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The Distinctive Challenges and Opportunities for Creating Leadership Within Social Enterprises

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THE DISTINCTIVE CHALLENGES AND OPPORTUNITIES FOR CREATING LEADERSHIP WITHIN SOCIAL ENTERPRISES

Abstract

Purpose:
A systematic assessment is presented of the distinctive challenges and opportunities associated with creating leadership within the realm of social enterprise. A modified and expanded form of Grint's leadership lenses heuristic framework (i.e. person, position, process, performance, purpose and place) is employed to examine and highlight what is particular about creating leadership in social enterprises by virtue of their distinctive missions, strategic contexts, legal forms and organisational structures and cultures. Based on this initial exploration, five research priorities are identified in order to better understand and then develop leadership practice in the social enterprise realm.

Design/methodology/approach:
The application of an enhanced heuristic framework for systematically examining leadership within the social enterprise research literature drawing on the leadership practice literature. The application is illustrated through six instrumental case studies.

Findings:
While there are a number of similarities between leading in the social enterprise realm and leading within the private, public and not-for-profit sectors, the levels of complexity, ambiguity and the lack of an established theoretical and practical knowledge base makes creating leadership in the social enterprise sector that much more challenging. On the positive side of the ledger, the fact that purpose is at the core of social enterprise, means that it is relatively easier to utilise purpose to create the basis for common meaningful action, compared to leadership within the private and public sectors. Related to this, given the strongly local or ‘glocal’ nature of social enterprise, a ready opportunity exists for leaders to draw upon place as a strategic resource in mobilising followers and other stakeholders. The novel, uncertain and pioneering nature of social enterprise is also arguably more tolerant and accommodating of a leadership mindset that focuses on posing questions regarding ‘wicked’ problems compared to public, private for-profit and, indeed, traditional not-for-profit sector organisations.

Originality/value:
As far as we can ascertain, this is the first systematic attempt to examine the distinctive challenges and opportunities associated with creating leadership within the realm of social enterprise. The application of the heuristic framework leads to the identification of five key inter-related lines of empirical research into leadership practices within social enterprises.

Keywords: leadership, governance, social enterprise, Grint
Introduction

By virtue of its relatively novel, marginal and cross-sectoral nature, the task of leading a social enterprise is riddled with complexity. As a ‘hybrid’ organisational form (Battilana and Lee 2014; Doherty et al. 2014), social enterprises face the often-fraught task of negotiating tensions between social and commercial ends (Teasdale 2012). The need for effective leadership in managing these tensions is therefore imperative (Smith et al. 2010).

It has been over a decade since Haugh (2005) highlighted the particular challenges associated with recruiting and motivating employees and volunteers in the social enterprise sector, as well as the lack of an established body of practical and academic knowledge available to social enterprise leaders. Despite the growth of scholarship in the social enterprise field, it is surprising to note that leadership has not been a major focus of this research effort to date. Similarly, established leadership researchers have not chosen to focus their explicit attention on the specific context of social enterprise.

With an ever-increasing emphasis upon the role of social enterprise in the provision of public goods, particularly as the welfare state continues to be scaled back in many countries, social enterprises have been continually encouraged to fill the ‘institutional void’ created by state and/or market failures (Dacin et al. 2010; Estrin et al. 2013; Mair and Marti 2009; Stephan et al. 2015). It is therefore important to better understand leadership within social enterprises, not least because this may be an important determinant of the ability of social enterprises to perform such a vital role but also, in light of this understanding, what might be done to further develop leadership capacity within the sector.
Traditionally, leadership scholars have tended to be preoccupied with researching leadership within large private and public bureaucratic organisations at the senior and middle management levels (Bryman, 1996). Most research has had a strong normative, functionalist, positivist and unitary orientation (e.g. Northouse, 2016). However, the growing cadre of leadership researchers now actively engaged in ‘Critical Leadership Studies’ (CLS) are questioning the role that leadership studies has traditionally played in not only maintaining, but enhancing, the dominant power relations underwritten by an all-encompassing neo-liberal ideology, and so are very much aligned to many of those who work in social enterprise research (Gemmill and Oakley, 1992; Alvesson and Spicer, 2012; Learmouth and Morrell, 2017; Collinson, 2017). In his seminal review Collinson (2011) notes that those who work in CLS, “challenge hegemonic perspectives in the mainstream literature that tend to both underestimate the complexity of leadership dynamics and to take for granted that leaders are the people in charge who make decisions, and that followers are those who merely carry out orders from ‘above’” (2011, p. 181).

