partnerships and included choices about suppliers, clients, collaborators, and funding sources. Several participants emphasized assessing ethical compatibility before engaging in cooperation. One founder described personally visiting suppliers to evaluate working conditions before committing to collaboration: "I visit all the suppliers before making the decision […] see how it's made, the conditions there, and only then I decide to work with them" (LV-4). Similarly, others emphasized preference for local or small-scale suppliers over large chains: "Sometimes when we look for specific things we try to find a social business […] or little suppliers, local suppliers, not a big chain" (LT-5).

Alignment was also described in strategic terms, particularly in relation to funders, corporate partners, and municipalities. Participants noted that cooperation was better when organizational missions overlapped: "We always look for the impact investors interested in impacting youth […] just trying to align the mission of the company […] with what we do" (LT-2). This logic extended to corporate partners whose impact strategies emphasized similar areas: "Usually, corporate organizations have a strategy where they want to make an impact […] this is where we come in" (LT-2). At the same time, participants described actively rejecting misaligned collaborations, even when financially attractive: "If their practices are absolutely against ours […] then it means he cannot make his events here […] and we are not afraid of saying that" (LT-5).

Beyond formal partnerships, positioning for impact also involved embedding the organization within broader communities and ecosystems. Some participants emphasized participation in local networks and shared community activities: "Our aim […] is to be a part of a community and to see what other organizations are doing" (LT-8). Others highlighted international and cross-border cooperation as a way of expanding reach and legitimacy: "We had a big social enterprise fair, Latvian and Estonian companies could sell their products" (EE-5). Together, these accounts illustrate positioning as an active and selective process of embedding the organization within value-compatible ecosystems.

Learning from stakeholders. Another set of practices involved learning from stakeholders in order to refine offerings, foster relationships, and remain relevant. Both formal mechanisms and informal interactions were named as venues of collecting feedback. Several organizations used digital tools to collect structured input: "Every spring I send a Google Forms questionnaire to clients on how they are satisfied" (EE-6), or "we've been interviewing our beneficiaries […] to understand what their needs are" (LT-2). Others emphasized learning through conversation and proximity: "I prefer to ask privately […] surveys are too formal and they don't cover real useful information" (LV-4).

Some participants described staying attuned to changing needs through ongoing contact: "At least through social media, through emails […] I can see what they are asking" (LT-4). Others emphasized everyday learning through physical and social proximity: "We live here. All of us live in this neighborhood. And we talk with people coming here" (LT-5). In more digital organizations, collaborating with scientists or designers to interpret complex data and adjust systems accordingly was highlighted: "You cannot change people's habits, you need to build on that […] so we worked together with the scientists" (LV-1). Across cases, learning was described as an ongoing, relational activity rather than a one-off evaluation exercise.

Making impact visible through outreach and transparency. Positioning for impact also involved making organizational activities and outcomes visible to external audiences. Participants described outreach practices aimed at building trust, legitimacy, and reach among donors, customers, potential employees, and the wider public. Trust through transparency was frequently framed as essential to retain clients. One participant emphasized informal transparency: "On social media we show what we do" (EE-1). Others highlighted visual storytelling and behind-the-scenes transparency: "I showed that I put clothes into washing machines […] people said, 'oh I remember, I saw it on a video'" (LT-3). Social media played a central role in outreach across cases, serving as a platform for storytelling, education, and recruitment of supporters: "We are telling our stories, making videos […] explaining what we are doing, why we are doing it" (LV-6). One participant described shaping trust through partnering with professionals who educate on social media: “that also gives us that trust and reputation if they see people who they usually see on social media working with our project” (LT-1).

Beyond communication alone, some organizations increased reach by diversifying products and services in ways that allowed impact to extend beyond the local context. Physical goods in addition to usual services were described as carriers of organizational stories and values, enabling dispersed audiences to engage with the mission. One participant noted that gift sets distributed nationally allowed people “all over Lithuania” to see what people with disabilities are capable of (LT-6). Similarly, online shops enabled engagement beyond immediate location: “it’s really good that we have this internet shop so that more people can have idea about us” (LV-6).

Emerging implications for positioning. Across these practices, positioning the organization for impact emerged as an ongoing and relational form of orienting work rather than a one-off strategic choice. Through alignment with value-compatible actors, continuous learning from stakeholders, and the selective visibility of impact through everyday outreach, social businesses shaped how their activities were interpreted and recognized within the ecosystem. These positioning practices were closely intertwined with how organizations understood and enacted their mission, linking positioning for impact to ongoing work of interpreting the problem space for impact.

At the same time, making impact visible through communication and material outputs rendered organizational values and capabilities legible to wider publics, supporting community building and advocacy efforts. Positioning practices were both shaped by and shaping organizational constraints and internal ways of working, as choices about partnerships, outreach, and collaboration were conditioned by available resources, capacity, and internal routines. Engagement with external actors frequently fed back into internal practices by surfacing new expectations, tensions, or opportunities that required recalibration of priorities and ways of working. In this sense, positioning for impact functioned as a key component of the ESG-orienting domain, connecting everyday enactments with ecosystem-level engagement through ongoing interpretive and relational work rather than formal strategy.

3.2.2 Calibrating Morals and Mission

This category captures how social businesses continuously calibrate moral considerations and mission objectives in everyday organizing. Rather than relying on fixed ethical frameworks or formal codes, participants described responsibility as something interpreted in practice through ongoing judgments about what feels acceptable, necessary, or misaligned in specific situations. Moral calibration was narrated as a situated and evolving process, shaped by interactions with employees, beneficiaries, partners, and by pressures related to financial survival.

Interpreting moral responsibility in daily decisions. Participants described moral responsibility as something enacted through day-to-day decisions rather than predefined rules. These judgments often revolved around care, inclusion, and fairness toward people involved in or affected by the organization. Several participants identified responsibility toward beneficiaries as a central moral anchor. As one founder explained: "Looking from the social part, first of all, my biggest responsibility is my employees. They need to have a job" (LT-6).

