

**Reconciling Social Enterprise: beyond the paradox perspective.**  
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**Abstract**

**Purpose:** This paper critically reviews the increasingly taken-for-granted view of Social Enterprise as inherently paradoxical. It tackles the research question: are the tensions experienced by Social Enterprises and Social Entrepreneurs actually paradoxical and if not, what are the implications for theory and practice?

**Approach:** A Paradox Theory approach has been utilised to explore the implications, validity and helpfulness of the paradox perspective in understanding and managing the tensions that are inherent in Social Enterprises.

**Findings:** Conceptualising the primary tension of doing social good through commercial activity as a paradox is argued to be a limiting misnomer that conspires to reify and

perpetuate the tensions that Social Enterprises and Social Entrepreneurs have to manage. Drawing upon paradox theory the findings of this paper reconceptualise these tensions as myths, dilemmas and dialectics, which are subsequently used to develop a more complete ontological framework of the challenges that arise in Social Enterprises and for Social Entrepreneurs.

**Originality:** This work presents new theoretical insights to challenge the dominant view of Social Enterprises as inherently paradoxical.

**Practical Implications:** Reconceptualising the ‘inherent paradoxes’ of Social Enterprise as either dilemmas or dialectics affords a means of pursuing their successful resolution. Consequently, this view alleviates much of the pressure that Social Enterprise managers and Social Entrepreneurs may feel in needing to pursue commercial goals alongside social goals.

**Key Words:** Paradox Theory, Social Enterprise, Social Entrepreneurship, Dilemmas, Dialectics

## **Introduction**

In their review of ‘classic’ management theory articles, Kilduff and Dougherty (2000, p.778) stress how important it is for management scholars to "*engage in the active critique of the rarely challenged assumptions guiding our field*". Doing so prevents taken-for-granted ideas restricting the opportunities for pluralism, change and development in a field. They argue that challenges to, and critiques of, what is considered conventional wisdom can encourage the collection and interpretation of new and potentially discrepant evidence with the potential to generate new insight and stimulate theory development.

Social Enterprise (SE) and Entrepreneurship (SEnt) is a field in which widely accepted theories and ideas may need to be routinely challenged because of a view that "*conventional models of enterprise are not well suited to explaining social enterprise*"

(Diochon and Anderson, 2011, p.109; Ranville and Barros, 2021; Morris, Santos, Kuratko, 2021). Although there is controversy within the field of what constitutes a SE, since they have different forms and legal identities (Bull, 2018), they are most easily understood as organizations whose primary activity involves trading in goods and services in order to deliver upon their socially ethical premises (Peattie and Morley, 2008).

In studying SEs, Paradox Theory (PT) has become an increasingly widely adopted perspective, to the point that a view of SEs as fundamentally paradoxical is becoming dominant. Smith, Gonin and Besharov (2013, p.465) for example refer to the “...*inherently competing demands that arise when organizations pursue social missions through commercial means*”. Seanor, Bull, Baine and Ridley-Duff (2013, 338) state “*we think it fundamental to call attention to the contradictions and paradoxes of the term social enterprise*”. Ebrahim, Battilana and Mair (2014, p.82) believe that “*social enterprises offer a rich subject of study as they combine not only potentially conflicting goals (social and financial) but also potentially divergent stakeholder interests*”. As this view of SEs as being inherently paradoxical has taken hold in the field, so the identification of a range of subsidiary paradoxes or symptoms of paradox have cascaded out of studies considering different aspects of SEs and their operation.

SEs tend to be formed from some amalgamation of private, public and non-profit organizations, meaning that they are frequently understood and conceptualised as ‘hybrid organizations’ (Doherty, Lyon and Haugh, 2014). It is this hybridity, combining the need to be commercially astute, profitable and ethical, while delivering a social service to society in the face of constrained resources, that frequently results in SEs having to grapple with difficult, competing and contradictory tensions (Ebrahim *et al.*, 2014; Hai and Daft, 2016; Smith and Beshkarov, 2017; Samuel, White and Mason-Jones, 2020; White, Allen, Samuel, Taylor, Thomas and Jones, 2022). Dealing with these tensions can result in SEs experiencing

mission drift (Cornforth, 2014; Ebrahim, *et al.*, 2014; Santos, *et al.*, 2015; Young and Kim, 2015; Siebold, Gunzel-Jensen and Muller, 2016) potentially leading to either financial difficulty or a decline in either or both their ethical ethos and the quality and desirability of their social provision (Cornforth, 2014; Stevens, Moray and Bruneel, 2014).

PT has become increasingly prevalent in the study of SE (see for example Alegre, 2015; Block, 1998; Bull, Baines and Ridley-Duff, 2013; Calton and Payne, 2003; Cornforth, 2004, 2014; Diochon and Anderson, 2011; Jay, 2013; Kannothea, Manning and Haigh, 2018; Mason and Doherty, 2016; McMullen and Bergman, 2017; Peattie and Morley, 2008; Seanor, Smith, Besharov, Wessels and Chertok, 2012; Smith *et al.*, 2013; Tian and Smith, 2014). In part, the upsurge of interest in applying PT to SE may be seen as a response to Haugh's (2012) call for greater theoretical development in the SE field.

This paper seeks to critically review the increasingly taken-for-granted view of SEs as inherently paradoxical, by tackling the research question of: are the tensions experienced by SEs actually paradoxical and if not, what are the implications for theory and practice? It draws upon Smith and Lewis (2011) and Smith, Gonin and Besharov (2013) to diagnose the perceived tensions within SEs, to consider whether they meet the criteria of a paradox, or whether they can be more accurately understood in other ways, for example as dilemmas and dialectics.

The study finds that the notion of SE tensions being 'inherently paradoxical' is, at the very least, a limiting misnomer and that the paradox perspective has become so widely accepted in SE literature that many may find it difficult to accept our argument that the fundamental 'dual-mission paradox' is a myth. This theoretical constraint reflects, but in turn perpetuates, the practical difficulties that are encountered by SEs when managing SEs and accepting the dominant view that the tensions that are experienced are paradoxical and therefore irreconcilable. Through developing a more nuanced approach, by understanding SE tensions

as dilemmas and dialectics, some of the more potentially paralysing influences of the SE paradox perspective can be dispelled. This opens up new pathways for SE research and theory development, and provides insights for SEnts and practicing managers.

This paper proceeds by first characterizing the SE sector and organizations, before discussing PT as a lens through which organisational tensions can be understood. A critical examination then follows of the eight key managerial tensions that the SE literature suggests represent paradoxes, or symptoms of paradoxes within SEs. The manuscript ends with a discussion of alternative ways of understanding the tensions experienced by SEs and SEnts, and the benefits that stepping away from a paradox perspective may bring in terms of opening up space for alternative approaches and theoretical lenses, and freeing SEnts and SE managers from the potentially debilitating impact of their role being framed as inherently conflicted and paradoxical.

### ***SOCIAL ENTERPRISE(S)***

The changing nature of social provision, due in part to the global financial crisis and the consequential reduction of state support (Kerlin, 2010; Munoz *et al.*, 2015; Littlewood and Holt, 2015; Pathak and Murlidharan, 2017; Chan *et al.*, 2017; Mohammed *et al.*, 2018; White, Samuel, Pickernell, Taylor and Mason-Jones, 2018; Asarkaya and Taysir, 2019), has given rise to a proliferation of SEs and Ents (Haugh, 2007; Hoogendoorn, 2016). This increase is also due, in part, to the need for SEnts to accommodate the changing needs of consumers (Apadula and Predmore, 2019; Glaveli and Geormas, 2018).

