Conflicts in a Social Enterprise: A Kaleidoscopic View using various Theoretical Lenses

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Abstract  
The current study discusses hybrid organizations and focuses on social enterprises. The study looks at the origin and manifestation of operational-level conflicts in a social enterprise. We have looked at these conflicts and their resolutions using myriad theoretical lenses namely institutional logic, operational identity, paradox theory, and stakeholder theory. The study presents a comparative analysis that can help organizations and policymakers.
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INTRODUCTION

Numerous studies have looked at social entrepreneurship (SE); the field has achieved definitional clarity in terms of looking at social enterprises as hybrid organizations, which tend to be inherent with conflicts. The manifestation of these conflicts needs to be well understood in order to work out their resolution. Studies in the recent past (Siegner, Pinkse and Panwar, 2018; Yang and Wu, 2016 etc.) have looked at understanding these conflicts, while proposing resolutions, albeit from a ‘theoretical’ angle. However, in practice the context of the conflicts comprises often of multiple angles and perspectives, therefore, the resolutions proposed require a holistic approach, which is what this study aims to achieve. We have looked at the conflicts in a social enterprise from different perspectives and have proposed resolutions therein thus providing a holistic understanding of the conflicts and their resolutions.

Extant literature on SE treated it just as another ‘type’ of entrepreneurship, drawing largely from entrepreneurship literature in order to describe its characteristic features. Dees (1988) defined SE as an enterprise with a social mission. In fact, this social mission forms the rationale behind a social enterprise, which significantly differentiates it from a commercial enterprise. Further, this definition is based on four foundational constructs of entrepreneurship-(i) value creation from Say (social value mission); (ii) entrepreneurs as change agents, involving continuous innovation, adaptation and learning (Schumpeter, 1976); (iii) pursuit of opportunity (i.e. new opportunities from market failures or to serve public need) (Drucker, 1985); and (iv) the concept of resourcefulness, involving resource collection mobilization, and accountability (Stevenson, 1983). Most of the studies in the past have used borrowed components from this definition to support their stance, but the definition by and large has hinged upon the premise of distinguishing social enterprises from commercial enterprises. Austin and Stevenson (2006) have in fact conceptualized both social and commercial entrepreneurship as two ends of a continuum, which differ on dimensions like market failure, mission, and resource mobilization and performance measurement. Further, this is one of the studies that conceptualized social enterprises as hybrid organizations or third sector organizations. It argued that most organizations lie somewhere between the two ends of the continuum, with one being completely philanthropic, while the other being all about wealth creation. However, both have multiple
logics guiding them. Thus, social enterprises have been conceptualized as organizations that continuously balance out the tradeoff between market orientation and social orientation to ensure social value creation along with sustainability. This way of defining SE has led to it being treated as a comparative construct to entrepreneurship that has had its own ramifications. Moreover, it has given rise to conflicts that are visible in social enterprises because of the notion of it being an enterprise with a purpose quite different from a traditional commercial enterprise.

Social enterprises pursue a dual mission of social value creation and financial sustainability. They do not fit into the traditional classifications of for-profit and not-for-profit organizations; rather they represent a hybrid form of organization (Young 2001; Evers 2005; Cooney, 2006; Defourny & Nyssens, 2008; Pache & Santos, 2013) combining both for-profit and not-for-profit objectives, albeit to different degrees (Murphy & Coombes, 2009). Such hybridity in itself raises unique challenges and conflicts within the social enterprises (Doherty et al., 2014). Importantly, these conflicts manifest themselves at multiple levels, and in various logics in which organizations are structured, based on which its activities are carried out.

Further, the relevance of studying social enterprises has often been questioned on grounds that the issues they face are also faced by commercial enterprises. However, it is important to understand that although the issues that SEs face, might be similar to the issues of commercial enterprises; but the manner in which these issues are manifested, and may be resolved varies extensively across both the contexts. Moreover, one needs to also appreciate the fact that social enterprises are both fundamentally and structurally very different form commercial enterprises. While commercial enterprises have well-defined goals and targets, and need to follow a well laid out plan, social enterprises on the other hand, do not have any defined processes, because their inherent conflict lies in the organization’s mission. Additionally, as opposed to social enterprises, commercial enterprises have set routines and mechanisms to guide their activities. For example, let us consider the case of a new product launch; for a commercial enterprise, the launch would follow a set routine of defining the target audience, pricing and piloting, followed by the launch itself, post which there would be scope for feedback provision and improvement, thus contributing to organizational revenues. However, in case of a social enterprise, new product launch is analogous to something like poverty alleviation, which would possibly follow a very different approach from the approach adopted at a commercial enterprise.
At a social enterprise, the mission is resolving a social problem and contributing to societal advancement. An organization that aims to alleviate poverty might adopt approaches and plan interventions upon the target group to help them. Based on stakeholder engagement and the context, a SE sets up mechanisms and interventions to reach its goal.

Theories in general enable understanding social phenomenon to some extent in order to make sense of it all. However, theories have their limitations too, because of several boundary conditions that they need to adhere to. This is the reason why they tend to miss out certain aspects of issues, which prevent them to put out a ‘holistic picture’. If these issues can be dealt in totality, it could possibly help in looking at an issue from different perspectives, which essentially means using different theoretical lenses to paint a whole picture. In this study, we attempt at doing so. We look at conflicts in terms of their origin, manifestation and resolution in social enterprises, using different theoretical lenses, in order to get a holistic understanding of what these conflicts in essence are, and what can be done to overcome them. Notably, the theoretical lenses that have been used herein have been culled from literature.

This is what the current paper looks at, and it is from here we draw our research question- ‘How do these conflicts emerge and manifest in organizations in the first place! What effect do they have on the operations of an organization! How can these conflicts be resolved?’ In other words, we look to identify multiple operational level conflicts, studying their manifestation and resolution, using different theoretical lenses gathered from extant literature to provide a comparative analysis (thus kaleidoscopic view). Notably, understanding the nature of a problem is crucial, while also ensuring contextual embeddedness to garner support of the local population. Depending on the nature of the problem and its context, the solution to a problem has to be customized. A set routine cannot be applied to the problems being dealt by social enterprises as we have seen above.

This study also carves a way forward for future work to rest on the in-depth exploration of the findings presented/ suggested in Table 3. This work thus lays the groundwork of the useful theories that looked at social enterprises, and have consolidated insights that may be relevant for social enterprises for the benefit of researchers in this field.

The paper is structured as follows: we first present the methodology adopted for carrying out this study. Further, in this section, we also present a list of relevant papers that have looked at
the conflicts’ perspective of social enterprises. We then proceed to present a review and conceptual understanding of what hybrid organizations are, since, social enterprises are hybrid organizations. We make a case for social enterprises as hybrid organizations, and broadly define the conflicts that are bound to occur in hybrid organizing. Next, we build on the discussion of the theories used to study social entrepreneurship, and present the ones that would be used for this study. We then move on to define the various conflicts that are prevalent in a social enterprise, and present the most important contribution of this paper, which is a comparative chart that deals with each conflict, while looking at its origin, manifestation and resolution using the various theoretical lenses that we had previously identified. Finally, we conclude our paper with limitations and future scope.