Moral interpretation also shaped choices about whom to serve and how broadly to engage. One participant described deliberately reaching groups that might naturally be prone to exclusion: "We have been trying to also reach such target groups […] people working in factories […] to show our model in action" (EE-2). At the same time, responsibility was negotiated through decisions about collaboration. Participants described evaluating potential partners based on working conditions, values, or use of services. One founder emphasized drawing a clear line when conditions conflicted with their values: "If people are being made to work in suboptimal conditions around chemicals, I never do business with them" (LV-4). In other cases, moral responsibility was differentiated more selectively, with nature of the product in mind: "We wouldn't probably provide our services to an alcohol company's sales team […] but we might work with the management" (EE-2). These accounts illustrate moral responsibility as contextual and relational rather than universal or absolute.

Negotiating moral tension between impact and survival. Alongside everyday moral interpretation, participants described persistent tension between upholding mission-driven values and ensuring organizational viability. Financial pressure frequently forced reflection on what kinds of activities could realistically be sustained. One participant described how earlier value-driven choices led to financial strain and subsequent recalibration: "So initially we did more of just nice things which are cool, then we got in a lot of debt. So now we're trying to get out of it and do much more for-profit things" (LV-3). Rather than framing this as abandoning values, participants described it as learning to hold impact and survival together in practice, often prioritizing realistic scaling-down of impact over spreading themselves thin among various faucets and activities: "I didn't have the time to create this field […] I realized I needed to focus on just one" (LV-4). Others described consciously maintaining moral boundaries despite incentives to compromise. One participant noted avoiding cheaper materials even when market pressure was high: "We don't make it from plastic, even though it would be cheaper and easier" (LV-4). Moral limits were sometimes translated into informal but firm internal rules, such as reserving certain times or spaces for community use rather than revenue generation: "Sunday is always for community […] but never for private events" (LT-5). Participants also described enforcing boundaries when behavior conflicted with shared norms, even at the cost of engagement: "I messaged that person after the event that he's no longer welcome at our events because of the things he said or did" (LT-4).

Emerging implications for internal and external alignment. Across these accounts, moral calibration emerged as an ongoing and situational practice rather than a resolved position. While moral judgments were often articulated in relation to external partners, activities, and collaborations, they were surfaced and negotiated through internal organizing practices, resource constraints, and everyday work on mission. In this sense, calibrating morals and mission was closely intertwined with enacting ESG-like practices internally, as routine decisions and constraint realities revealed where values needed to be defended, adjusted, or reinterpreted.

At the same time, moral calibration shaped how organizations oriented themselves externally by informing decisions about alignment, refusal, and legitimacy in relation to others. Engagements with external actors and expectations, in turn, fed back into internal calibration processes, prompting reflection on mission boundaries and appropriate forms of engagement. Moral calibration thus operated as a core orienting practice within the connective domain, linking internal enactments and external positioning through continuous interpretive adjustment rather than fixed ethical stances.

3.2.3 Negotiating and Utilizing ESG

Through participant accounts, social businesses appear to encounter, interpret, and selectively utilize ESG as an external framework rather than as a primary organizing logic. Across cases, ESG was rarely described as something that guided everyday work. Instead, participants positioned ESG as an externally oriented language they had to respond to by questioning it, ignoring it, or using it strategically in interactions with powerful external actors. Participants' accounts reveal ESG as unevenly relevant, often generating tension between formal expectations of reporting and participants' practice-based understandings of responsibility and impact.

Questioning the relevance and legitimacy of ESG. Most of participants expressed limited familiarity with ESG or questioned its relevance to their daily activities. Several interviewees openly stated uncertainty about the concept itself: “I have heard but I don't know what is behind these letters” (EE-6), or “No, I don't think so. What is ESG?” (LT-1). Others emphasized that their work felt organic and resistant to categorization: “Everything in our place is so organic that we even do not try to put something into certain boxes” (LT-5). In these accounts, ESG appeared abstract and disconnected from how impact was actually produced in practice. Participants were particularly critical of ESG when it was associated with symbolic compliance or image management. One participant contrasted ESG rhetoric with what they perceived as superficial action: “They greenwash with advertising […] how they’re acting responsible […] but in reality, they do very little” (EE-1). Others framed ESG as focused on representation rather than substance: “Otherwise it’s just nice words without proof” (EE-4). Measurement and reporting were frequently described as problematic, with some participants arguing that formal indicators risk displacing meaningful action: “Once you start using something for measuring, it kills the essence” (LT-7).

Administrative burden further shaped these perceptions. Participants described reporting requirements as time-consuming and poorly incentivized: “If these types of reports are asked for […] and there is no direct ‘carrot’ […] it feels much more like a burden than a benefit” (LV-3). For small organizations in particular, ESG was seen as poorly aligned with scale and capacity: “For small companies it doesn't make any sense at all […] they do more informally, without any reporting” (LT-7). Across conversations, ESG was framed less as a useful tool and more as an external accounting exercise insufficient for impact-forward organizations.

Using ESG selectively. Despite skepticism, some participants described using ESG pragmatically, particularly in interactions with corporations, funders, or institutional actors. Rather than reshaping internal practices, ESG was mobilized as a shared language that enabled access and legitimacy. As one participant explained: “ESG is good as a way to talk to big companies. But I need to talk their language” (LV-1). Others similarly framed ESG as a bridge that allowed social businesses to connect with corporate actors seeking to fulfill formal ESG requirements (EE-2). Participants described aligning existing practices with ESG categories when required, rather than changing what they did in practice: “According to ESG, we can say that we recycle […] and offer job opportunities to people with mental disorders. These points are automatically covered for us” (EE-3). Some organizations voluntarily engaged in ESG reporting as a way of documenting or validating practices they already considered meaningful: “We do voluntary ESG reporting every year, based on what we feel is right” (EE-4).