Social enterprises are becoming an increasingly prominent part of many societies, not only because of their purpose to “*respond to the needs of others*” (Dees, 2012, p.321; Social Enterprise UK, 2017, 2019; Hockerts, 2017; Kurland and McCaffrey, 2016; Thorgren and Omoredé, 2018) but also because of their growing contribution to economies (Engelke *et al.*,

2016; Dees, 2012; FASES, 2016). For instance, 52% of UK social enterprises grew their turnover in the last year (SEUK, 2019), and SEs contribute over \$500bn to the US economy and employ more than 10 million people (Khan *et al.*, 2015).

SEs are at the very forefront of addressing the pressing needs of disadvantaged groups and geographies as well as environmental issues (Dees, 1998; Bornstein, 2007; Skoll Foundation, 2015; Dzunic, Stankovic and Jancovic-Milic, 2018; Palakshappa and Grant, 2018). In the UK, 19% of social enterprises support vulnerable people, 18% address social exclusion, 17% aim to improve physical and mental wellbeing, and 13% support vulnerable young people (Mansfield and Gregory, 2019). SEs provide direct support to marginalized groups through provision of their services and also by providing a means of gainful employment (Farmer *et al.*, 2020): 48% of UK SEs operate in the country's most social and economically deprived areas, 38% of them have black and ethnic minority (BAEM) directors, and 40% of them are led by women (Mansfield and Gregory 2019).

### **Paradox Theory**

Much of the SE literature focuses upon the various challenges that are manifest within this sector. These difficulties are magnified by the inherent heterogeneity of the types of organizations that it comprises (Bull, 2018). These various 'tensions' have been examined through numerous different theoretical lenses in order to understand their origins and nature. For instance, Smith, Gonin and Besharov (2013) utilise Institutional Theory to explore the influences of societal logics upon SEs, Organizational Theory to portray the competing purposes of SEs, Stakeholder Theory to examine the managerial issues and Paradox Theory to study these inherent tensions that are common to business. They argue that the study of SEs may afford new insight into each of these theoretical lenses and may then provide guidance for the management of similar issues in other organizational types.

The study of SEs does not constrain the choice of theoretical framework that can be used. Smith, Gonin and Besharov (2013) propose the future use of Network Theory and Sensemaking, Ridley-Ruff and Bull (2015) identify Economic Theory and Rational-Choice Theory, while Mason, Kirkbride and Bryde (2006) utilise Governance Theory. Haugh's (2012) highly influential work highlights the importance of 'good theory' as well as 'theory development' and discusses the many and varied theories that have been used in the study of SE.

Research adopting a paradox perspective is a feature of numerous management fields, including some highly relevant to an understanding of SEs including non-profit organizations (Lloyd and Woodside, 2015) and entrepreneurship (Link, Siegel and Wright, 2015). The value of utilising PT as the world-view for research is evidenced in the practical implications that have emanated from the extant literature. Ozanne *et al.* (2016) for example, use PT to examine the challenges that are presented to organisations that are attempting to balance the competing requirements of the triple bottom line. Smith and Lewis' (2011, p.258) concept of PT was used to identify to organisational actors that these tensions "*can and should exist*" and provide practical instruction to policy makers. Mason and Doherty (2016, p.465) draw upon Luscher and Lewis' (2008) PT typology to proffer ways of managing the paradoxes of social enterprises. Several other studies adopt case study approaches to understand and help leaders to navigate the paradoxical tensions of organizations (Bednarek, Paroutis and Sillince, 2017; Calabretta, Gemser and Wijnberg, 2017; Jansson, 2014; Lewis, Andriopoulos and Smith, 2014; Luscher and Lewis, 2008).

Paradoxes comprise "*contradictory, yet interrelated elements—elements that seem logical in isolation, but absurd and irrational when appearing simultaneously*" (Lewis, 2000, p.760) that exist within every sphere of human existence, including organizations (Lewis, 2000; Stevenson, 2010). The term paradox is invariably used when describing something

apparently insoluble (Stevenson, 2010), because the perception of a situation or a decision is inferred to be binary (either-or, on-off, yes-no, black-white). Stevenson (2010) acknowledges the paralysing effect of paradoxes and emphasises that through acceptance of these differences one is able to move beyond entrenchment in ‘what one ought to be’ toward realising ‘what one is’. In a similar manner, Clegg, Cuhna and Cuhna (2002) maintain that it is perfectly acceptable, and even necessary, to cope with what is considered paradoxical.

PT affords a means of approaching the resolution of seemingly incommensurable tensions through such interventions as temporal and spatial separation (Smith *et al.*, 2013), ‘exploration’ (of new opportunities) and ‘exploitation’ (of existing opportunities) (Papachroni, Heracleous and Paroutis, 2015), cycles of ‘splitting’ and ‘synthesising’ (Ozanne *et al.*, 2016) or through ‘assimilation’ and ‘adjustment’ (Hargrave and Van den Ven, 2017; Poole and van de Ven, 1989). For researchers, exploring paradoxes is claimed to reveal deep insight into organizational form and function, whilst for managers, embracing paradoxes rather than making often futile attempts to reconcile them may lead to creative, beneficial outcomes (Smith and Lewis, 2011) and what Smith and Tracey (2016, p.459) term “*a virtuous cycle*”.

### **The Nature of Organizational Tensions and Paradoxes**

Smith and Lewis (2011) explored the nature of paradoxes that occurred within organizations and grouped them into four types comprising ‘Performing’, ‘Organizing’, ‘Belonging’ and ‘Learning’. ‘Performing’ tensions arise when SEs are stricken by the pursuit of simultaneous, incommensurable goals (further described as “*tensions that emerge from divergent outcomes – such as goals, metrics and stakeholders*” (p.410), ‘Organizing’ tensions “*emerge from divergent internal dynamics – such as structures, cultures, practices and processes*”, ‘Belonging’ tensions “*emerge from divergent identities among subgroups, and between subgroups and the organization*”, and ‘Learning’ tensions encompass the issues of “*growth,*



*scale, and change that emerge from divergent time horizons*". It is notable that their description of Performing tensions, by using the term 'incommensurable', makes it a necessary condition that all tensions of this type are paradoxical.

Building upon this framework, Smith, Gonin and Besharov (2013) focused attention upon the specific tensions that occur within SEs in order to identify to which of those four groups they belonged. Within each grouping, the the 'Dimensions of Social Missions' are contrasted with the 'Dimensions of Business Ventures', again reinforcing the notion that social and business objectives are mutually antagonistic. Collectively these tensions are argued to be the foundation of the primary challenge of many SEs that is "*the multiple and often conflicting demands that surface through their commitments to both social missions and business ventures*" (p.409).

This study returns to Smith and Lewis' (2011) exploration of PT in management that argues that not all tensions within organisations are in fact paradoxes. Instead, reconceptualising these seemingly irreconcilable tensions as dilemmas and dialectics, they argue that this enables scholars to explore apparent 'paradoxes' in much greater, nuanced detail. Smith and Lewis (2011) considered a dilemma to be a form of tension that presents opposing advantages and disadvantages. Presuming that either option is available (i.e. they are economically and practically feasible) addressing a dilemma is, in effect, a decision-making problem (Dubetz, Turley and Erickson, 1997; Kotarba, Wooten, Freeman and Brasier, 2013). It must be realized that this decision-making process need not be binary (either/or) in nature but may in fact be analogue (more/less) and even include decisions that require some form of organizational ambidexterity (Ozanne *et al.*, 2016; Papachroni *et al.*, 2015; Zimmerman, Raisch and Cardinal, 2018). However, in making a decision, it must be accepted that the disbenefits of a choice will also be incurred (Dubetz, Turley and Erickson, 1997).