**METHODOLOGY**

After an initial exploratory review, in the first part of the study, we identified a set of papers from extant literature to guide us further on identifying the prevalent conflicts, along with the major theories (see Table 2). Further, we carried out a systematic literature review (Denyer & Tranfield, 2009) using a database search on EBSCO, Business Source Ultimate, ABI Inform, JStor, Scopus and Google scholar to pull out the relevant articles by using keywords, such as ‘social ent*’, ‘conflict’, ‘tension’, ‘hybrid org*’, etc. to understand social enterprises and the conflicts prevalent in them. Our search yielded 126 papers, following which we conducted an abstract analysis, whereby the list got reduced to 61 papers. Further, based on the availability of papers and the language constraints, the set further reduced to 52 papers presented in Table 2. We classified these 52 papers based on the theories that have been used, and the conflicts that are to be dealt with.

Furthermore, in order to understand the theoretical lenses, and a get a better picture of their assumptions and tenets, we performed another search using keywords such as ‘institutional logics’, ‘organizational identity’, ‘paradox theory’ and ‘stakeholder management theory’. Notably, we arrived at these keywords based on our initial review of social entrepreneurship (SE) performed in the first step as described above. In order to maintain the quality of papers, we restricted our search to full text with reference available in peer-reviewed journals. We also restricted all articles to the English language. We did not introduce any year-range, as we wanted to avoid any bias or ignorance of papers that may be highly relevant. The first set of 52 papers
was further filtered by reading abstracts of each paper. This step helped in eliminating papers that were beyond our scope. Finally, we read each paper thoroughly to ensure that each of them fit the scope and requirements of our study. This second level search led us to our final set.

Table 1- Inclusion and exclusion criteria for articles

Figure 1- Methodology of SLR

Table 2- Papers dealing with conflicts and their core theories

HYBRID ORGANIZATIONS

Hybridity by nature is a composition of differing elements that are generally oppositional in nature. When we talk about hybridity in an organizational context, it refers to a composition that consists of multiple elements that have been gathered from an external environment (Meyer and Rowan, 1977). Importantly, these elements in turn, are part of pure organizational forms that include the public, private and non-profit sectors. Moreover, these elements are well-aligned to their respective organizational forms. Bringing them together in a new organizational form may be termed as ‘hybrid organization’, and this is what a social enterprise does. As a matter of fact, hybrid organizing refers to multiple forms of organizations that are combined based on interpretation of various processes, activities and structures (Battilana and Lee, 2014) within any organization per se. Since hybrid organizations encompass new entities formed out of existing ones, they may have multiple identities, organizational forms or logics at work. Organizational identity in effect, is an enduring and central feature (Albert and Whetten, 1984) of an organization, vis a vis a combination that entails conflicts at the most basic level; thus, a synergy needs to be maintained. Organizational forms consist of organizational features that define the organization in the long run; thus, combining long existing organizational forms into a single hybrid form is bound to bring about conflicts. Institutional logics on the other hand include beliefs and practices (Friedland and Alford, 1991) that are taken for granted, and an incompatibility between them gives rise to institutional complexity (Greenwood et al., 2011), which is what characterizes social enterprises. Managing hybrid organizations is therefore complex, wherein one may need to adopt strategies like multiple element aggregation, multiple
element separation and/or creation of new elements (Battilana and Lee, 2014). Element aggregation involves retaining all identities, logics and forms by forging links (Pratt and Foreman, 2000). Segregating may involve compromise or partial conformity (Oliver, 1991), or an attempt to maintain all logics, identities and forms in isolation without actually achieving any synergy (Pratt and Foreman, 2000). Creation of new elements refers to a creative attempt to merge distinct identities, logics or forms in a new whole that did not previously exist (Pratt and Foreman, 2000). Notably, social enterprises try to adopt these resolution strategies when they face conflicts. However, the resolution strategies are not readily available, especially if we view the conflicts of hybrid organizing using a single perspective. Interestingly, every perspective gives a fresh resolution strategy for a conflict that is encountered. Thus, we bring in different theoretical lenses to look at these conflicts.

**Social enterprises as an example of hybrid organizations**

Social enterprises stand at the interface of business and charity; they represent one of the best cases of hybridization (Battilana et al., 2012). Exploiting the literature on hybrid organizing, Austin, Stevenson and Skillern (2006) adopted a very interesting way of defining social enterprises. They conceptualized commercial entrepreneurship and the not for profit sector as two ends of a continuum. According to them, most organizations are neither purely commercial nor totally social, but lie somewhere on the continuum; and this position depends on the degree of commercial-ness or socialness. Since social enterprises aim to generate social value as well as profits, they too lie on this continuum, and are treated as hybrid organizations. The dimensions on which this continuum rests and distinguishes between the two ends include market failure (in terms of problem and opportunity), mission, resource mobilization (human and financial resource management) and performance measurement.

**Organizing in social enterprises**

Social enterprises are hybrid organizations that need a tradeoff between market and social orientation in order to ensure social value creation along with long-term sustainability. Thus, often social enterprises tend to be caught between opposing forces that include market mechanics and social welfare mechanics. Due to these two opposing forces acting upon them, social enterprises face multiple conflicts, which in turn, may be grouped under five key areas. Notably, these areas are very basic to any organization, as they determine the overall functioning of an
organization. They include inter-organizational relations, organizational design, organizational culture, people and activities (Battilana and Lee, 2014). Let’s now look at these five areas closely.

**Inter-organizational relationships:** Any organization enters into external agreements with another to strengthen its own position, and improve resource availability, and/or overcome some inherent weaknesses. Social enterprises specifically, have to further their social as well as commercial mission, whereby they need to enter into external partnerships or alliances with two very different kinds of organizations namely commercial and social. Interestingly, external partners to social enterprises are not always very optimistic of being associated with them, as often there are ambiguities such as growth, impact, funding etc. that surround social enterprises. Generally, social enterprises enter into outsourcing relations to pursue their ‘socio-organizational’ mission (Marquis and Chen, 2013), targeting partners in established sectors (Austin and Leonard, 2008).

**Organizational design:** it is viewed as a mechanism by which organizational members translate strategy to action (Chandler, 1962). Organizational structure determines the level of tension that exists between the social and the commercial mission. Based on the tradeoffs made, organizational structure is where the conflicts are manifested. In order to resolve these tensions, compartmentalization may be an ideal strategy (Kraatz and Block, 2008; Pratt & Foreman, 2000). Compartmentalization implies spatial distinction in an organization to take forward the smooth functioning of different units with different goals.

**Organizational culture:** the behavioral norms and shared values in a ‘commercial’ organization are developed as a result of engaging in organizational activities and interacting in the organization’s environment; this is what gives rise to the organizational culture (Schein, 2006). However, social enterprises need to address the concern of how a single organizational culture would be able to integrate elements from both the social and commercial streams, which are inherently conflicting in all senses. The mission of a social enterprise thereby needs to be clearly articulated, and it needs to be well understood by not just the leaders, but also the employees who are part of the organization.