Alternative recognition systems, labels, and certifications were much more prominent in accounts and were similarly described as external confirmations rather than internal drivers. ESG alternatives mentioned by participants included national and international systems, for instance, European Green Office label, SCALE membership, or Responsible Entrepreneurship Index. However, the alternative to ESG that was identified the most was the national form of social business status which must be earned periodically: “you have to prove that you spend a certain amount of money, that is meant for the impact […] and you also have to reapply every year and prove it again” (LT-1). At the same time, participants emphasized limits to how far ESG or its alternatives could meaningfully structure their work. Compliance was often framed as necessary to maintain status or access funding, rather than as something that added operational value: “Every year we need to fill out our documents to have this status of a social enterprise” (LV-6). ESG was thus negotiated instrumentally; engaged with when useful or unavoidable, but rarely allowed to shape organizational priorities: “the social field is full of bureaucracy. But people with disabilities only need help and support” (EE-5).

Interpreting environmental responsibility outside formal ESG frameworks. Environmental responsibility was most often described through everyday routines and personal values rather than through ESG-related strategies or metrics. Participants frequently framed environmental practices as obvious or self-explanatory: “Of course, for example, we do not have straws” (LT-5), and “Obviously, we recycle; we're good citizens” (LV-3). Such statements positioned environmental responsibility as normal behavior rather than a distinct organizational initiative.

In several cases, participants emphasized deliberately modest and non-performative engagement. One described their approach as “neutrally positive” (LV-3), while others explicitly admitted lack of efforts in the field: “We don’t take trips together to plant trees and so on” (LV-1). Limited resources and uncertainty about actual environmental impact further shaped engagement: “Digital things also have a footprint, but we haven’t dug into discovering which one has a bigger impact” (EE-2). Environmental responsibility was often narrated as rooted in personal ethics and everyday habits rather than organizational strategy: “Everything came from home to work […] it’s absolutely natural in my family not to waste food” (LT-5). Across cases, environmental practices appeared embedded in lived routines rather than activated through ESG frameworks.

Emerging implications for orientation and translation. Across this category, ESG (or its alternatives) emerged as a contested and unevenly relevant framework. Rather than functioning as an organizing logic, ESG operated as an external reference point that social businesses selectively engaged with. Negotiating ESG intersected closely with moral calibration and positioning practices, influencing how responsibility was articulated rather than how work was done. When ESG was mobilized, it primarily shaped how existing practices were translated and communicated to external audiences. Internal ESG-like routines, such as care for employees, inclusion, or environmental responsibility, were retrospectively aligned with ESG categories when required, without fundamentally altering organizing practices. In this sense, ESG functioned as a translation device between practice-based organizing and external expectations.

Finally, participants' interactions with ESG were closely tied to their lived understanding of the problem spaces they addressed. Concerns about greenwashing, abstraction, and performative nature reflected familiarity with the realities of social and environmental challenges, positioning ESG as something to be negotiated from the outside rather than adopted from within.

3.3 Ecosystem Emplacement

This theme captures how social businesses operate within, and respond to, the broader social entrepreneurship and innovation ecosystem of the Baltics. Participants did not describe the ecosystem as a stable or supportive context, but as fragmented, unstable, and unevenly helpful. Public institutions, regulatory frameworks, funding arrangements, and societal attitudes emerged as active conditions shaping what kinds of practices were possible, necessary, or avoided.

Ecosystem emplacement, theoretically sampled from Antonacopoulou's and Fueller's (2020) theorizing on the field where entrepreneurial practices happen as *emplacement*, refers to the ongoing work through which social businesses position within and familiarize themselves with this environment. This included compensating for public sector gaps, learning how problems are structured and where intervention is feasible, and cultivating communities and fields of practice. These processes were adaptive and experience-based rather than formally planned, shaped by political uncertainty, institutional misalignment, and social stigma. Importantly, ecosystem emplacement was closely connected to earlier categories and insights. Organizational constraints were often intensified by public sector instability and interpreted through mission calibration, while positioning for impact relied on understanding ecosystem dynamics. Community-building and advocacy practices also functioned as ways of shaping local environments, even when broader systemic change remained limited.

3.3.1 Struggling with Public Sector Instability

This first-order category captures how social businesses enact their work within unstable, fragmented, or misaligned public sector environments. Participants did not describe the public sector as a neutral backdrop, but as an active condition shaping what kinds of practices were possible, necessary, or avoided. Rather than relying on stable institutional support, social businesses described operating alongside public systems: filling gaps, engaging selectively, and adapting to ongoing political, regulatory, and funding uncertainty.

Compensating for public sector capacity gaps. Participants frequently described stepping in where public institutions were unable or unwilling to respond to specific needs. These compensatory practices ranged from direct service provision to building alternative systems. In some cases, substitution was framed as reluctant but necessary: "If nobody wants to do it, then I can do it myself" (EE-1). Others described absorbing responsibilities typically associated with schools or welfare institutions, such as providing educational support when municipalities lacked qualified staff: "They don't have that kind of teacher […] then the children come to our organization and we do all these school lessons" (EE-6).

Compensation also took informal forms, particularly in urgent situations. One participant described mobilizing personal and community resources in place of municipal aid: "I don't have money […] but I can get clothes, bed sheets, shoes" (LT-3). In more systematic cases, organizations described creating tools or models because navigating fragmented public systems was seen as inefficient: "The amount of energy needed to understand how everything works together is too much […] so we said, 'screw it' and we went in" (LV-1). These accounts position social businesses as hands-on problem-solvers responding to institutional gaps. Such practices were not always welcomed by public actors. Some participants described tension when institutional shortcomings became visible: "It's a love–hate relationship […] because of us they don't look good" (LV-1). Across cases, compensating for public sector gaps emerged as a central way in which social businesses enacted impact under conditions of instability.

Maintaining pragmatic engagement with public institutions. Alongside compensation, participants described maintaining selective and pragmatic engagement with public institutions. Rather than seeking deep integration, engagement was pursued when it enabled concrete action, access to resources, or operational synergy. Cooperation was often described as operational rather than strategic: “The most important partner is the Social Insurance Board, but this is more operational” (EE-5).