A further form of tension is a dialectic, understood as “*an ongoing process of resolving tensions through integration*” (Smith and Lewis, 2011, p.386). Others adopt a similar position, positing that a dialectic is a search for ‘truth’ that is achieved through the use and reconciliation of contrasting propositions in dialogue (Calton and Payne, 2003; Hargrave and Van den Ven, 2017; Raisch, Hargrave and van de Ven, 2018). In these situations, resolution may be temporarily obtained through synthesis of the elements that are in contradiction, in order to take advantage of their combined similarities.

In conclusion, dilemmas appear as decision-making problems and dialectics are the search for resolution through ongoing discussion. In effect, dilemmas are decisions that are made at a definite point in time whereas dialectics occur over extended periods. Consequently, by viewing organizational tensions as iterative organizational processes of dialogue and decision-making, it may be possible to eschew the constraining notion of organizational tensions as necessarily paradoxical, immutable conditions, and forge new insight into the ways in which the hybrid mission of social enterprises may be operationalized (summarised in Table 1). This study seeks to re-examine the tensions that are perceived to be inherent to SE in order to characterise them as either true paradoxes, dilemmas or dialectics. Within the following review of the literature that identifies the eight tensions that arise in SE, which comprise the ‘dual-mission’, ‘measuring and reporting social value’, ‘stakeholder management and governance’, ‘positioning’, ‘sources of income and investment’, ‘management of human resources and social capital’, ‘situatedness’, and ‘validity’, each is appraised according to the preceding definitions of paradoxes, dilemmas and dialectics. Following this, these tensions are collated according to Smith and Lewis’ (2011) framework of ‘Performing’, ‘Organizing’, ‘Belonging’ and ‘Learning’.

### **The Eight Tensions of Social Enterprise.**

#### *Tension 1: DUAL-MISSION*

The view of SEs as fundamentally and inherently paradoxical recurs regularly within the literature. Bull (2008) argues that the very terms ‘social’ and ‘enterprise’ are not easy to reconcile in practice, and the literature abounds with similar recognition of the inherent tensions within SEs (Dees and Anderson, 2006; Hai and Daft, 2016; Smith, Besharov, Wessels and Chertok, 2012; Tracey and Phillips, 2007; Siebold, Gunzel-Jensen and Muller, 2016; Bruder, 2021). The core of this perceived paradox, from which other tensions flow, is the ‘dual-mission’ nature of SEs and the risk of mission drift that this creates. However, it would be misleading to claim universal acceptance for the idea that SEs are inherently paradoxical. Authors such as Alegre (2015) frame the issue as a debate, and others, such as Diochon and Anderson (2011), Nicholls (2009) and Tobias *et al.*, (2013), argue explicitly that SEs’ social and financial value are intrinsically interconnected rather than in opposition. For instance, Liberation and their peanut producers in Nicaragua are expanding their own processing facility to capture more of the economic value from the value chain. Liberation purposefully pay their farmers a social premium for their nuts, which is higher than the conventional market price. This money is then invested to build the farmers own peanut processing plant to manufacture peanut butter at origin and add value back down the supply chain for producers (Mason & Doherty, 2016).

As Hai and Daft (2016) highlight, it is the idea of a profit motive, of profit generation as an element of organizational mission, and even of profit maximization as a goal, that underpins the view of SEs as paradoxical. However, there is little discussion rooted in theory to justify and explain this – the widespread use of the idea appears to be enough to lend it validity. It is worth considering that the emphasis on profit as purpose comes from the abstract world of economics, rather than the more applied fields of management and organizations. Early management theorists such as Chester Barnard described commercial enterprises as having multi-faceted purposes including the generation of jobs and contributing to the welfare of

society. It was in the 1970s that the contributions of Milton Friedman (1970) and Jensen and Meckling (1976) established the idea of the primacy of shareholder value and profit generation as the over-riding, or even sole, purpose of commercial enterprises (Bower & Paine, 2017). During the 1980s this primacy of shareholder value was adopted both in the US and globally to become extremely influential (Kaplan, 2020) and "*pervasive in the financial community and much of the business world. It has led to a set of behaviors by many actors on a wide range of topics, from performance measurement and executive compensation to shareholder rights, the role of directors, and corporate responsibility*" (Bower & Paine, 2017, p.51).

The most powerful critique of profit as purpose in management theory comes from Drucker, often cited as the most influential management scholar of the 20th century (Malcolm and Hartley, 2009). Drucker (1974) argues that the fundamental purpose of business is not to make a profit, but to 'create a customer' by understanding and satisfying their needs. His argument is that profit is a means to an end that allows an organization to cover its costs, that provides capital (and potentially access to further capital) allowing for expansion and innovation, and allows organizations to reward those who have assumed some risk by investing. Profitability may be a condition of survival and important in fulfilling an organization's mission, but it is not the mission itself (Reuschling, 1968), the mission is always 'in society' and therefore must be a social one.

Even Smith *et al.*'s (2012, p.465) analysis of perceived SE paradoxes is framed in terms of their pursuit of social missions through commercial means. This reveals not a dual-mission, but a means/ends divide. In fact, the paradox of SEs seems less in framing them as 'dual-mission' organizations, than in considering them to have a dual-mission including the generation of profit, whilst simultaneously distinguishing them from other types of enterprise that are labelled as 'for profit'. As Davies and Doherty (2019) argue, it isn't whether you

generate a profit as a SE that is the crucial issue, it is how you use that profit to achieve social value.

Once the generation of profit is acknowledged as the means to achieve other more fundamental ends for a SE, then the perceived dual-mission paradox of SEs is not simply resolved, it is revealed as a myth. Appreciating this in practice is, like many other aspects of SE, complicated by the sheer diversity of SEs and by variations in the definitions used in research traditions in different regions (Peattie, 2020; Peattie and Morley, 2008). Such diversity should prompt caution in generalising conclusions from studies of small numbers of SEs, yet most of the studies that comprise the literature promoting the dual-mission paradox view of SEs are qualitative studies of very limited numbers of cases. This paper, in reviewing the relevant literature and seeking to develop theory, cannot tell us how SE managers experience and relate to the tensions within their organisations and whether they feel the challenges they face are inherently paradoxical. It will be valuable if future research can explore managers' perceptions of the tensions they experience in running a SE, whether the paradox perspective resonates with them, and whether framing SEs as paradoxical empowers or inhibits them.

### *Tension 2: MEASURING AND REPORTING SOCIAL VALUE*

Doherty, *et al.*'s (2014) literature review explicitly identifies that financial pressures on SEs often lead to the compromising of their original social aims. They suggest that tensions between performance measures are exacerbated because poor financial performance is judged and punished more harshly than poor social performance. Perhaps this is unsurprising given the difficulties that SEs face when attempting to measure, report and promote their social value (Ebrahim, *et al.*, 2014; Huybrechts and Nicholls, 2013; SEUK, 2014; Zainon, Ahmad, Atan, Wah, Bakar and Sarman, 2014; Hlady-Rispal and Servantie, 2018). Cornforth

(2014, p.6) even postulates that SEs will always experience problems in measuring social value given that they pursue a “*socialist mode of production*” within a capitalist system.