**Workforce composition:** most individuals are socialized in either the commercial or social sector, and the lack of hybrid individuals creates problems for social enterprises, which pursue
both the goals. They may be overcome by reorienting hired individuals as per the goals of the organization, which may in turn be termed as deliberate socialization (Battilana and Dorado, 2010); it could also be by having a pool of pluralist managers (Lau and Murnighan, 1998), who’re well-versed with the ways to deal with conflicts. Hiring, leadership and governance related issues do form part of operational level conflicts under this category.

**Core organizational activities:** conflict manifests at the integration level between both commercial and social activities. Integrated activities (Christen and Drake, 2002) benefit an organization, while disparate activities affect cost, legitimacy and perception. The operational level activities where conflicts are most visible, include funding, investment decisions and resource allocation, choice of consumers and suppliers, pricing of products/services and performance.

**THEORETICAL LENSES USED IN SOCIAL ENTERPRISE LITERATURE**

As discussed, various theories have been used in extant SE literature that looked at conflicts arising out of the dual mission of SEs. Prominent among them are theories of institutional logics, organizational identity, organizational paradoxes, and stakeholder management. A theory is generally understood as a system of ideas intended to explain something; one that is based on general principles, and independent of the thing to be explained. However, in order to achieve parsimony to be able to explain complex phenomena, especially those of a social world of humans, theories need to assume certain bounded characteristics of these realities by assuming away messy unexplainable parts of the phenomena. In that aspect, most theories are limited in Social Sciences. Therefore, whenever complex realities present themselves in a puzzle-like fashion, and extant literature has tried to look at the same applying several theories, it might be valuable to look at that reality as presenting an option to us to look at it in a more integrative and holistic manner; may be by looking at all treatments of the said reality by various theories taken together.

All of the theories stated above, offer very similar yet somewhat different perspectives from each other - both in terms of the origin and manifestation of a conflict as well as in how they propose resolution of that conflict. This section briefly describes the theoretical lenses vis-à-vis its importance in understanding SEs. Further, it attempts to develop a comparative table based on these theoretical lenses (Table-3).
Institutional Logics

An institutional logic has been defined by Thornton, Ocasio, and Lounsbury (2012) as "the socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality." These taken for granted beliefs, which guide actors’ behaviors, in turn govern the way an organization functions andgrows. However, if there are more than one institutional logics that are simultaneously or concurrently present in a social field or in an organization, then it might result in certain incompatibilities between multiple logics, commonly referred to as institutional complexity (Friedland and Alfred, 1991, Battilana and Lee, 2014). The understanding of heterogeneity that exists in the manifestation of various logics is important to predict outcomes (Besharov and Smith, 2014) in order to find resolutions to conflicts arising due to institutional complexity. Quite often, some logics are more dominant, while others are peripheral both in organizations and organizational fields. However, quite often this is not so. Also, quite often, institutional logics that hybrids try to combine may not always be compatible (Greenwood et al., 2011). Besharov & Smith (2014) described how the two dimensions of degree of compatibility of logics (compatibility is defined as: extent to which instantiations of logics imply consistent and reinforcing organizational actions) and degree of centrality of logics (centrality is defined as: extent to which one logic is instantiated in the core to the organizational functioning) decide the resultant configuration of organizations due to pressures of multiple logics. Further, they observed that while most organizations grapple with the presence of multiple logics, in some organizations, one logic is predominant and prevalent, and the other logics are peripheral (Jones, Maoret, Massa & Svejeneva, 2012). In other organizations, multiple logics are all central, causing problems in adoption in the organizations (Pache & Santos, 2010). Further, Besharov & Smith (2014) found that organizational members’ relationships to each other vis a vis their degree of interdependence result in their trying to find more compatible ways to work through multiple logics within their respective organizations, which in turn, counterbalances pressures of logic that tend to originate from organizational fields due to strong ties with field actors.

Since, hybrids do not prescribe to a single dominant institutional template, therefore, they find it difficult to gain legitimacy (DiMaggio and Powell, 1983). SEs are typically guided by social logic to do good for the society by fighting existing social problems. However, in order to
remove dependencies and become self-sustainable, they need to subscribe to the economic logic. SEs are a hybrid form of organization that merge boundaries between public, private and not for profit sectors, thereby making them an open ground for witnessing logic conflict manifestation (Pache and Santos, 2012). SEs serve as a classic example of organizations that face conflicting logics at many operational levels, as they combine social welfare and market dynamics (Smith, Gonin, Besharov, 2013). The compatibility of two opposing logics and the tensions that they give rise to inside the organizations are to be well understood in order to resolve the problems that hybrids face. Thus, it makes a lot of sense to look at these conflicts from the perspective of institutional logic multiplicity.

Extant literature, often talk about two ways of institutional complexity in order to deal with conflicting institutional logics. First, by resorting to internal reconciliation; for instance, by working through compatibility and centrality of logics through actors’ inter-relationships and inter-dependencies (Besharov and Smith, 2014). Second, by spatial separation; that is, if the logics can be separated out by compartmentalizing organizational units, wherein one or the other logic is dominant. These two resolution strategies have been generally put forward as ways to resolve conflicts between competing logics (Simsek, 2009; Besharov and Smith, 2012). But how organizational actors function under competing logics, is interesting and important to note for hybrids to gain legitimacy.

Notably, institutional works is another way, by which the problem of conflicting institutional logics has been seen to be dealt with in extant literature in terms of multiple institutional logics. As defined by Lawrence and Suddaby (2006) an institutional work is - “the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions.” It considers institutional actors as capable and reflexive, whose actions form the center of institutional dynamics. They effect institutional change and engage in creation of new institutions (institutional entrepreneurship (DiMaggio, 1988)), while maintaining the existing ones by understanding the prevalent practices and making insights available to actors (Dover and Lawrence, 2010). Extant literature on institutional works rests upon the premise of effort and an interrelation between both agency and structure (Battilana, Leca, & Boxenbaum, 2009).

Actors are embedded in institutions, and the practices are born out of institutional rules due to which institutional works demand awareness and skills of actors (Dover and Lawrence,
2010). On the other hand, the agency is dependent upon actors, who are able to leverage institutional resources and norms (Lawrence and Suddaby, 2006). Human agency for instance, is creative and transformative, but is embedded in institutions. However, institutions on the other hand, control human conduct and in fact, are created and maintained by humans. This is the paradox of embedded agency (Battilana & D’Aunno, 2009). Nevertheless, herein it may be noted that certain factors lead to changes within an institutional environment, and they take shape with the aid of human agency, which is manifested through routines and practices that are prevalent in institutions (Lawrence et al., 2011). By and large, institutional change is a function of actors’ individual traits and social positions, as well as field characteristics (DiMaggio, 1988).