Engagement frequently involved negotiated accommodation rather than formal support. Participants described accessing municipal premises, logistical help, or informal assistance: “I call the municipality head and ask [them] for people to help me” (LT-3). In some cases, institutions adapted regulations retroactively to accommodate social businesses: “The government changed something so that we would fit in their box” (LT-6). At the same time, participants emphasized maintaining autonomy and avoiding dependence. Engagement was framed as cautious and non-committal, shaped by political context and personal relationships: “Sometimes it’s about politics, and that complicates things […] you must be diplomatic” (EE-1).

Navigating political, regulatory, and funding uncertainty. A third cluster of practices concerned navigating uncertainty created by shifting regulations, short-term funding cycles, and unclear policy positioning of social businesses. Participants described regulatory environments that favored specific organizational forms, leaving others marginal: “Most of the social law is made for work integration enterprises […] and we don’t do that” (LV-3). Funding volatility was described as a constant condition shaping strategic choices. Participants stressed the risks of dependency on project-based funding: “If you lose some kind of funding, you can no longer provide anything” (LT-1).

As a result, several organizations deliberately limited reliance on public funding or withdrew from procurement schemes perceived as unsustainable: “We don’t want to participate in a game of desperation” (LV-3). Political instability further intensified uncertainty. Participants described abrupt policy shifts and collapsed programs: “EU supported this program for 9 years, but stupid politicians don’t understand that the main reason that EU gives money for this is to start it and then the government must continue the program” (EE-5). In response, some organizations emphasized self-financing and selective exposure to public systems: “It was very important that we are not asking for any financial support” (LV-7).

Emerging implications for ecosystem emplacement. Across these accounts, public sector instability emerged as an active condition shaping everyday organizing rather than a background constraint. Practices of selective engagement and funding avoidance to retain autonomy and stability intersect closely with *Positioning the organization for impact*, reinforcing the need for diversification and bullet-proof solutions. At the same time, operating in institutional gaps required social businesses to clarify what problems they address and where responsibility lies, linking the category to moral and mission calibration practices. Rather than being supported by stable public infrastructures, social businesses enacted impact through continuous negotiation with an unstable public context.

3.3.2 Interpreting the Problem Space for Impact

This category shows how social businesses come to understand what problems they are trying to address, who it concerns, and where intervention is realistically possible. Rather than starting from predefined problem statements or policy agendas, participants described problem awareness as something that developed gradually through personal experience, professional trajectories, and close engagement with specific groups. Over time, this understanding was refined through interaction with beneficiaries, markets, and institutional environments, and translated into concrete choices about where to focus efforts.

Developing problem awareness. Participants most often described initial problem awareness as emerging from direct experience rather than abstract analysis. Many traced the origins of their initiatives to prior work in institutional or care settings, where recurring gaps became visible through everyday encounters. One participant explained that working in a psychiatric clinic revealed how limited employment opportunities were for people with mental disabilities: "I started working in psychiatric clinic […] and I saw that it's a big problem for people with mental problems and mental disabilities to find work in the open labor market" (EE-5). Others described recognizing unmet needs through family life. One founder explained how a lack of accessible support services became apparent after becoming a parent: "When my daughter was born […] almost nothing like that was available for parents at that time" (LT-1).

Several participants emphasized deliberately placing themselves inside existing systems in order to understand whether commonly expressed complaints reflected deeper structural problems. One interviewee described working as a teacher to better understand why parents sought private support: "I have been a teacher for six or seven years […] to see what actually happens in school, why do parents come to me" (EE-6). Across cases, these experiences were not initially framed as entrepreneurial opportunities. Instead, initiatives often began informally as hobbies, voluntary activities, or side projects before gradually being formalized as social businesses once participants recognized that their personal experiences reflected broader, communal problems.

Learning about the ecosystem and market conditions. As initiatives developed, participants described learning about the broader ecosystem surrounding the problem, including beneficiaries, customers, institutions, and existing service providers. This learning was typically iterative and grounded in practice rather than formal market research. One participant described realizing the scale of unmet need only after tracking usage data: "Last year 14% of new Lithuanian parents used it […] it just shows how much more we have to work to reach those families" (LT-1). Others emphasized learning through ongoing interaction with communities and clients. Several organizations described repeatedly asking beneficiaries what they needed and adjusting offerings accordingly: "We always try to ask the families, what do you need more of? And then we try to create what they need more of" (LT-1). Through such interactions, participants refined their understanding of demand, feasibility, and limits to intervention. Learning about the problem space was therefore not a one-time exercise, but an ongoing process shaped by feedback and practical constraints encountered in everyday organizing.

Prioritizing intervention points. Given limited resources and complex societal problems, participants described having to make deliberate choices about where and how to intervene within a complex problem space. These prioritization decisions often involved balancing social goals with operational feasibility and financial sustainability. One participant described using data to identify overlap between beneficiary needs and employer demand: "We literally see what are the preferences of young people, what are the preferences of companies, and we just look at what is the sweet spot for both of them" (LV-3). Others prioritized interventions based on where they believed longer-term change could be achieved. One founder explained focusing on children as a way to influence future societal attitudes toward disability: "If we can reach kids, in 10–15 years they are going to be the ones deciding what do we do with people with disabilities" (LT-6).

Practical constraints also shaped these choices. Participants described rejecting beneficiary preferences that were socially meaningful but commercially unsustainable. One organization working with people with mental disabilities explained: "We cannot make things that won't sell, because everyone needs to get paid" (EE-3). In other cases, prioritization involved rejecting solutions that conflicted with symbolic or identity-related goals. One founder described rejecting an efficiency-improving tool because it undermined how they wanted beneficiaries to be perceived: "I don't want him to rely on a cart […] I want to show that he can carry the plates like anywhere else" (LT-6). Across interviews, interpreting the problem space for impact emerged as a continuous practice rather than a fixed analytical step. Problem awareness developed through experience, interaction with ecosystems, and repeated altering of assumptions. This interpretation shaped how social businesses enacted their missions and how they positioned themselves in relation to various stakeholders.