One of the difficulties of promoting a social mission rests upon the ability to identify, measure and communicate ‘social value’ of initiatives. However, once the generation of social value is seen as dependent on generating financial value, not in opposition to it, the challenge of measuring social value can be considered to be a dialectic, that is, a problem to solve rather than a constraining issue. The challenge of measuring social value is not new, and despite various approaches being developed, difficulties persist (Bagnoli and Megali, 2011; Beer and Micheli, 2018; Greico, Michelini and Lasevoli, 2015; Mook, Chan and Kershaw, 2015).

While some research found positive relationships between social dimensions and financial measures (Gravel, Michelangeli and Trannoy, 2006) most studies produced less convincing conclusions. For instance, Whitman (2009) found no relationship between the espoused social values of philanthropic foundations and their allocation of financial resources. Many of these studies note the considerable limitations that making such an analysis involved (Whitman, 2009) and highlight the need for further contextual understanding of the underlying assumptions (Knife *et al.*, 2014; Mook *et al.*, 2015). In particular, many of the studies employed self-reported assessments of social value generation whose reliability is questionable (Knife *et al.*, 2014; Mook *et al.*, 2015; Whitman, 2009).

The importance of being able to successfully measure and report social value is demonstrated by the SE Greenwich Leisure in London. They won the 2012 Olympic competitive tender contract to operate the leisure facilities on the Olympic park because of their social impact legacy plan to convert the park into an asset for the local community. This contract was won against private sector leisure providers (Haugh and Doherty, 2020):

The message for SEs is profound, but not one that is easily settled. First, SEs must clearly identify their own purpose, that is, the social value that they intend to deliver. One may consider whether focussing upon the social injustice that they intend to ameliorate may be a productive way of considering this conundrum. Second, once the social or ethical purpose of the organisation has been understood, then the clear communication of the social value that has been delivered requires considered dissemination. For instance, conflating the financial benefits of socially valuable initiatives may well undermine stakeholders' perception of the social value of the initiative and the SE.

The assessment of social value of an organization is therefore dependent upon the prevailing social need and the opinions of the efficacy of social initiatives that have been implemented in order to address it. Perceptions and measurement of social value is therefore an ongoing process of dialogue between SEs, recipients and stakeholders that identifies it as a *dialectic* process.

### *Tension 3: STAKEHOLDER MANAGEMENT AND GOVERNANCE*

The apposite structuring and governance of SEs is a further tension for SEs to manage (Cornforth, 2004; Smith and Besharov, 2017; Bacq and Eddleston, 2018; Bonomi, Ricciardi, Rossignoli and Zardini, 2021). Crucke, *et al.* (2015) and Larner and Mason's (2014) research recognises the engagement of a multi-dimensional stakeholder group as essential for effective governance and dealing with the competing objectives and tensions SEs face. While Mair, Mayer and Lutz (2015) believe that diversity within governance structure may generate new opportunities, others argue that the multiple perspectives prevents agreement on core values, further compounding the tensions that are faced (Costanzo, Vurro, Foster, Servato and Perrini, 2014; Crucke and Knockaert, 2016; Tian and Smith, 2014). Board effectiveness may also be limited by the problem of being either too highly or insufficiently involved in the running of the organisation (Berge, Caldwell and Mount, 2016; Brown, 2014)

The separation of governance roles, responsibilities and capabilities, may be a practical means of overcoming the competing and conflicting tensions that are seen to arise within SEs (Berge *et al.*, 2016; Costanzo *et al.*, 2014; Doherty *et al.*, 2014; Mason and Doherty, 2016; Tian and Smith, 2014; Zainon *et al.*, 2014). This may also assist with the demands that it places upon resources (Brown, 2014) and, recognising this, efforts have been made to simplify governance through the creation of new legal frameworks (Battilana *et al.*, 2012; Nicholls, 2010; Thomas, 2004). Furthermore, this may enhance the ability of such stakeholders to imbue the organization with greater potential for innovation (Larner and Mason, 2014; Mair *et al.*, 2015). Stakeholders with expertise and responsibility for the governance of the social actions of the organization could, for example, be tasked with the pursuit of more effective means of measuring social value, while those with more commercial affinities could oversee financial health.

The arrangement of governing structures and their relevant objectives need not be absolute and fixed. The structures could be rearranged and resourced according to the prevailing needs of the organization depending upon whether the decision had been made to temporally or spatially separate the demands of providing social good and maintaining financial viability, and this would classify the tension as a *dialectic*. Therefore a governance structure in which different people were responsible for short-term improvements in financial health and long-term building of social value might be needed within a struggling SE. Although tensions between the two agendas may be experienced, from a means/ends perspective this does not place them in opposition. Examples of SEs structuring themselves in this way are beginning to gain traction. For example, the Shoreditch Trust in London earn their income from rented workspace from buildings they have renovated, this income is then invested in long-term social community projects such as single mothers' support group and young offenders' employment programmes in their canal side restaurant (Shoreditch Trust,



2017). Similarly, Cafedirect reinvest up to 50% of their profits in their social purpose to improve the livelihoods of smallholder farmers. This annual reinvestment is stated in the memorandum and articles of the SE (Cafedirect, 2019).

#### *Tension 4: POSITIONING*

The hybrid nature of SEs, and the financial pressures they face, can also create tensions in terms of their positioning with respect to each other and to other institutions. Huybrechts (2012, p.17) discusses how Fair Trade SEs are perceived as being both in and against the market. Jenner (2016) and Weber *et al.* (2017) posit that as SEs are forced to follow a more commercial path, they will increasingly move from working in collaborative networks to competing against one another. This new culture is argued to result in SEs losing their trust in each other and risks eroding social capital and value.

Whereas SEs appear to have conflated the perceived primary profit/social value bipolar tension with the need to adopt an either-or decision about working with the private or public sector (Shipunova, 2020; Jenner, 2016; Peattie and Morley, 2008), a more gestalt view afforded by a PT perspective (Stevenson, 2010) permits SEs to work with either, or both, to varying degrees (Smiddy, 2010). There may indeed be valid reasons for SEs that primarily seek to operate ethically and ‘do good’ to shun working with the private sector that may be ideological, or founded in a fear that this may result in a reduction of the enterprise’s perceived validity (Herlin, 2015). However, there is recognised to be much potential value in SEs forging relationships with more commercial organizations (Austin, Stevenson and Weiskillern, 2006), although such relationships still require careful management (Simmons, 2008). Should the private sector be a source of funding that permits the continuation of the enterprise to ‘do good’ (Liu *et al.*, 2014), this could be secured by the organization, and tempered with equal, or greater, degrees of alignment with the public sector (or indeed with other social enterprises). For example, Bikeworks’ mission is to ‘do good with bikes’. They

provide bicycle maintenance and repair training and employ disadvantaged young people to provide the training but also have a range of corporate clients in the City of London to whom they provide lunchtime cycle training as part of their corporate cycle-to-work schemes. They then invest this income in the support counselling for disadvantaged young employees (British Council, 2015).