SEs while addressing a social problem, try to find its resolution, thereby calling for a change at the institutional level. The inherent conflict lies in the institutional actors’ perspective, as a change is sought despite the embeddedness in an institution. SEs can thereby be considered as institutions created due to market failures, aiming to provide solutions to societal issues (Austin, Stevenson and Wei-Skillern, 2006) by actively trying to bring about a large-scale change. When looking at social entrepreneurship from the perspective of institutional works done by actors to resolve multiple institutional logics, the conflict seems to reside at the level of the change. Although the conflict resides at a level higher than the operational level conflicts talked about in this study, yet it is relevant, as this structural conflict gives rise to conflicts even at an operational level.

**Organizational Identity**

‘Inter-organizational comparisons and reflections upon it’ form organizational identity (Albert and Whetten, 1985: 273). In other words, how an organization identifies itself is understood as organizational identity. Albert and Whetten (1985) proposed the theory of organizational identity while answering questions like – ‘who are we as an organization?’ According to Whetten (2006), there are three requirements that a particular attribute has to satisfy to become a part of organizational identity viz. a. centrality – that is, the attribute should have changed the history of an organization such that if this attribute was missing, the history of the organization would have been different. b. Endurability – that is, the attribute should be deeply ingrained in an organization, such that it is often explicitly considered sacrosanct, and/or
embedded in the organization’s history; and c. distinguishability – that is, the attribute should be such that it helps an organization separate itself from another.

The internal definition of organizational identity is shaped by organizational culture. In fact, the image of an organization shapes the external context of its identity (Hatch and Schultz, 2002). Further, organizational identity is deeply embedded in all forms of organizational membership (Scott and Lane, 2000). Employees (Elsbach and Glynn, 1996), boards of directors (Golden-Biddle and Rao, 1997) and customers (Aaker, 1996) all cognitively identify with organizational identity. Notably, individuals tend to identify with an organization per se, only if they are able to identify and perceive a considerable overlap between their individual attributes vis a vis the organizational attributes (Dutton et al., 1994).

Based on the concept of organizational membership, organizational identity emerges as a result of interactions among managers, stakeholders and other members (Scott and Lane, 2000). Interestingly, as social worlds are becoming more and more networked, organizational identities are also getting shaped and reshaped. Today, growing importance is attributed to inter-organizational networks in organizational identity literature; it keeps expanding every day and thereby contributes to the modification of organizational identity (Schreyogg and Sydow, 2010). Thus, organizational identity takes into account individual identities, which alludes to the fact that ‘identity’ in itself is socially constructed, and thereby has ample scope for subjectivity, which is what creates spaces for conflicts.

Furthermore, organizational identity serves as a means to project impressions in a corporate setting (Fombrun and Rindova, 2000). Corporate reputation building aids in attainment of organizational goals, as the identity of an organization is perceived as the reputation that the organization upholds. Notably, organizations are not perceived solely as a function of attributes, characteristics and features, but are rather weighed on meanings, cultural values and definitions. Thus, they gain legitimacy if showcased as appropriate in a socially created system such that they wring with an individual’s beliefs and values (Suchman, 1995).

Coming back to SEs, since, they are hybrid organizations, they need to uphold multiple identities for multiple groups of stakeholders. For example, in society, SEs need to uphold and present an image of a social welfare firm, while in the market, they need to uphold the competitive profit-making identity. In order to maintain a balance between multiple identities,
and to overcome multiple conflicts that may arise in a SE, a look at them from an organizational identity perspective is called for. Herein, it may be noted that extant literature on organizational identity does recognize that organizations can have multiple identities, and there may be more than one set of attributes that might be central, distinctive, and enduring to an organization. Moreover, these multiple organizational identities may not be consciously held by organizational leaders. These multiple identities might be holographic (identity of the organization that is universally accepted throughout an organization) or ideographic (an identity that is assumed only in one area or one sub-group of an organization and it might be very distinct from the holographic identity). This existence of multiple identities is important, as it provides flexibility when reacting to complex environmental factors. However, this might become a difficult situation to handle when identities conflict with each other, and/or cause inconsistencies or inaction. When addressing the task of managing multiple identities, there are two concepts that managers might use to play around to resolve conflicts, viz. – a. plurality- that is, multiplicity of identities within an organization; and b. synergy- that is, how well multiple identities effectively complement each other. A manager may evaluate the significance and impact that each of the identities has on the organization. If some identities have lived their purpose and are rarely of value in changed environments, then they should be left unattended, and the plurality of identities should be brought down. However, if each identity is seen as essential and necessary, then managers may emphasize the need to attain a high synergy of these plural identities, such that they are advantageous to the organization. In general, if it is essential for two identities to cooperate with each other for an organization’s advantage, then a manager may seek to create a high amount of synergy between multiple identities. However, if it is counter-productive, then the manager may seek to compartmentalize each identity.

Organizational Paradox

It is interesting to note how the other theoretical lenses of competing institutional logics or organizational identities have been moving the field of organizational studies to understand conflicts of organizing. Smith & Tracey (2015) brought highlighted how institutional theory and paradox theory are cousins in the sense that both look at solutions for competing demands; but while the institutional theory depicts competing demands emerging from divergent field-level pressures, the paradox theory on the other hand, locates competing demands as being inherent within organizational systems, surfaced through environmental conditions, individual sense-
making or relational dialogue – essentially, the former reveling in the fundamental assumptions of dualism, while the latter reveling in that of duality. This has important ramifications. While poles could be managed by making tradeoffs and choosing pressures, under the assumptions of the former (that is multiple institutional logics or multiple organizational identities), organization theorists need to look at the alternative organizational response strategies under the assumptions of the latter (that is organizational paradoxes), which might not subscribe or sit well with the established wisdom, which in turn is based in dualism rather than duality. In their study, Putnam et al (2016: 69) defined dualism as “the existence of opposite poles, dichotomies, binary relationships that are able to create tensions but can be separated.” Therefore, early approaches of resolving conflicts of organizing concentrated on separation of polarities viz. structural separation (Duncan, 1976; Tushman & O’Reilly, 1996) or temporal separation (Siggelkow & Levinthal, 2003) or by structural or temporal ambidexterity and so on. This way dwelt upon managing competing tensions by proposing that either institute separates business units with different designs, cultures and processes focused or it enables organization to alternate temporally and sequentially between longer periods of exploitation with shorter periods of exploration. The fundamental assumption of duality emphasizes relatedness, wherein one pole is present because of the other (and not in spite of the other). In fact, duality is defined as “interdependence of opposites in a both/and relationship that is not mutually exclusive or antagonistic” (Putnam et al, 2016: 69). The factor of interrelatedness has more intricacies to be explored.