CLS is by no means a unified movement, but the “eclectic set of premises, frameworks and ideas” that Collinson refers to have promoted richer understandings of leadership that are informed by power (Smolovic-Jones et al, 2016); identity (Sinclair, 2011); gender (Carli and Eagly, 2011; Harrison et al, 2015); race (Ospina and Foldy, 2009) and indigeneity (Wolfgang et al, 2016; Chamberlain et al, 2016). Under the umbrella term of ‘collective leadership’ (Ospina and Foldy, 2015), many leadership scholars have rejected a leader-centered perspective and redefined leadership as a property of the collective, be it a group, an organization or a social system (Cunliffe and Eriksen, 2011; Gronn, 2015; Raelin, 2016; Uhl-Bien, 2006). They focus on social interactions, note that leadership is co-constructed in multiple
configurations, and requires a rich appreciation of context (e.g. Gronn, 2015). Because of these developments, leadership studies is now more directly relevant to the immediate concerns of social enterprise organisations and more closely aligned to the overall organising ethos of the sector.

In writing this paper we were equally motivated to encourage leadership researchers to focus their attention upon social enterprise, not only because this is a sector that is growing in importance, but also because it presents considerable intellectual and practical challenges. There is much for them to learn by engaging with those who work, teach and research in this sector. Working within a highly complex and ambiguous milieu where resources are severely constrained (Leadbetter, 1997) and norms are few and far between, social enterprise leaders need to be willing and able to bridge the sectoral divides, take risks and engage with a diverse array of often conflicting stakeholders with high levels of expectation (Mason et al, 2007).

Perhaps the most compelling reason for engaging, however, is that social enterprise directly addresses the “Leadership for What?” question that a growing cadre of leadership scholars are posing as they actively promote a ‘responsible leadership’ research, education and development agenda (Maak and Pless, 2006; Kempster and Carroll, 2016). Responsible leadership has been defined as “the art of building and sustaining trustful relations with all relevant stakeholders, based on a vision for the good of the many, and not just a few” (Maak and Stoetter, 2012, p. 422). It is in this spirit that we believe there is much to be gained from an active rapprochement between the fields of social enterprise and leadership studies.

In approaching this topic, we are most concerned with answering the following two questions: What is distinctive about leadership practices within the field of social enterprise given that it works within a distinctively novel and complex institutional
context? Related to this, in what respects do social enterprise leadership practices differ and converge from how they are practiced in other organisational and sectoral contexts such as the private sector, public and non-profit sectors? When we refer to ‘leadership practice’ we are guided by Raelin who defines practice as “a cooperative effort among participants who choose through their own rules to achieve a distinctive outcome” (Raelin, 2011, p. 196). We envisage leadership as an interactive process that is always in the process of becoming (Carroll et al, 2007; Crevani et.al, 2010). It has to be collectively and consciously created (Ospina and Uhl-Bien, 2012). It is not something that is attained and then merely maintained, it is always in flux and subject to contestation (Fairhurst, 2007). Leadership can just as readily be destroyed and lost. We share the ‘Leadership-as-Practice’ viewpoint which is “concerned far more about where, how, and why leadership work is being organised and accomplished than about who is offering visions for others to do the work” (Raelin, 2016, p. 196).