The options that surround the issues of collaborating or competing with other social enterprises, or aligning with public or private organizations to attract funding, we consider to be (strategic) decisions to be made, that is, they are *dilemmas*. The choice will be largely influenced by the result of adopting a gestalt view of the tandem needs to be ‘seekers of finance and doers of social good’. Consequently, they should not be considered immutable decisions but should rather be considered as choices that need to be considered, and re-considered, in light of the prevailing conditions and strategic direction.

SEs may also engage in simultaneous alignment with private and public sector organizations to enhance their income-generating capabilities while also serving the public need. Accordingly, SEs may collaborate with other SEs in some projects, in order to gain resource capacity, credibility and legitimacy (Granados and Rivera, 2018; Samuel, White, Peattie and Roberts, 2021; Hervieux and Voltan, 2018), but then compete against those same organizations in other projects (Gillett *et al.*, 2016). In accepting this more gestalt view of their hybridity, SEs may move toward developing some degree of ambidexterity. For example, Divine Chocolate are a fair trade, farmer-owned SE that has a mission to be a catalyst for change in the chocolate market. Since Divine was launched in 1999, Fairtrade certified cocoa sales have increased from 7,000 tonnes of cocoa to 255,000 tonnes with a range of corporations converting to Fairtrade (Fairtrade, 2019) Another apparently paradoxical aspect of SEs’ positioning concerns balancing success in the marketplace with success in achieving their primary social goal. Given that SEs are noted as being innovators

capable of pioneering particular market developments (such as kerbside recycling or Fairtrade), there exists the potential for SEs to develop a new market for social or environmental benefit to the point that they draw in commercial players with the potential to outcompete and supplant them. Such a case of failure in the marketplace, despite success in furthering the social or environmental cause, is apparently paradoxical. However this paradox relies on SEs sharing the commercial enterprise's view that survival is a core aim of the organisation. Taking a perspective that the social objective of the SE is pre-eminent would theoretically resolve this paradox, and allow the SE's success in developing the market for social good trump its demise as an individual organisation. In this way it would resemble the perspectives of charities who aspire to remove their own *raison d'être* by resolving the social or environmental issue they are dedicated to addressing. However, such a theoretical resolution may still be problematic in practice where the livelihoods of the individuals employed by the SE are at stake, or where the entry of commercial players into a market for social benefit is viewed with suspicion, as has been the case with the 'mainstreaming' of Fairtrade and the entry of players like Nestle or Starbucks into a field previously the preserve of SEs (Huybrechts, Nicholls and Edinger, 2017).

#### *Tension 5: SOURCES OF INCOME AND INVESTMENT*

SEs are susceptible to a range of financial difficulties arising from the perceived complexities of navigating an often-shifting dual-mission (Reiser and Dean, 2014). Normal sources of financial investment are often harder to access as investors may be uncertain and wary about SE business models and the opportunities they address (Doherty, *et al.*, 2014; Lehner and Nicholls, 2014; Reiser and Dean, 2014). Bacq and Eddleston (2018) note that entrepreneur-centred enterprise governance systems are more able to attract governmental support compared to employee-centered governance systems.

SEs are averse to incurring debt and can often find themselves in vulnerable positions when debts need to be paid, increasing their risk of failure and making them appear unattractive to investors (Doherty, *et al.*, 2014; Reiser and Dean, 2014). Subsequently, access to finance and the generation of new income streams are viewed as one of the most challenging aspects of SE management (Martin, 2015). Austerity measures post-2008 have also intensified the financial pressures that SEs face, resulting in many seeking different funding streams (Doherty, *et al.*, 2014; Lehner and Nicholls, 2014). Subsequently, this requires an ongoing dialogue between SEs and funding sources, which identifies this tension as a *dialectic*.

The only reason a SE would need to generate profit over-and-above covering its current and future operational and development costs is to reward investors. Although accessing funding can be difficult for SEs (Doherty *et al.*, 2014), they can sometimes utilize their hybrid identity to attract funds from a variety of sources (Teasdale 2010), including some less commonly used by their conventional competitors, including grant funding, philanthropic donations or crowdfunding (Calic and Mosakowski, 2016; Lehner, 2013; Lehner and Nicholls, 2014). For instance, Divine secured a £400k loan from National Westminster Bank in 1999 through a loan guarantor mechanism via DfID (Department for International Development). On the agreement the loan was paid back in 3 years and a Monitoring and Evaluation study was carried out by independent academic group to measure the social impact of this SE business model (Tiffen, 2002). The UK government decided to support Divine due to the structural problems in the cocoa market e.g. cocoa price being below the cost of production and the associated problems of child labour in the cocoa sector (House of Commons, 2001). A further example of innovative funding is Cafedirect's partnership with Mastercard to set-up a series of Innovation Hubs. Mastercard Labs for Financial Inclusion is the first Lab in Africa and the first to focus exclusively on financial inclusion. Producers Direct (a growers charity), who own 10% of Cafedirect, have partnered

with Mastercard Labs to pilot 2kuze – a digital platform connecting farmers, agents, and buyers that allows smallholders to gain greater pricing transparency and more effective distribution of their products. This initiative has also received complimentary funding from several NGOs due to this innovative approach, thereby allowing Cafedirect to bring in a blend of funding together to scale this impact (Davies and Doherty, 2019).

Dees (1998) notes that SEs can sometimes leverage their dual mission to access capital at below market-rates or with preferential terms from financiers. SEs are, however, further constrained in their ability to attract funds through funders' insistence that public sources of income are exhausted first (Alcock, Millar, Hall, Lyon, Nicholls and Gabriel, 2012; Heutel, 2014). The over-provision of private investment results in 'crowding-out' of public funding provision, whereas the over-provision of public funding can limit the desire for private financing to flourish.

Even amongst those SEs that court external equity investment, evidence from social investors suggests that they are not a source of pressure for profit that should conflict in any way with a SE's social mission (McWade, 2012). So even from the social investors' perspective, profit is seen as secondary, and as a means to generate SE sustainability and further social benefit rather than as simply a reward or as an end in itself. SEs need to be able to take advantage of, and promote, new forms and sources of funding and non-financial investment. Social policymakers meanwhile, must be cognisant of the impact that the over or under-provision of public funding may have upon private sources of income. These may be sources of investment that are sometimes socially constructed, politically motivated, and nationally or regionally differentiated, and therefore highly susceptible to change (Hervieux and Voltan, 2018; Jarrodi, Byrne, and Bureau, 2019; Deng, Liang, Fan, and Cui, 2020).

*Tension 6: MANAGEMENT OF HUMAN RESOURCES*

Doherty, *et al.* (2014) present several pertinent tensions that SEs face when dealing with human resources and suggest that these can play a significant role in stifling their ability to operate and grow. They include challenges in recruiting and managing volunteers' performance (Richards and Reed, 2015), identifying and leveraging sources of expertise (Allen, 2020), technical competency (Manea, Istudor, Dinu, Paraschiv, 2021; Allen, Samuel, Abdullah and Thomas, 2020), staff retention, preserving staff motivation and dealing with the conflict that often occurs between volunteers and paid staff. Doherty, *et al.* (2014) also state that SEs will often be in a position where clients that use their services will also be employees of the SE. Thus, as client and worker morph into one, staff performance is often compromised. SEs can subsequently be faced with human resource tensions that result from simultaneously managing vulnerable clients (staff), volunteers and paid staff, with limited resources and expertise. The dual mission is also perceived as leading to intractable internal conflicts between members (Smith *et al.*, 2012; Smith and Besharov, 2017), although this latter tension has the potential to be resolved by the recognition of the dual mission paradox as myth that this paper proposes.