Further, Ford and Ford (1994: 758) suggested “when a person is ‘operating in’ a particular logic, he or she takes its rules and boundaries for granted,” without questioning the basic assumptions or premises on which the logic is built. As one studies the nature of these contradictions, defined by Putnam et al (2016) as “bipolar opposites that are mutually exclusive and interdependent, such that the opposites define and potentially negate each other,” one can appreciate why actors minimize their anxieties by clinging to one polarity, which reduces the overwhelming tensions caused by the contradictions (Cameron & Quinn, 1988; Lewis, 2000). Their defensive behavior may lead to initial positive results by reducing discomfort, but eventually fosters opposite, unintended consequences that intensify underlying tensions and lead to vicious reinforcing cycles (Lewis, 2000). However, this is not the only outcome that is possible. Paradox literature has consistently been talking about social construction as an
important process in the creation, manifestation as well as management of paradoxes. There is a possibility of exploring the nature of interrelationships, to foster generation of virtuous cycles (Lewis & Smith, 2014) instead of vicious cycles. A virtuous cycle entails embracing and accepting paradox by the focal actors to spark creativity and learning. It fuels synergies that enable systems to thrive among tensions. This constitutive approach is important as it suggests that since social actors and their interactions create contradictions, which have the potential to manifest as systemic patterns, there must be a way to intervene such that virtuous cycles instead of vicious cycles can be generated. SEs face an inherent paradox in juggling between revenue generation for survival and social value creation for upholding their mission. The two goals are very different yet highly inter-related as performing well on economic horizon will ensure organizational sustainability which will in turn allow the organization to further its social mission. Thus, looking at SEs from the lens of paradox theory is expected to give rich insights.

**Stakeholder Theory**

Stakeholders are people, who are in some way affected by an organization or vice-versa. The Stakeholder theory defines an organization as a mix of competitive and cooperative interests, and it has a major role to play in examining the existing connections (Donaldson and Preston, 1995). Stakeholder management pays simultaneous attention to the interests of all stakeholders, which could include governments and regulators, investors, suppliers, customers, employees, other associations and the society at large (Freeman, 1994).

The Stakeholder theory is important, as it tries to explain the relationships that exist in the world. It brings forth the fact that certain actions have certain consequences, as organizational activities are carried out keeping in mind the interests of all stakeholders (Phillips, Freeman and Wicks, 2003). Many organizations regard the ‘community’ as less of an organizational stakeholder, especially applicable to commercial organizations (Berman, Wicks, Kotha and Jones, 1999), citing that organizational performance has nothing to do with the ‘community’. However, in case of SEs, which operate with a mission that aims at the betterment of the society, the community is the most important stakeholder.

Extant literature has found balancing the power and the legitimacy that a stakeholder has in a certain context, and the interest that the particular stakeholder has in an issue, vis a vis the urgency or importance of the issue itself, as being part of a major task in stakeholder
management (Mitchell, Agle and Wood, 1997). However, critics of the Stakeholder theory, lament it for assuming that the interests of the various stakeholders can be, at best, compromised or balanced against each other. For instance, Blattberg (2013) argued that this is a product of its emphasis on negotiation as the primary mode of dialogue for dealing with conflicts between stakeholder interests, and recommended conversation instead. This led him to defend what he called a 'patriotic' conception of the corporation as an alternative to that associated with the Stakeholder theory.

In case of SE, the mission of the organization is societal benefit, which makes beneficiaries the major stakeholders, but the organization can only run if it is appropriately funded by donors and investors, which makes them the other set of important stakeholders. As per the Stakeholder theory, all stakeholders are important, and their interests must be looked into however unimportant it maybe for the organization. Therefore, when an organization functions, it becomes oriented in a manner that it treats stakeholders relative to each other. This is where looking at the competing and conflicting interests among stakeholders in an organization becomes important.

THE CONFLICTS IN SOCIAL ENTERPRISES

We have noted thus far that SE is an organization that pursues a social mission, while engaging in commercial activities to sustain its operations. It should also be noted that SEs are organizations that pursue two conflicting missions namely social and commercial (Battilana & Lee, 2014; Santos et al., 2015). They are a hybrid organizational form, as they draw upon two logics or value systems namely commercial and social logic (Dees and Elias, 1998; Billis, 2010; Pache and Santos, 2010). SEs by virtue of being hybrid have evolved novel organizational forms that blur traditional boundaries (Defourny and Nyssens, 2006). Efforts to address the mission of one form may have a negative impact on the achievement of the other. Additionally, for SEs, social mission may not always be as sacred as is believed to be; the reason being that they need to adhere to social goals, but at the same time, one must remember that they run a business, which is crucial to support the organizational processes, along with the employees working in it. Thus, both social mission and sustainability have to go hand in hand. The social mission would guide the overall strategy, but not at the cost of viability (Weerawardena and Mort, 2006). A social enterprise due to its very nature of adhering to a double bottom line or at times even a
triple bottom line faces conflicts at almost all levels, namely individual, team, organizational and societal. The overall strategic approach adopted by any SE needs to consider the conflict that unfolds at each level in the organization. Its employees need to act proactively, and think of tactics that are consistent with organizational strategy adopted, aimed at maintaining both the social credibility and the financial health of the organization (Moizer and Tracey, 2010). Within SEs there are at least two conflicting institutional logics; one is the social logic and the other is the market logic (Battilana & Dorado, 2010; Pache & Santos, 2013). As individuals tend to have differing mindsets, there could be a set of people who associate themselves more with the social mission and hence the social logic. On the other hand, there may be another set of people who associate themselves more with revenue generation activities, and hence the market logic. Such differing individuals create multiple conflicts like inconsistent norms, goals and values etc. (Battilana & Dorado, 2010; Smith, Gonin & Besharov, 2013; Besharov, 2014). These conflicts in turn, come into play during decision-making activities of the SE, and may thereby hinder organizational growth.

**Hiring**

Given their nature of work and the space of existence, SEs face challenges in hiring suitable human resources (Liu & Ko, 2011, Moreau & Mertens, 2013; Doherty et al., 2014). This problem arises due to the fact that as an organization, they need people with two very different and specific skill-sets. For instance, for their social mission accomplishment, they need people with empathy and passion, along with an understanding of the social sector. On the other hand, in order to address the aspect of ‘financial sustainability’, they need people with business acumen. Notably, it is often difficult to find individuals who have both the skillsets inherent in them (Battilina & Dorado, 2010; Battiliana et al., 2012; Smith et al., 2013; Besharov, 2014). Our education system and training programs prepare individuals with very specific skills, which are useful for more mainstream work areas, and this translates into a challenge for the SEs, as they require employees with a mix of commercial, social and professional logics. Employees in an organization can identify with it based on the cultural artefacts at display, which is not well articulated in SEs, thereby making it difficult for them to identify with the organizational identity. One needs to understand here that SEs do require employees with a very different mindset than that of employees from public-sector organizations, for-profit organizations and
not-for-profit organizations. The state of mind of the employees needs to fairly balanced, with borrowed elements from different organizational forms.

Hiring is not the only challenge, SEs also need to consider employee retention as a challenge, as the lure of attractive pay packages in the corporate sector can easily draw away the ‘good’ employees. The attitude of potential employees needs to be such that they are motivated by intrinsic rewards rather than extrinsic ones. The passion of an individual for a social cause and the pragmatism to deal with the real world for business sustenance are the required characteristics of any potential employee of a social enterprise (Weerawardena and Mort, 2006). In fact, this might serve as a guideline for SEs to find a suitable recruitment pool. Importantly, a lower pay scale in SEs seems to be a major downside in attracting employees. Although wage is an extrinsic motivation, yet it does play a major role in attracting talent. Distributive and procedural justice tend to play an important role in employee commitment and satisfaction (Alexander and Ruderman, 1987). For better hiring success, SEs should consider offering a reward mix, an evolution of the psychological contact, better communication and reinforcement of social mission, training and skill development and career planning (Borzaga and Solari, 2001: pp 344). The incentive/reward mix would also promote flatter organizational structures. Additionally, regular socialization activities including training and orientation activities in SEs might help in toning down the conflicts and might foster better understanding among organizational members, by drawing upon shared perspectives and commonalities. It would also help employees unlearn their previous experiences, and adopt the inherent paradox that would assist them in achieving a state of dynamic equilibrium.