Our knowledge of leadership in the social enterprise field is still in its infancy. This is partly due to the relatively small size of the sector and the resultant lack of empirical evidence about what exactly makes leadership in this sector distinct from mainstream for-profit business, the public sector and the wider third sector. What we aim to do in this paper is provide a theoretical framework to help both social enterprise and leadership scholars make better sense of the existing empirical work, and to guide the conduct of future empirical studies of social enterprise leadership.

The Leadership Framework

In Leadership: Limits and Possibilities (2005), Keith Grint argues that ‘leadership’ ought to be regarded as another example of what Gallie (1955) calls an ‘Essentially Contested Concept’. As a result, Grint argues that attempts to create consensus within the so-called ‘quest for definition’ have become ‘forlorn and unnecessary’. In
common with social enterprise, leadership is a highly contested concept and so we will refrain from attempting to create a definition of social enterprise leadership. What we do want to do, however, is provide a conceptual framework that can capture the multi-faceted and highly contextualised nature of leadership practices that can be observed within social enterprises. We will base our framework on Grint’s original leadership framework that can be distinguished from the more standard and common leadership typologies (e.g. Northouse, 2016) by virtue of its heuristic and holistic qualities, as well as its critical intent.

Grint (2005) suggests that leadership has traditionally been understood in four quite different ways: Leadership as Person: is it who leaders are that makes them leaders?; Leadership as Results: is it what leaders achieve that makes them leaders?; Leadership as Position: is it where leaders operate that makes them leaders?; Leadership as Process: is it how leaders get things done that makes them leaders? We have found this framework to be a deceptively simple, yet very useful, heuristic device that encourages us to think in a more multi-faceted manner, whether or not we are trying to teach, research or practice leadership.

In the process of utilizing this framework we have made four adjustments that we believe improves its overall effectiveness and makes it more salient to the analysis of social enterprise leadership. First, we have chosen to focus our primary attention on how leadership is created and not on how leaders are created. While the importance of the role of individual leaders tends to be overestimated, the significance of leadership itself should never be underestimated. As Grint (2005) himself argued, we have become overly pre-occupied with individual leaders when, in fact, we should have been focusing more on leadership which is a more complete process. As a result, he urges us to “put the ship back into leadership”.
Second, we have replaced the preposition ‘As’ with another preposition, ‘Through’. A preposition is a word that governs a noun and expresses a relationship to another word or element in the clause. We are using ‘Through’ to highlight how each of these elements is a means of creating leadership to help it move from one side or location to another. The preposition ‘As’, by contrast, emphasises how these elements act as the end of leadership, because it draws attention to a function or a character that someone or something has. We believe that this shift recognises the active and dynamic character of leadership; it is something we are always working towards, as opposed to reaching a passive final state.

Third, we have added two new lenses: ‘Place’ and ‘Purpose’. Place foregrounds the context within which leadership is created. It asks where leadership is created, encompassing both its geographic and historic construction. Purpose focuses on the vital yet frequently unanswered question of why leadership is created. These two elements are often very closely inter-linked.

The final modification we have made to Grint’s framework involves renaming the ‘Results’ lens to become the ‘Performance’ lens. This lens captures both quantitative aspects (i.e. achieving measurable results) and the qualitative aspects of leadership (i.e. being perceived to have created legitimate leadership). In doing this, we have created the following ‘Six Ps’ of the Leadership Mix (Person, Position, Process, Performance, Place and Purpose) to rival the classic ‘Four Ps’ of the Marketing Mix (i.e. Product, Price, Promotion and Place). These are depicted in Table 1 along with the primary question that they pose regarding leadership.
Table 1  The Leadership Lens Heuristic Framework

<table>
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<tr>
<th>Analytical Lens</th>
<th>Guiding Question</th>
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(Adapted from Grint, 2005)

In what follows we will describe the pertinence of applying each of these lenses to researching and developing leadership in social enterprises. Within each sub-section we will briefly distil the key concepts that are foregrounded by these lenses and then illustrate the efficacy of each lens by referring to a social enterprise empirical study (also listed in Table 1) that has foregrounded this aspect to pronounced effect. These empirical studies have been selected as ‘instrumental’ case studies (Yin, 2003) in that they are particularly effective in facilitating understanding of leadership through at
least one of the leadership lenses. In developing new theory, an instrumental case study allows researchers to use the case as a comparative point across other cases in which the phenomenon, in this case leadership, might be present (Stake, 1995).