The key HR tensions to emerge from SE literature, namely, managing paid and volunteer staff, serving clients by employing them, and balancing staff professionalization with community compassion, are not paradoxical 'fixed opposites' but are an ongoing *dialectic*. Subsequently, when managing these tensions SEs should best avoid determining them as contradictory, competing forces. To effectively manage these tensions, it is suggested that SEs pay specific attention to the potential of the combined knowledge that clients, volunteers and paid staff offer when working in a temporal/flexible structure. For example, Shoreditch Trust train young people who have criminal records to be chefs in their award-winning Waterhouse restaurant. They support the trainee chefs with counselling to cope with their challenges. Some of their graduates have gone on to secure jobs in famous London

restaurants and they come back voluntarily to the Waterhouse restaurant to mentor the young trainees (Shoreditch Trust, 2017).

Cardiff Prison's 'Clink' restaurant is a similar social venture that operates as a 'real' restaurant that is open to the public and fully staffed by prison inmates who are trained and awarded hospitality/catering qualifications through their service in the restaurant. The social mission of the SE is to assist inmates' rehabilitation and employment potential upon leaving prison. Recently, the restaurant has reported a dual mission success, socially it reports a 49% reduction in reoffending amongst participating inmates (The Clink, 2018) and commercially it claimed the accolade of being ranked among the top 10 restaurants in the UK (Walesonline, 2015).

Staff involvement in decision-making is known to contribute to their commitment and motivation (Ohana, Meyer and Swaton, 2012; Mitzinneck and Besharov, 2019), and a heightened social mission can also be attractive to prospective employees (Battilana and Dorado, 2010; Battilana and Lee, 2014). Thus, a dynamic approach to dealing with HR is called for where management decisions consider the fluid deployment of staff depending upon the goals being pursued or the environmental conditions that are faced. In practice, this will result in a managing approach that sees its workforce situationally change their job roles and requirements.

#### *Tension 7: SITUATEDNESS and SOCIAL CAPITAL*

A significant number of SEs operate at a local or neighbourhood level, often in regions experiencing economic and social deprivation (Aponte, Alvarez and Lobato, 2019; Samuel, White, Jones and Fisher, 2018). For example, 31% of SEs operate in the most deprived areas of the UK (Villeneuve-Smith and Temple, 2015). This geographical situatedness means that SEs will often have, and depend upon, strong ties with their neighbourhood and local

stakeholders (Munoz, Farmer, Winterton and Barraket, 2015; Lumpkin, Bacq and Pidduck, 2018; Gordon, Wilson, Tonner and Shaw, 2018). In the UK, recent austerity-driven public policy and practice has witnessed a stream of social services being contracted out (Villeneuve-Smith and Temple, 2015) and SEs are often championed as the organizations best suited to win many of these public tenders. While such contracts facilitate financial stability, they can generate operational tensions as SEs attempt to deal with increased administration, different forms of governance, new quality control systems and regular inspection (SEUK, 2014). Social capital subsequently plays an important role in enabling SEs to function, develop positive relationships with clients (Child, 2016; Richards and Reed, 2015) and legitimize their position (Peattie and Samuel, 2015). However, Richards and Reed (2015) argue that an overreliance on social capital can prove troublesome for some SEs, since it will often be limited in size, and value laden, resulting in potential long term deficits in knowledge, resources and clients.

The management of HR is closely entwined with the issue of SEs' reliance upon social capital. This is often a source of local labor, with 63% of UK SEs utilizing 100% locally employed staff (Villeneuve-Smith and Temple, 2015). Social capital also contributes community-based knowledge and skills that add much value and are often an essential element of SE's offerings (Kistruck and Beamish, 2010; Munoz *et al.*, 2015; Richards and Reed, 2015). Shoreditch Trust tackle unemployment and health inequalities and started regenerating buildings into workspaces to rent in 2001. The rental income allows them to bring in match-funding to tackle difficult local problems such as health inequalities. They have developed bespoke health and nutrition programmes with disadvantaged local groups providing cooking and wellbeing sessions including early years work in schools. Consequently they have considerable influence in terms of mainstream health provision and



work in partnership with local providers and referral partners and are part of the City of Hackney Wellbeing Network.

Alignment between manager and organizational social values also helps to ensure that the social mission of the organization is maintained (Besharov, 2014; Santos *et al.*, 2015). However, this can be challenging, and employees require detailed induction programmes (Santos *et al.*, 2015) and may ultimately prove to be less productive than is desired (Battilana and Dorado, 2010; Battilana *et al.*, 2015).

The distinct advantages that social capital brings can also be problematic since SEs' resultant 'situatedness', their deep-rooted belongings to certain geographical and special interest communities, can affect their operational norms and culture. An over-dependence upon social capital can result in tensions that stifle SEs' sustainability as local politics, community conflict, and myopic, value-laden opinion and decision-making, permeate the organization (Villeneuve-Smith and Temple, 2015). Contrastingly, eschewing social capital in favour of more professional staff, in the pursuit of improving the organization's grant-winning capabilities or marketability, can result in loss of its unique knowledge and capabilities, and an erosion of its geo-social situatedness along with stakeholders' perceptions of its validity.

Once again, moving beyond the dual-mission paradox allows for the temporal or spatial separation of competing demands, and reduces the management of HR, including social capital, to a *dialectic* problem that requires resolving. Just as the separation of social and financial objectives is married to the development and implementation of appropriate measurement and reporting mechanisms, so the requirements of different types of HR can be matched with appropriate staffing, management, and reward and remuneration protocols (Austin *et al.*, 2006).

### *Tension 8: VALIDITY*

Ultimately, perceptions relating to the ineffective pursuit of dual missions (Katre and Salipante, 2012), coupled with an over-reliance upon inexperienced social capital, results in stakeholders questioning the validity of SEs (Liu, Eng and Takeda, 2015; Villeneuve-Smith and Temple, 2015). This can have a compounding effect upon their ability to secure further support and their attractiveness to investors. Liu *et al.*, (2015) and Liu, Takeda and Ko (2014) state that SEs require novel and more effective approaches to marketing themselves and their offerings in order to promote their social mission alongside the pragmatic necessity of their commercial activities. This is an important consideration since any SEs that can achieve this may well find themselves in possession of a ‘socially validating advantage’ that other enterprises may find impossible to replicate. For example, Livity market research agency create employment for young people from all backgrounds and all walks of life. They add the cost of their social worker and careers officer for the disadvantaged young people onto their invoices for clients. In return, the client can access the creative thinking of lots of young people for marketing campaigns and design. They are the only marketing agency that have a full time social worker or a careers officer and work with young people on social marketing campaigns such as teenage pregnancy and sexual health. In fact, Livity add 5% costs to their client invoices, which is clearly shown on the invoice as mentor costs (The Sunday Times, 2013).

The perception of the validity of SEs is influenced by several factors. The social-situatedness of the organization and its utilisation of social capital, often for the benefit of that social capital, would seem to be the key issues. The perception of the authenticity of SEs’ social mission would be validated by witnessing the social good that the organization does. However, this is perhaps most likely to be observed only by those that are geo-socially situated within the same environs as the organization itself. While the organization’s mission

may be known among a wider audience, they may be unable to personally validate the efficacy of that organization's endeavours. This highlights the importance of establishing credible means of measuring and reporting social value (Bagnoli and Megali, 2011; Grieco, Michelini and Lasevoli, 2015; Hall, Millo and Barman, 2015; Mook *et al.*, 2015). This, as has been shown, may be achieved by measuring financial proxies, but these do not appear to reflect the totality of social good that SEs may be capable of delivering. In order for SEs to be perceived as socially-beneficial organizations among society at large, including among potential commercial and philanthropic investors, then they must be capable of reporting their social value in meaningful ways. This however, remains a *dialectic* challenge for social enterprises and researchers alike.