Funding

SEs innovate to solve social challenges, but they need to generate enough revenue to cover their costs, and also attract investments to grow. This is a vital dilemma that lingers on as a question of survival. In order to attract investors, SEs need to generate enough profits, which they may acquire by charging a premium for their products and services (that promise to further a social cause, for example, fair trade products). They may also choose to pursue the path of providing services to their benefactors at lower rates than usual (for example, Aravind eye hospital’s policy to treat the poor for free), thus generating profits as well as achieving social goals. Even with these alternative mechanisms, not all SEs can actually go on to build an
economically viable model; the financial-social return gap might still exist. Furthermore, with a predominantly social focus, SEs also face challenges in deciding and finding the right kind of funding sources. This is a crucial issue for the social sector at large, considering its high resource dependency (Salancik and Pfeffer, 1978) on external parties for fulfilling their funding requirements. On one hand, SEs put their pursuit for the social mission above revenue generation, making them thereby less attractive business propositions for traditional investors like angel investors and venture capitalists (Peredo & McLean, 2006; Lumpkin et al., 2013). On the other hand, SEs strive for financial sustainability, which sends out signals of the social mission being secondary, and thereby making it difficult to convince philanthropists and donor organizations (Kraatz & Block, 2008).

There are multiple ways to deal with this conflict; for instance, financial restructuring that could include loan guarantees, impact investment, quasi-equity debt, pooling, social impact bonds etc. (Bugg-Levine, Kogut and Kulatilaka, 2012). As far as dealing with these conflicts from the perspective of institutional logic goes, legitimacy signaling is important; and it can only be done by establishing SEs as an identified legal form. Unless social outcomes can be measured, reported and monitored, investments would be difficult and inefficient. In this respect, Global Impact investing network emerged in 2009, which focused on double bottom line investment criteria, using impact reporting and investment standards (IRIS) (Kaplan and Grossman, 2010).

**Investment and Resource Allocation Decision**

Resource scarcity in social enterprises can threaten their long-term existence. SEs have to allocate resources for both community projects as well as organizational growth. The need to balance resource allocation due to the double bottom line is important. The tension arising in the decisions related to resource allocation has been discussed using a causal loop analysis by Moizer and Tracey (2010), in which social action policy of an organization acts as a pressure point to control resource allocation to the commercial or social spheres of the organization. Therefore, SEs often have to decide on whether to invest in business activities that are critical for economic sustainability, or in activities that help in achieving their social mission (Doherthy et al., 2014; Moizer & Tracey, 2010). More resource allocation on one side may compromise the availability of the resources on the other side. A social enterprize that is primarily focused on
social mission may forgo an opportunity to generate revenues, which in turn may impact its commercial mission. On the other hand, pursuing the economic logic and generating revenues might reinforce the commercial mission, and the enterprise may digress from its social mission, which was the primary drive behind setting up the organization at the first place. This phenomenon is termed mission drift (Ebrahim et al., 2014; Minkoff and Powell, 2006).

Thus, to maintain a balance, some useful strategies include separation of social and commercial mission, or giving them priority in some defined proportion; integration of the two missions or formation of alliances between the two kinds of missions in a way that makes resource allocation possible. Whatever strategy a SE may choose to adopt, it is important that social action and business effectiveness be looked at in synergy (Moizer and Tracey, 2010).

**Efficiency versus Social Focus (performance)**

When SEs try to balance both the social and commercial missions, they often have to deal with a trade-off. Many times, they have to forego efficiency of resource utilization, as they attempt to address their social mission (Moizer & Tracey 2010; Doherty et al., 2014). Competitive advantage can only be maintained by efficient resource utilization, which is the cornerstone of resource-based view of organizations (Grant, 1991; Peteraf, 1993). Efficient resource utilization implies making use of limited resources to achieve the best possible results. Further, competitive advantage is a factor that helps in measuring the success of financial performance of SEs in terms of its efficiency. Legitimacy on the other hand, implies its acceptance, and in fact, is a parameter that aids in measuring the social performance of SEs. Moreover, legitimacy is effectively built by establishing bonds with local stakeholders. Utilizing certain type of resources might help SEs to be efficient, but it may also lead up to a conflict with the social mission; and it is here that SEs have to make a choice (Smith et al., 2013). This choice in fact, would determine its performance.

Ambidexterity for instance, is one way to make SEs successful as hybrid organizations, as they can be spatially or temporally distinguished on the basis of the dual goals that are to be pursued. Adopting spatial or temporal ambidexterity would help SEs pursue its dual goals under separate organizational divisions or at different points in time. B-corps and other similar legal forms have been identified as SEs, which in turn are examples of newer organizational forms. Additionally, it may be noted that weighted incentive system, which gauges employee
performance on the basis of both financial and social goals, could also be an effective measure to overcome this conflict.

Pricing

Since SEs are an organization that have a social purpose embedded, they find it difficult to decide the price for their products and services (Desa & Basu, 2013). Typically, their beneficiaries have limited purchasing power, which puts a restriction on the pricing range of the products and services they offer. Further, any attempt to increase the price of a product/service may lead to a negative perception of the organization by the community, volunteers and other supporters. However, on the other hand, low and restricted pricing may affect the SE’s ability to generate sufficient revenues to sustain itself (Doherty et al., 2014). Even in the case of impact sourcing (securing products or services from marginalized segments)- as in the case of fair-trade organizations- SEs pay more than the ongoing market price to achieve and promote their social mission; but this results in their profitability going down. Thus, SEs must ensure their legitimacy and goodwill in order to sustain and grow. Maintaining legitimacy would mean maintaining the right balance between the social and the commercial mission. Organizational legitimacy can be built by engaging with local stakeholders that include the benefactors/consumers, suppliers and the community. Herein, pricing thereby gains further relevance, and becomes a very important component of maintaining legitimacy.

Certain ways to resolve the conflicts arising out of pricing may include introducing a tiered-pricing model (Aravind eye hospital) or creating a separate profit-procuring unit, and using it to cross-finance SEs. The other way could be social innovation, whereby SEs could look to introduce local packages or build capacity, as that may go a long way, and not incur much cost.