3.3.3 Building Community and Advocating Within the Field

Social businesses actively cultivate community relationships and engage in advocacy-oriented practices within their fields of operation, as evident through these accounts. Rather than treating community as a passive audience, participants described ongoing efforts to create shared spaces, foster belonging, and normalize alternative ways of organizing social life. These practices were enacted through everyday interaction, repeated encounters, and symbolic actions aimed at reducing stigma and promoting inclusion. At the same time, participants acknowledged clear limits to reach and influence, requiring continuous adjustment of expectations and strategies.

Actively cultivating community relationships. Participants described community-building as a relational and cumulative practice grounded in regular interaction rather than formal programming. Many emphasized the importance of creating spaces where people repeatedly encounter one another and gradually form social ties. One participant described how regular participation transformed anonymous users into a recognizable community: “People already know each other. They say hello in the park to each other because they come here constantly” (LT-5). Others described their organizations as informal community anchors, particularly in smaller localities, where everyday presence contributed to social cohesion.

Community building was also enacted through everyday norms and micro-practices that shaped how people related to one another in shared spaces. One participant described deliberately setting simple behavioral expectations as part of cultivating respectful coexistence: “You always have to say hello […] you have to respect your neighbors and the cars and then you can ask them to respect you” (LV-2). Across cases, community cultivation was framed as slow, relational work dependent on physical presence, repetition, and informal norm-setting rather than outreach campaigns.

Promoting inclusion and positive social change. Beyond fostering internal community, participants described using their organizations as platforms for inclusion and advocacy. These efforts often focused on creating everyday encounters between groups that are otherwise socially separated, with the aim of normalizing differences rather than explicitly persuading. One participant described how repeated interaction was intended to shape children’s future attitudes: “The next time when they meet, both sides will know each other's names […] our kids will act different in these kinds of environments" (LT-8).

Several organizations described symbolic practices designed to reduce stigma without public labeling. For example, using a "forgotten coffee" practice to quietly support people in need: "You can buy a coffee and not drink it […] and the next time we see a client who maybe cannot afford it, we can offer it" (LT-5). Others engaged more directly in advocacy through storytelling, media, or creative formats. One participant described addressing stigma around mental health by publicly sharing alternative narratives: "Estonians think that they are drug addicts […] all this work is to show that if some autistic person talks to themselves that they are not" (EE-5). In these accounts, advocacy was enacted through repeated exposure, explanation, and presence rather than through formal campaigns.

Navigating limits to community reach and influence. Despite sustained efforts, participants also described clear limits to community building and advocacy. Stigma, disengagement, and structural barriers frequently constrained participation. One organization described hosting open-house events with little response: "We make open-house days […] but nobody comes, because it's a stigma" (EE-5). Others noted difficulty reaching specific groups, particularly those already disengaged from formal institutions and social life. One participant working with NEET (Not in Education, Employment, or Training) youth explained: "It's hard to reach them […] you cannot reach them through schools or universities […] we just use basic marketing to find them" (LV-3).

Resistance also emerged when advocacy challenged deeply held beliefs or economic interests. One participant described stepping back from confrontational approaches after recognizing their limited effect: "I understood that these owners won't change just because they have good business" (LV-2). In some cases, even beneficiaries resisted engagement or assistance. One participant reflected: "I've known people that I was certain needed help, and they refused the help I offered" (EE-1). These experiences led participants to recalibrate expectations and moral compass, focusing on change-prone spaces rather than broad transformation.

Emerging implications for positioning and moral calibration. Throughout these practices, building community and advocating within the field contributed directly to how organizations became visible, recognizable, and legitimate within their ecosystems. Through everyday interaction, symbolic practices, and public engagement, social businesses positioned themselves as value-driven actors, reinforcing their broader efforts at *Positioning the organization for impact*. At the same time, decisions about inclusion, norms, and public advocacy functioned as moments of moral articulation, where values were enacted and tested in practice. Community responses, ranging from engagement to resistance, fed back into how organizations calibrated their moral boundaries and advocacy strategies over time. In this sense, community-building and advocacy operated as both a positioning mechanism and a site of ongoing moral negotiation.

CONCLUSIONS, CONTRIBUTIONS, AND RECOMMENDATIONS

This chapter presents the main conclusions of the Master thesis and formulates recommendations derived from the findings. First, conclusions from the scientific literature review are summarized, followed by conclusions drawn from empirical research. Subsequently, theoretical contributions of the study is outlined. Finally, practical recommendations and directions for further research are presented. The conclusions are directly related to the aim and objectives of the thesis and reflect the interpretive and practice-based orientation of the research.

Conclusions of literature review.

1. Practice-based theoretical perspectives conceptualize entrepreneurship, strategy, and governance as ongoing, situated activities enacted through everyday practices rather than formalized plans or structures. This orientation provides a suitable lens for studying small, resource-constrained social businesses operating in emerging and unstable ecosystems.
2. The dominant body of ESG literature is largely oriented toward large corporations and emphasizes formal frameworks, reporting mechanisms, and compliance-driven approaches. As a result, it offers limited insight into how ESG considerations are interpreted and enacted in the everyday organizing practices of social businesses and small and medium-sized enterprises.
3. Social businesses are commonly characterized by informal governance, hybrid logics, and mission-driven organizing, which complicates the direct application of standardized ESG frameworks. Existing literature insufficiently addresses how these organizations navigate tensions between mission, market pressures, and institutional expectations in practice.
4. Entrepreneurship-as-Practice and Strategy-as-Practice perspectives emphasize the relational, interpretive, and context-sensitive nature of organizing and strategizing. These perspectives highlight the importance of examining how values such as sustainability and responsibility are enacted, negotiated, and stabilized through everyday practices.
5. Emerging social entrepreneurship and innovation ecosystems, such as those in the Baltic region, remain under-theorized in both ESG and practice-based entrepreneurship research. Their institutional instability, fragmented public support, and reliance on creative organizing practices warrant focused empirical investigation.