Tensions	Potted Descriptions	New Conceptualization	Justification	Implications for Social Entrepreneurs and SE Managers
Dual-Mission, Mission drift	Need to be profitable while delivering a social service.  Incompatible financial and social goals	Myth	Economic School of thought gives primacy to ‘profit as purpose’, but, organizations missions are always ‘in society’ and the mission should therefore accommodate both perspectives.	Social entrepreneurs and managers must eschew the view of social enterprises as possessing a paradoxical dual-mission, and should instead, view them as a collection of dilemmas and dialectics.
Measuring and reporting social value	Difficulties in measuring, reporting and communicating social value.  Supervenience of capitalist measurements of performance	Dialectic	The creation of social value is dependent upon the generation of financial value rather in being in opposition to it. Social value is, at least in part, socially constructed and therefore is dynamic and not easily reconciled with intractable, quantitative measures.	SEs must clearly identify their own purpose, that is, the social value that they intend to deliver. The assessment of social value of an organization is dependent upon the prevailing social need and the opinions of the efficacy of social initiatives that have been implemented in order to address it. Perceptions and measurement of social value is therefore an ongoing process of dialogue between SEs, recipients and stakeholders.
Stakeholders Management and Governance	Challenges of multidimensional stakeholder governance  Degree of board members involvement in operational issues  Availability and expertise of board	Dialectic	Governing boards, that may be laden with their own ideological positions, must balance the shifting and competing needs of the organisation in order to imbue it with a degree of ambidexterity.	The structures could be rearranged and resourced according to the prevailing needs and underpinning ethics of the organization depending upon whether the decision had been made to temporally or spatially separate the demands of providing social good and maintaining financial viability.

	members			
Positioning	Resistance to the gestalt perspective of social and commercial goals  Ideological differences to working with the private sector	Dilemma	The degree to which the organization seeks to achieve its ends through collaborating or competing with commercial organisations and other social enterprises is a strategic choice.	SEs may engage in simultaneous alignment with private and public sector organizations to enhance their income-generating capabilities while also serving the public need. In accepting this more gestalt view of their hybridity, SEs may move toward developing some degree of ambidexterity.
Sources of Incomes and Investment	Traditional sources of finance hard to access.  Debt aversion  Unclear investment propositions  Conflicting income streams  Challenges of crowding-out and crowding-in	Dialectic	The organisation needs to be able to take advantage of, and promote, new forms and sources of funding and non-financial investment. These may be sources of investment that are sometimes socially constructed, politically motivated, and nationally or regionally differentiated, and therefore highly susceptible to change.	Social entrepreneurs can utilize their hybrid identity to attract funds from a variety of sources. This may include some less commonly used by their conventional competitors, including grant funding, philanthropic donations, collaborative funding or crowdfunding.
Management of Human Resources and Social Capital	Managing volunteers and vulnerable people  Worker / client distinction  Ideological conflicts	Dialectic	The shifting operational landscape, and the ensuing availability and selection of apposite staff, is an ongoing managerial challenge.	Social entrepreneurs should pay specific attention to the potential of the combined knowledge that clients, volunteers and paid staff offer when working in a temporal/flexible structure.  A dynamic approach to dealing with HR is called for where management decisions consider the fluid deployment of staff depending upon the goals being pursued or the

				environmental conditions that are faced. SEs must be mindful of the complementarity of workforce's and the organisation's social and ethical goals and principles.
Situatedness	Operating in economic and social deprivation  Dependency on localised resources and stakeholders	Dialectic	Social enterprises need to respond to the rapidly shifting social and political landscape within which they operate.	SEs need to balance the benefits of being able to draw upon localised knowledge and capacity, with the need to develop their professional skills and capabilities.
Validity	Over reliance on inexpert social capital  Mission authenticity and clarity  Require more novel and effective approaches to marketing	Dialectic	Organisations need to develop, and take advantage of, approaches to promoting the social value that they provide.	In order for SEs to be perceived as valid, then they must be capable of reporting their social value in meaningful ways and establish the authenticity of their mission.

### *Performing, Organizing, Belonging and Learning*

This final section returns to Smith, Gonin and Besharov (2013) framework to populate it with the eight tensions that were identified in this study. In performing this analytical stage, the study provides a more complete ontology of the challenges that arise in SEs, from their macro description as ‘tensions’, through their meso interpretation as comprising either ‘Performing’, ‘Organizing’, ‘Belonging’ or ‘Learning’ forms, to the key contribution of this study which is their micro-level conceptualization as either paradoxes, dilemmas and dialectics. Figure 1, depicts each of the eight tensions, arranged from the centre that is the ‘Dual Mission Myth’. The concentric arcs indicate to which of Smith, Gonin and Besharov (2013) four groups each tension belongs according to the definitions of each group that were discussed in the literature review. Some tensions are perceived to span more than one group: for example, ‘Positioning - Dilemma’ is a factor of ‘Performing’, ‘Belonging’ and ‘Learning’.

This is important since it indicates that many of the tensions that are experienced by SEs cannot always be aggregated under Smith, Gronin and Besharov’s (2013) four groups. Furthermore, we posit that as each of these tensions is addressed, as a dilemma or dialectic, then they may be perceived as moving between the categories of Performing, Organizing, Belonging and Learning. For instance, SE ‘Validity’ comprises the challenges of operational management of human resources (Organizing) which are inextricably linked to the issue of organizational and individual identity (Belonging) that contain both short-term and long-term considerations (Learning). It is evident, for example, that the short-term needs of operational efficiency, and its effect upon Validity, will be markedly different to the effect of the long term need for operational effectiveness. Consequently, the inherent tensions of SEs may appear to be more ‘fluid’ than the literature has hitherto depicted.

The inherent tensions of SEs may therefore be pictured through different ontological frames; as being Performing, Organizing, Belonging and Learning types, or as dilemmas and

dialectics. Each level of aggregation/disaggregation provides an alternative unit of analysis that may be used for the future study of SEs and their constituent challenges and by practicing SEnts to better understand and foster this increasingly important aspect of society and economies.

We propose that combining Smith, Gronin and Besharov's (2013) views, with the perception of tensions as dilemmas or dialectics, provides a useful 'pathway' for SEnts, SE managers and scholars to follow in order to interrogate their current practices, performance and problems. SEs may be subject to 'broad problems' that are difficult to clearly define beyond being simply 'the nature of SE', as experienced by the examples presented earlier. Figure 1 may provide some guidance in unpacking a particular challenge to expose its constituent elements and thereby aid in directing resources towards the effective identification and resolution of the root cause. In particular, SE enquiries should be mindful of being anchored by the premise that 'SEs are inherently paradoxical' due to their dual-mission. This is neither a necessary condition of all SEs nor a restrictive factor for others. As such, useful knowledge may be gained of this important sector through eschewing this dominant perspective and initiating enquiry from alternative foundations.

Practically, SEs may begin from the premise of needing or desiring to undertake some change, such as restructuring or partnering with other organizations, as experienced by the examples presented earlier, and be able to envisage which other aspects of the organization and its performance may in turn be affected. Thus, it may assist in the quality of SE decision making and change management.