Leadership

Extant literature on social entrepreneurship has focused on the social entrepreneur as the founder and the change-maker (Shaw and Carter, 2006), who acts on an opportunity using his/her quality of being resourceful (Stevens, Moray and Bruneel, 2014). The term ‘social’ emphasizes the values, passion and the morality of the individual (Spear, 2006). Generally, these individuals are altruistic, and are driven by social values and passion, rather than profitability (Dacin et al, 2011; Stevens, Moray and Bruneel, 2014). A social entrepreneur starts a social
enterprise to address a social challenge or a problem (Peredo and McLean, 2006; Zahra et al., 2009). Furthermore, a social entrepreneur performs a variety of roles in the organization, and is a key individual, who contributes to the development of the organization (Reis & Clohesy, 2001). Conflict arises when there is a change in the leadership role of the organization, which could happen due to many reasons including- retirement, generation change or inclusion of professional management. The incumbent leader might not fully understand the social mission and the purpose of the organization (Mason et al, 2007; Ebrahim et al, 2014), resulting thereby in loss of legitimacy of the organization, and/or a mission drift in the organization.

The social entrepreneur needs to seek and recognize market failures and social problems to carve out opportunities to create social value for both existing and new benefactors. The social entrepreneur would turn out to be successful if s/he displays a balanced outlook comprising both-a drive for social change and a concern for financial viability. The resource constraints that s/he faces, act as checkpoints for opportunity recognition (Weerawardena and Mort, 2006). The social entrepreneur thereby needs to adopt strategies to overcome these checkpoints to drive forward the goal of societal betterment. Herein, we suggest that in-house training and skill development to embed individuals in the organizational purpose would possibly ensure succession planning.

**Choice of Consumer and Supplier**

SEs often deal with the challenges of identifying the right consumers for its products and services, and the right suppliers for the inputs and raw materials. Serving only the beneficiaries (very poor or marginalized consumers) addresses their social mission, but negatively impacts profitability, thereby putting their financial sustainability at risk. On the other hand, targeting a particular consumer base based on purchasing power would address the aspect of financial sustainability, but would not align with the social mission (Ridley-Duff, 2008). Similar challenges are also faced on the supply side. SEs have to decide their source of supply, keeping in mind their dual mission. Each logic directs them to choose a different kind of supplier, which may lead to a shaken balance of logics. Focus on the social aspect would lead SEs to choose a social welfare organization or an organization working towards upliftment or inclusivity, although it might compromise the supply quality, and/or it might result in higher prices. A focus on financial sustainability on the other hand, would direct SEs to look for a supply source that is
reliable and optimal, and that would be able to provide high quality supply at competitive prices (Bull & Crompton, 2006). However, this would not align well with the organizational mission.

Socially innovative business models like buy-one give-one or tiered pricing on the consumer side and quota system based on supplier profiling from different sections of the society could help resolve this conflict.

**Governance**

SEs are at a risk of losing sight of their social mission in the quest for revenue generation, a situation called mission drift (Fowler, 2000). Hence, the role of governing boards and managers becomes very critical in ensuring that the organization remains focused on its social mission. For this, the composition of the governing body in a social enterprise has to be carefully planned (Ebrahim et al, 2014).

The board must be a balanced mix of individuals from both social and commercial sector so that SEs can effectively address its dual mission. The board members have to be appointed based on their skills, experience and areas of specialization. They must be highly motivated and driven by passion, but at the same time must be aware of the market realities, and consider financial viability as an equally important aspect (Weerawardena and Mort, 2006).

**Partnerships**

SEs being hybrid organizations need to achieve a dual mission and multiple stakeholder engagement, which goes a long way in helping SEs to fulfill their social mission, while remaining financially sustainable (Doherty, Haugh and Lyon, 2014). Cross-sector and same sector partnerships help SEs deal with the challenges of multiple stakeholder engagement (Di Domenico, Tracey and Haugh, 2009). The partnerships may target commercial relations involving the vertical chain (Lyon, 2011) or may focus on fulfilling the social mission (Nwankwo, Phillips and Tracey, 2007). The resource complementarities of the partners, helps not just SEs, but also the partners to achieve the intended outcome (Sakarya et al., 2012). Notably, both the type and nature of partnerships keep changing as SEs evolve, and the tradeoff between the dual goals gets rebalanced (Davies and Ryals, 2010). Importantly, any social enterprise entering into an alliance or partnership with a commercial organization does tend to adopt a strategy of ensuring financial sustainability, or getting resources for their operations in
order to manage the conflict. However, this may backfire, as the benefactors might be paranoid of the close ties of SEs with a profit-making commercial organization.

SEs may enter into alliances with government in order to gain more legitimacy as well as institutional support in terms of regulatory support or funding support. Further, they may enter into partnerships with NGOs too in order to gain local support and knowledge. Additionally, in order to establish legitimacy to gain required partners, activity synthesis and spatial, contextual and temporal ambidexterity might help.

THE ANALYSIS

Having made a case for hybrid organizations and the conflicts they encounter not just at the structural level, but also at the operational level due to the pursuance of dual goals viz social mission fulfillment and revenue generation, it is now important to collate all the literature discussed so far in order to effectively bring out the connections and the relevance. Thus, our next step is to chart out a tabular comparative analysis, which looks at each operational level conflict from the perspective of each of the theoretical lenses discussed. Table 3 throws light on how these conflicts originate and manifest themselves along with some resolution strategies for them. Moreover, the table highlights the perspectives on various conflicts in light of four different theoretical underpinnings. The resolution strategies discussed have been carefully picked from existing SE literature along with other similar and allied literature on hybrid organizations, and some literature related to the theoretical perspectives in light of the conflicts dealt.

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<th>Table 3- Comparative analysis of conflicts in a SE</th>
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CONCLUSION

This study provided a comprehensive comparative analysis of the various operational level conflicts from the perspective of different theories. The comparison has been from the perspective of some important theories that have been used to look at SEs in past studies. We have used institutional logic, organizational identity, paradox theory and stakeholder theory as
the comparative lenses. We wish to extend the comparison by adding more theories in the future. We have contrasted the conflicts on the basis of origin, manifestation and resolution.

Importantly, the conflicts discussed herein, might resemble many of the issues faced by other organizations, which are incorporated as commercial organizations or as not-for-profit entities. But the manner in which they can be resolved varies significantly along with the context. Further, it should be reiterated that the hybrid sector does have multiple goals to deal with, and thus, it gives rise to very different contexts, where conflicts arise and need to be resolved.