Conclusions of empirical research. The conclusions of the empirical research directly address the aim of the thesis and its research questions by synthesizing how ESG considerations are enacted, oriented, and situated within the Baltic social entrepreneurship and innovation ecosystem. The following conclusions summarize the main empirical insights derived from the analysis.

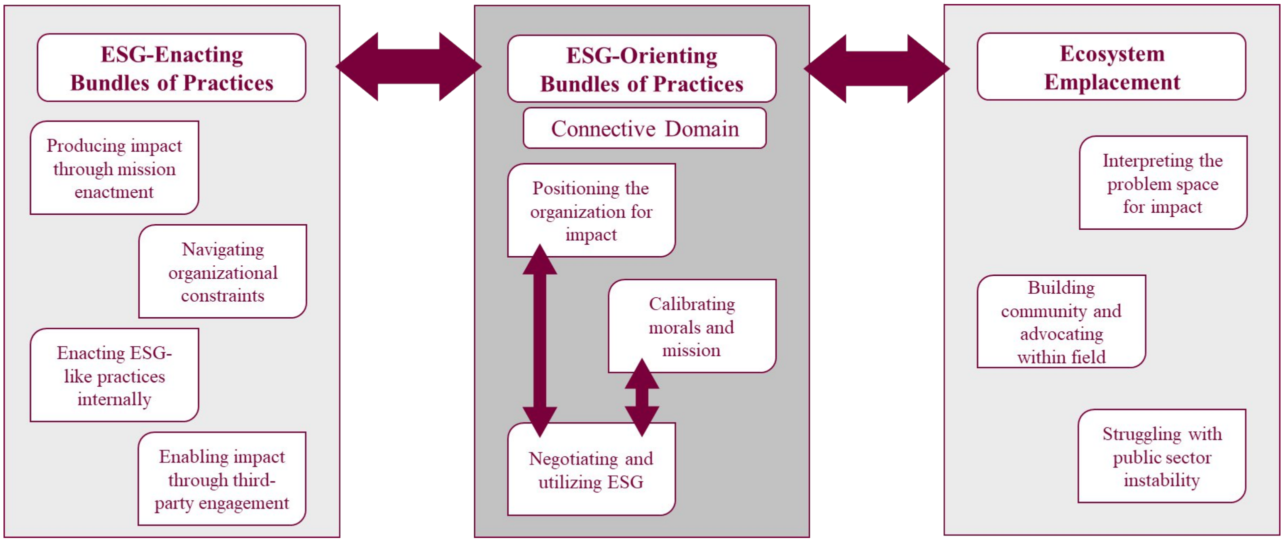
6. The empirical findings indicate that ESG considerations were rarely articulated explicitly by social business practitioners and did not function as a guiding framework in everyday organizing. Instead, ESG-related values were embedded within impact generation, internal practices, and operational decision-making.
7. ESG-enacting bundles of practices captured how social businesses produced social, environmental, and governance impact and engaged with third parties. Social businesses generated this impact through mission enactment, internal routines and by enabling external actors to create impact, all while navigating organizational constraints. However, these practices alone did not directly determine how organizations positioned themselves within the broader ecosystem.
8. ESG-orienting bundles of practices emerged as a distinct, novel, and analytically central domain through which organizations interpreted, prioritized, and calibrated their work and ESG considerations. These practices involved positioning the organization for impact, calibrating morals and mission, and negotiating the use of ESG.
9. The ESG-orienting domain functioned as a connective space linking everyday practices to ecosystem-level positioning and considerations. Through practices in this domain, ESG-enacting efforts interacted with the ecosystem emplacement while shaping, informing, and contextualizing social business realities.
10. Ecosystem emplacement was defined through routine interactions, and it reflected how social businesses interpreted the problem space for impact, built communities, and navigated public sector instability. These dynamics were mutually shaping rather than sequential, fortifying the bidirectional relationship between ecosystem conditions and daily and strategizing practices.

Collectively, these conclusions demonstrate how ESG considerations influence daily and strategic practices, how such practices reshape interpretations of ESG, and how ecosystem conditions in the Baltic SEIE shape ESG enactment. In doing so, the study addresses all research sub-questions and fulfills the stated objectives of the thesis.

Theoretical contributions of the study. This study contributes to practice-based entrepreneurship and ESG literature by developing a theoretical model (**Figure 3**) that conceptualizes ESG enactment as a relational composition of practices rather than a linear or compliance-motivated process. The model distinguishes three analytically separate but interrelated domains: **ESG-Enacting Bundles of Practices**, **ESG-Orienting Bundles of Practices**, and **Ecosystem Emplacement**. ESG-enacting bundles capture how social businesses produce impact, navigate constraints, enact ESG-like practices internally, and engage third parties in impact generation. These enactments rarely feed directly into broader ecosystem positioning or respond to shifts in the ecosystem; instead, they become meaningful and actionable through **ESG-orienting bundles of practices**, which form a connective domain between enactment and emplacement. Within this connective domain, organizations position themselves for impact, calibrate morals and mission, and negotiate the use of ESG as an external language. While elements within each of the three domains interact with one another, the model foregrounds intra-domain interactions that include ESG negotiation and utilization. This emphasis reflects the analytical centrality and uniqueness of this bundle of practices, which emerged as less directly connected to ESG-enacting practices and ecosystem emplacement, yet highly interdependent with processes of mission calibration and positioning for impact. Through these ESG-orienting practices, ESG enactments are interpreted, prioritized, and translated in relation to external conditions, enabling organizations to engage with, respond to, and become situated within the broader ecosystem. In turn, ecosystem emplacement reflects how organizations interpret the problem space for impact, build community and advocacy roles, and navigate public sector instability. Ecosystem emplacement, as a fluid and interpretive mechanism built through routine interactions by social businesses, is both informed by and contextualizes aforementioned ESG-orienting practices. Overall, the model conceptualizes ESG enactment, orientation, and ecosystem emplacement as mutually shaping domains, linked through ongoing orienting work rather than linear progression or causal sequencing.