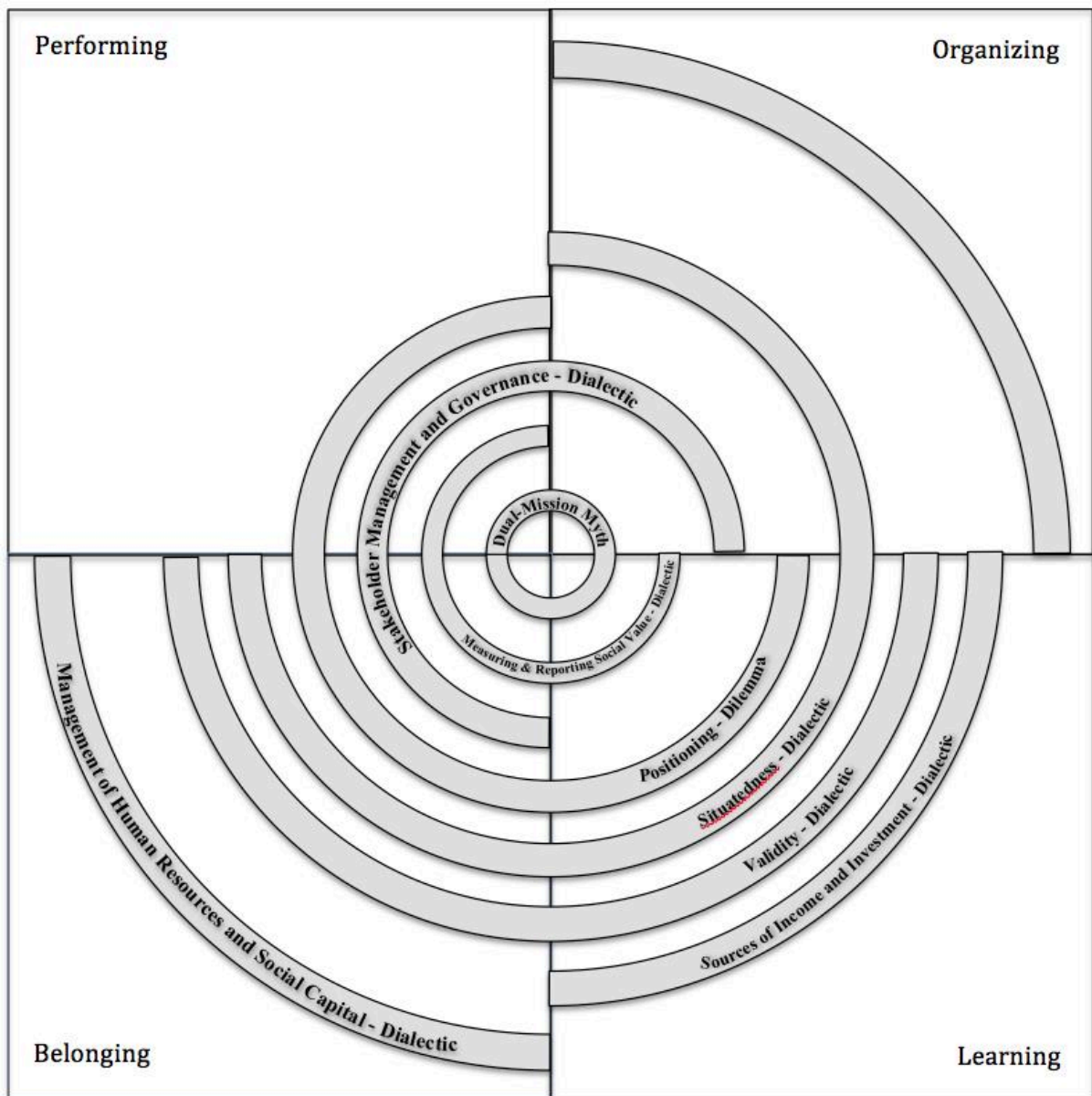


Figure 1, Mapping Myths, Dilemmas and Dialectics

## Conclusion

This paper's challenge to the existence of the central dual mission paradox is not meant to deny that many SEs and SEnts face significant tensions that may be difficult to resolve. The key contribution of this paper comes from its critical examination of the notion of '*paradoxes*' in the SE literature and the case it builds that this is, at the very least, a limiting misnomer. The embeddedness of the paradox perspective within SE scholarship has become

so widely accepted that many may find it difficult to accept our argument that the fundamental ‘dual-mission paradox’ is a myth. However, the challenge is for them to explain (a) why a theoretical argument with little empirical support, drawn from economics about the purpose of business and the role of profit should be allowed to predominate, (b) why seeking to be profitable in order to do more social good, secure the livelihoods of employees and ensure the sustainability of SEs is in some way absurd and irrational, (c) how such a paradox can exist if even social investors view profit as secondary to the generation of social good, and often as optional, and (d) how a dual-mission paradox can be viewed as ‘inherent’ to SEs when for some types of SEs it is demonstrably non-existent. By moving beyond the paradox perspective, the field has the opportunity to avoid further entrenching the deep-seated hostility towards profit within society at large. It also has the potential to free SE managers and SEnts from the stresses that may arise from being told that trying to run an SE is inherently paradoxical, and that their situation is a ‘no-win’ one. Adopting a paradox perspective, there is no need for the SE management or SEnt to feel guilty, or that they have ‘sold out’, simply because their enterprise succeeds in the market. Instead they focus on making their enterprise a success, and to align the different aspects of their business model so that the generation of profit reinforces the social good pursued – a challenging task no doubt, but one perhaps best not approached as ‘impossible’.

The seven subsidiary dilemmas and dialectics that are perceived to flow from an underlying dual-mission paradox are largely presented separately in our analysis, but in reality are interlinked, as depicted within our discussions and final analysis that categorises them according to Smith, Gonin and Besharov’s (2013) four groups of tensions that comprise ‘Performing’, ‘Organizing’, ‘Belonging’ or ‘Learning’. For instance, the desire to measure and report upon the social good that SEs and SEnts endeavour to deliver, is likely to encourage collaborative arrangements with other SEs and with the public and private sectors,

which is likely to result in an improved perception of the enterprise's validity. However, such initiatives may also result in the limited amount of funding that is available amongst these collaborating social enterprises. This focus upon delivering social good therefore results in a reduction of financial efficacy and a further inhibition of funding opportunities as their propositions appear less attractive to traditional investors. Consequently, while our theoretical examination of the challenges of SEs seems to afford operationalizable ways in which they may be addressed, it would be unwise to proclaim that such a procrustean approach would be a panacea for all circumstances. In practice, SEs and SEnts differ widely in the challenges that they face, and these will change even within a single SE as it grows and evolves (Servantie and Hlady-Rispal, 2018; Bull, Crompton and Jayawarna, 2008). The variety of economic, social and environmental issues that these enterprises aim to ethically address, and the countries and cultures within which they operate, all conspire to result in a sector that is highly heterogeneous. Furthermore, the ideological roots to which the enterprises, their founding SEnts and their stakeholders attach, are not easily altered and this may inhibit their ability to adopt a gestalt view of their competing objectives. Valuable insight may therefore be gained by exploring the ways in which the viewpoint that 'tensions are paradoxical' is theoretically and practically constraining in different types of SEs and is viewed by different types of SEnts.

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