From the table it’s clear that the comparative analysis has been very rich, as it has considered different perspectives using different theoretical lenses. The salience of our contribution to extant literature is that our study has looked to collate literature on social entrepreneurship literature from the perspective of conflicts, and has also suggested resolution strategies. Therefore, our study may be used as a compendium for building further upon the field of social entrepreneurship, as it provides a holistic picture of where and how the conflicts arise, and also how they can be dealt with. Future studies could use our study as a ready reference for social entrepreneurship literature on conflict using the four theories that we have highlighted include institutional logic, organizational identity, paradox theory and stakeholder theory. The study is therefore relevant for both academicians as well as practitioners.
References


### Tables and Figures

#### Inclusion criteria

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<tr>
<td>English language articles</td>
<td>Focus on other aspects of social entrepreneurship rather than the conflicts perspective</td>
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<td>Availability of full-length text</td>
<td>Articles containing words environment, ecology and climate were removed since we are focusing on the social dimension</td>
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#### Peer reviewed work

Table 1- Inclusion and exclusion criteria for articles

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<td>Funding, mission, growth</td>
<td>Institutional theory</td>
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<td>The institutional and technical structuring of nonprofit ventures: Case study of a U.S. hybrid organization caught between two fields</td>
<td>All conflicts</td>
<td>Institutional theory</td>
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<td>Tensions between venture capitalists' and business-social entrepreneurs' goals: Will bottom-of-the-pyramid strategies offer a solution?</td>
<td>Funding, consumers</td>
<td>Marketing theories</td>
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</table>

Table 2- Papers dealing with conflicts and their core theories
Theory

Institution Logic | Organizational Identity | Paradox theory | Stakeholder theory
---|---|---|---
Origin and manifestation | Resolution | Origin and manifestation | Resolution | Origin and manifestation | Resolution | Origin and manifestation | Resolution

- **Hiring**
  - Required skillset includes a mix of commercial, professional and social logics but most individuals have in-depth, specific and focused orientations. An ability to work in an environment of organizational institutional complexity is objectives. Hiring required by the employee who can work in a state of dynamic equilibrium.

- **Conflicts/Peeling**
  - SEs signal a lack of legitimacy due to violation of boundaries of established forms which makes them risky investments and portray them as organizations with lower commitment.

  - The dominant organizational culture in an SE is a mix of borrowed elements which leads to a blurred organizational identity resulting in a doubt in their time mission making it unattractive to investors and philanthropists.

  - SEs face the inherent paradox of pursuing a social mission and growing economically, both of which are juxtaposed and seem impossible to carry together.

  - Acceptance of paradox leading to opposition and synthesis to resolve paradox (Prendo & Van De Ven, 1989)

  - Shareholders see the most important stakeholders in any organization; thus an inherent conflict exists in designing policies to provide returns to them while at the same time furthering the organizational cause and serving the beneficiaries who are an equally important stakeholder.

  - Temporal or spatial compartmentalization on imposing separation on the dimension of time of reference level (Levi, Stettner, & Tishman, 2010)

- **Investment Decisions and Resource Allocation**
  - The traditional manner in which investments are made and resources allocated cannot hold as SEs have a different way of doing things in order to achieve their dual goals. Conflicts in deciding activity priority leads to creating and maintaining the institution where roles and value of SEs is recognized.

  - Develop integrated activities to support, integrate or co-evolve practices based on their values using selective synthesis (Chen, O'Mahony and Bednarek, 2014). An ideal candidate to carry out the creation of a new institution would be an institutional entrepreneur. Parallel managers (Lan and Munir, 1998)

  - In order to maintain the social identity, resources need to be allocated for the missions oriented activities but in order to survive, SEs need to make investment decisions to grow and sustain the firm in the long run.

  - Compartmentalization on independent sub-units (Knust and Block, 2008) while ensuring a coordination between them (Lawrence and Lorsch, 1967)

  - In order to allocate resources for social value creation, SEs need to allocate resources for the revenue generating activities to make funds available for achieving the mission of the firm. Both activities are independent and a failure to maintain balance may result in redefining the paradox.

  - Efforts need to be made to renew, change, innovate and adjust in the angle between new and existing knowledge and processes (March, 1991).

  - The investment and resource allocation for various activities is aligned with the mission of the SE but it needs to take care of the interest of all stakeholders i.e. the shareholders should get returns, the employees as sense of satisfaction, the suppliers and customers their dues and the beneficiaries their upliftment.

  - Spaces of negotiation - Areas of interaction that allow scope for discussion and decision making regarding basaling of trade-offs (Kellogg, 2009).

- **Governance**
  - Nature of shifts in logics at field level impact compatibility and centrality in organization and creating drift pressures may affect firm processes and may result in violations.

  - Maintaining the organizational image is extruded to the board and the members ensure that all stakeholders are on the same page with respect to the organizational activities and identity.

  - New legal forms like limited liability companies benefit and are formed in both the US or community interest company in the UK (Brinkman Reiser, 2013; Ebstein, Battilana, and Mit, 2014)

  - Joint accountability of the Putting influential inherent paradoxical goals members on the board (Ebstein, Battilana, and Mit, 2014)

  - Governance measures need to ensure that all stakeholders demands are met which include shareholder demands as well as beneficiary demands thus ensuring sustainability and preventing mission drift.

  - Ensuring upward and downward accountability to shareholders and beneficiaries respectively (Ebstein, Battilana and Mit, 2014)
### Table 3 - Comparative analysis of conflicts in a SE

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<tr>
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<td><strong>Institutional Logic</strong>&lt;br&gt;Origin and manifestation</td>
<td><strong>Organizational Identity</strong>&lt;br&gt;Resolution</td>
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<tr>
<td>SE is driven by the values and the passion of the founder. A change in leadership may result in a misalignment between the commercial and social logic, which may cause a mission drift (Mukhopadhyay and Powell, 2006).</td>
<td>Bringing about a new identity (Katz, 2000). Reflective, goal-oriented, and capable leader.</td>
<td>The leader has an individual identity that is not in alignment with the organizational identity unless is closely associated with the leader.</td>
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<td><strong>Pricing</strong></td>
<td><strong>Institutional Logic</strong>&lt;br&gt;Origin and manifestation</td>
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<tr>
<td>The products and services provided by SEs can be priced in a manner such that both the commercial and social logic play out well.</td>
<td>A business model that ensures logic compatibility and that is aligned with the dominant or secondary logic (Berdal and Smith, 2014). Eg: Tiered pricing. Buy one get one model.</td>
<td>In order to maintain its identity as a SE, the prices of products/services provided have to be in line with the affordability of the beneficiaries but this risks the sustainability of the firm.</td>
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<td><strong>Partnerships</strong></td>
<td><strong>Institutional Logic</strong>&lt;br&gt;Origin and manifestation</td>
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<td>The institutional embeddedness and the will to bring about a change requires external involvement and support. Partnerships are important for SEs to overcome resource limitations but the perspective partners might be hesitant due to the lack of a single dominant logic.</td>
<td>Balanced approach to the kinds of partnerships. New legal forms (Munir, 2012; Reiser, 2013).</td>
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<td><strong>Efficiency vs Social Impact</strong></td>
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<td>The traditional institutional demand performance in either the social or the commercial sector, but SEs being hybrid focus on both. The existence of dual objectives raises issues over which activities to carry out resulting in a performance shortfall on both fronts.</td>
<td>Weighted incentives and mandate-driven activity agency to address institutional demands (Oliver, 1991).</td>
<td>SEs seek to maintain an identity that is aligned with the image of a social benefit. The performance measurement becomes a cumbersome process owing to the multiple identities.</td>
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<td>Supplier segmentation and profiling. Introducing suppliers from marginalized sections with the commercial suppliers.</td>
<td>Multipliers need to be identified and the process to define how the SEs meet the problem in addressing work together.</td>
<td>Selecting suppliers based on optimality may hinder the social mission and vice-versa.</td>
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