Figure 3

Inductive theoretical model of ESG practices



Source: compiled by the author based on the conducted research

First, the study advances Entrepreneurship-as-Practice scholarship by demonstrating how sustainability-related concerns are enacted and oriented through everyday organizing and strategizing practices. ESG is shown to function not as an external logic imposed on organizations, but as a negotiated and interpreted set of meanings embedded in practice. *Second*, the study contributes to ESG research by shifting attention away from formal frameworks and reporting mechanisms toward lived, practice-based enactments. The findings challenge dominant assumptions that ESG engagement is primarily a matter of compliance or strategic alignment, highlighting the interpretive and moral labor involved in orienting practices toward external expectations instead. *Third*, the study enriches ecosystem and emplacement thinking by conceptualizing the ecosystem not as a static context but as a practiced and negotiated space. Ecosystem emplacement emerges as an outcome of ongoing orienting work rather than as a direct result of organizational characteristics or isolated actions. Together, these contributions advance a practice-based and relational understanding of ESG in social businesses, showing how sustainability is enacted, oriented, and situated through ongoing organizing work rather than implemented through formalized frameworks or static ecosystem conditions.

Practical recommendations:

1. Social business practitioners should approach ESG as an orienting and communicative tool rather than a rigid framework. Selective and context-sensitive use of ESG language can help translate mission-driven practices into externally legible narratives when engaging with institutional and private sector actors.
2. Social businesses are encouraged to explicitly reflect on internal practices of moral calibration, particularly when balancing mission priorities against external expectations. Making these calibration processes visible can support more comprehensive decision making and organizational alignment.
3. Public sector institutions should simplify administrative and reporting requirements for social businesses, recognizing that excessive documentation disproportionately constrains small, mission-driven organizations and limits meaningful engagement with ESG-related initiatives.
4. Policymakers should design support mechanisms that acknowledge informal governance and embedded sustainability efforts in social businesses. Flexible funding instruments and longer-term project horizons may better align with how impact is produced in practice.
5. Ecosystem intermediaries and support organizations, such as social enterprise associations, should facilitate spaces for peer learning and community building, enabling social businesses to collectively interpret ESG expectations and share context-sensitive strategies for engagement.

Directions for further research:

1. Future research could examine ESG-orienting practices in social businesses operating in more mature or institutionalized ecosystems to explore how contextual conditions shape orienting work, particularly in relation to established support mechanisms, clearer regulatory expectations, and more developed civic communities.
2. In-depth qualitative or case studies of individual social businesses or ecosystem initiatives could further explore how ESG-enacting and ESG-orienting practices unfold on different levels of organization. Such designs would allow for closer examination of internal dynamics, informal governance, and the situated processes through which ecosystem emplacement is continuously produced.
3. Longitudinal research designs could provide deeper insight into how ESG-enacting and ESG-orienting practices evolve over time, particularly in response to regulatory changes, shifts in

funding regimes, or processes of ecosystem stabilization. Such studies could capture how orienting and calibrating work is sustained and adjusted.

4. Comparative research across different organizational sizes, legal forms, and mission orientations (e.g., education, work integration, environmental sustainability) could further refine understanding of how practice-based ESG enactment varies across contexts.

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BIDIRECTIONAL RELATIONSHIP BETWEEN ENVIRONMENTAL, SOCIAL, GOVERNANCE PRACTICES AND STRATEGIES IN BALTIC SOCIAL BUSINESSES

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Master Thesis

Business Process Management

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SUMMARY

86 pages, 3 figures, 2 tables, 64 references.

Keywords: Entrepreneurship-as-practice, social business, Baltic SEIE, ESG, Sustainability, Practice turn, Strategy-as-practice.

This Master thesis examines how Environmental, Social, and Governance (ESG) considerations are enacted, oriented, and embedded in daily and strategic practices of social businesses operating within the Baltic social entrepreneurship and innovation ecosystem (SEIE). While ESG is increasingly institutionalized through formal frameworks and reporting mechanisms, its relevance and application in small, resource-constrained social businesses remain underexplored. The aim of the thesis is to develop a practice-based understanding of the bidirectional relationship between ESG practices and strategies in Baltic social businesses.

The study is grounded in practice-based theoretical perspectives, primarily Entrepreneurship-as-Practice, and adopts a Constructivist Grounded Theory Analysis approach. Empirical data were collected through 21 semi-structured interviews with founders, co-founders and CEOs from social businesses operating in Lithuania, Latvia, and Estonia. Inductive data analysis followed iterative coding, constant comparison, memo writing, and engagement with theory. Findings are presented through three interrelated domains of practice: ESG-Enacting Bundles of Practices, ESG-Orienting Bundles of Practices, and Ecosystem Emplacement. ESG enactment is shown to occur through everyday organizing practices such as producing impact through mission enactment, navigating

organizational constraints, enacting ESG-like practices internally, and enabling third-party impact generation. These enactments do not translate directly into ecosystem engagement but become meaningful through ESG-orienting practices, which include positioning the organization for impact, calibrating morals and mission, and negotiating and utilizing ESG as an external language. Ecosystem emplacement reflects how organizations interpret problem spaces for impact, build community and advocacy roles, and navigate public sector instability, while remaining dynamically interconnected with orienting and enacting practices.

The study develops a theoretical model that conceptualizes ESG as a relational and practice-based phenomenon rather than a linear or compliance-driven process. The main conclusions indicate that ESG in social businesses functions as an interpretive and negotiated set of meanings embedded in practice, shaped through ongoing orienting work rather than formal strategy. The thesis contributes to Entrepreneurship-as-Practice literature by foregrounding the role of orienting practices as a connective domain linking everyday enactments with ecosystem conditions. The results of the thesis are intended for academic audiences interested in practice-based entrepreneurship and sustainability research, as well as practitioners and policy actors engaged in supporting social businesses within emerging ecosystems.

DVIPUSĖ SĄVEIKA TARP APLINKOSAUGOS, SOCIALINĖS ATSAKOMYBĖS IR VALDYSENOS PRAKTIKŲ BEI STRATEGIJŲ BALTIJOS ŠALIŲ SOCIALINIUOSE VERSLUOSE

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Vilnius, 2026

SANTRAUKA

86 puslapiai, 3 paveikslėliai, 2 lentelės, 64 literatūros šaltiniai.

Šiame magistro darbe nagrinėjama, kaip aplinkosaugos, socialinės atsakomybės ir valdysenos (ESG) aspektai yra įgyvendinami, orientuojami ir įtvirtinami kasdienėse bei strateginėse socialinių verslų praktikose Baltijos socialinio verslumo ir inovacijų ekosistemoje (SEIE). Nors ESG vis labiau institucionalizuojama per formalius standartus ir atskaitomybės mechanizmus, jos reikšmė ir taikymas mažose, ištekliais ribotose socialinėse įmonėse išlieka nepakankamai ištirti. Šio darbo tikslas - sukurti praktika grįstą suvokimą apie ryšį tarp ESG praktikų ir strategijų Baltijos šalių socialiniuose versluose.

Tyrimas grindžiamas praktika grįstomis teorinėmis perspektyvomis, pirmiausia, entreprenerystės praktikų požiūriu; taikoma konstruktyvistinė grįstosios teorijos analizė. Empiriniai duomenys buvo surinkti atlikus 21 pusiau struktūruotą interviu su socialinių verslų steigėjais, bendraįkūrėjais ir vadovais Lietuvoje, Latvijoje ir Estijoje. Induktyvi duomenų analizė vyko taikant iteratyvų kodavimą, nuolatinį palyginimą, analitinių užrašų pildymą ir įtraukiant teorinę abdukciją. Tyrimo rezultatai pateikiami per tris tarpusavyje susijusias praktikos sritis: ESG įgyvendinimo praktikas, ESG orientavimo praktikas ir ekosisteminį įsitvirtinimą. Nustatyta, kad ESG įgyvendinimas vyksta per kasdienes organizavimo praktikas, tokias kaip poveikio kūrimas per misijos įgyvendinimą, organizacinių apribojimų suvaldymas, ESG pobūdžio praktikų taikymas organizacijos viduje ir trečiųjų šalių poveikio kūrimo skatinimas. Šios praktikos tiesiogiai neperauga į dalyvavimą ekosistemoje, tačiau yra įprasminamos per ESG orientavimo praktikas, apimančias organizacijos

pozicionavimą poveikiui, moralės ir misijos kalibravimą bei ESG kaip išorinės kalbos derinimą ir panaudojimą. Ekosisteminio įsitvirtinimo sritis atskleidžia, kaip organizacijos interpretuoja poveikio problemų lauką, kuria bendruomeniškumą ir atstovavimą bei naviguoja viešojo sektoriaus nestabilumą, išlikdamos dinamiškai susietos su orientavimo ir įgyvendinimo praktikomis.

Tyrimo metu sukurtas teorinis modelis konceptualizuoja ESG kaip ryšinį ir praktika grįstą reiškinį, o ne linijinį ar atitiktimi grįstą procesą. Pagrindinės išvados rodo, kad ESG socialiniuose versluose veikia kaip interpretacijų ir derybų būdu formuojamas prasmių rinkinys, įtvirtintas praktikoje ir formuojamas per nuolatinį orientavimo darbą, o ne per formalią strategiją. Šis magistro baigiamasis darbas prisideda prie verslumo kaip praktikos literatūros, išryškindamas orientavimo praktikų vaidmenį kaip jungiamąją sritį, siejančią kasdienes praktikas su ekosisteminėmis sąlygomis. Tyrimo rezultatai skirti akademinei auditorijai, besidominčiai praktika grįstais verslumo ir tvarumo tyrimais, taip pat praktikams ir politikos formuotojams, dalyvaujantiems socialinių verslų rėmime besiformuojančiose ekosistemose.

ANNEXES

Annex 1. Final Interview Guide

1. **General information:**
   1.1. Could you tell me about your organization and your role in it?
   1.2. How did this organization start, and what is its main mission or goal?
   1.3. How would you describe your target group of beneficiaries?
   1.4. How is your organization structured?
   1.5. How do you balance social impact creation and financial survival?
2. **Social practices:**
   2.1. How do you ensure your employees', volunteers', and partners' well-being?
   2.2. How do you build relationships with your beneficiaries through everyday activities?
   2.3. Have you faced any challenges in reaching or including specific groups? How did you handle it?
3. **Environmental Practices:**
   3.1. *If the mission is not related to environmental impact and the organization is very small:* what environmental practices do you personally have in your home life?
   3.2. How do environmental ideas influence your daily activities?
   3.3. What actions do you take to create positive environmental impact?
4. **Governance Practices:**
   4.1. How are decisions made in your organization? Who is usually involved?
   4.2. How do you make sure that the needs of your beneficiaries are reflected in your decision-making?
   4.3. How do you make sure that everyone's ideas or feedback are considered?
   4.4. How do you build trust with your community and employees?
   4.5. Have you developed any internal rules or guidelines that guide how you work together?
5. **Ecosystem & Outlook:**
   5.1. How does operating in the Lithuania/Latvia/Estonia shape you?
   5.2. What opinions about social entrepreneurship do you encounter in your community and your relations with governmental institutions? How do you deal with them?
6. **Awareness of ESG (or similar concepts):**
   6.1. Have you heard of the term ESG? If participant is not sure – it is written down in the chat.
      6.1.1. *If yes*, how does it fit in with your organization?

6.1.2. *If not*, do you work with other ideas or frameworks that feel similar? How do they fit in your business?

7. **Closing:** Is there anything else you would like to add about your organization's practices that we haven't discussed?