**Social Enterprise Leadership Through Person**

We begin our analysis by applying the ‘Leadership Through Person’ lens. The central guiding question that is posed by this lens is: Who has the *informal* power to create leadership in social enterprise? The underlying assumption is that a particular person can and should create leadership because of their particular characteristics and qualities such as superior knowledge, skill and experience or special values, beliefs, motives and charismatic presence. The Leadership Through Person lens highlights leadership as an individual activity: “an exercise by a person who encompasses various qualities or traits that have been traditionally associated with ‘leaders’” (Grint, 2005, p. 33).

Despite the fact that the fields of entrepreneurship and leadership have tended to exist in splendid isolation, they share a problematic tendency to focus their attention primarily on the role of the individual entrepreneur and leader in describing and explaining entrepreneurship and leadership. Consequently, the ‘-ship’ aspect of both processes are both consciously and unconsciously taken-for-granted and given short shrift. Given the traditional influence that has been exerted by entrepreneurship studies upon social entrepreneurship, it is not surprising to note that social enterprise has inherited this tendency (Ridley-Duff and Bull, 2016; Pless, 2012).

Social enterprise researchers have generally been more preoccupied with the entrepreneurship rather than the leadership that has been exercised by the founders and the leaders of social enterprises. A notable exception is the insightful narrative analysis of the ‘inner theatre’ of Anita Roddick, the founder of the Body Shop that
was produced by Pless (2007). This study draws on normative and clinical lenses to cast light on a founder leader’s underlying motivational drivers.

Social enterprise leaders have been variously described as a ‘special breed’ of leaders (Dees, 1998); simply ‘ordinary’ (Mair and Noboa, 2003); or even ‘extraordinarily ordinary’ (Amin, 2009). In the absence of studies that have taken an explicit leadership perspective on social enterprise, we can deduce some of the recurrent characteristics exhibited by social enterprise leaders from the myriad of studies that have sought to compare economic entrepreneurs with social entrepreneurs (Wry and York, 2017). From these we learn that social entrepreneurs tend to be quite similar to economic entrepreneurs in their comparatively high risk-taking and achievement-orientation behaviours but, by contrast, they tend to focus more on social rather than economic value creation (Chell, 2007); altruism rather than commercial gain (Martin and Osberg, 2007; Miller et al, 2012); self-transcendence rather than self-enhancement (Sastre-Castillo et al, 2015). Social entrepreneurs reveal statistically higher levels of creativity, risk-taking and autonomy than economic entrepreneurs (Smith et al, 2014); their self-utility is gained through the utility of results gained by others (Licht, 2010); and they tend to be motivated by a cause (Thompson and Bunderson, 2003).

By way of critical counter-weight, Dey and Steyaert (2010) have warned that this work unfortunately perpetuates the individualised, ‘messianic’ stereotype that the social entrepreneur is a ‘heroic’, ‘energetic’ and ‘driven’ agent of social change, (Dees 1998; Drayton, 2011) which is misleading and unhelpful in our efforts to acquire a deeper understanding of distinctive social enterprise leadership. It also ignores established sociological knowledge about community-orientated processes of development (Ridley-Duff and Bull, 2016).
To illustrate the application of a ‘Leadership Through Person’ lens to social enterprise leadership, we have selected a study of nine UK-based social enterprise executives who were widely considered to have been ‘successful’. In this study, Gravells (2012) challenges the utility of competency models, based on a purely behaviourist tradition in recruiting, selecting and developing social enterprise leaders. Through the interviews he conducted with CEOs, he examined the impact of personality, values, circumstance and career arc on the way these leaders performed in an attempt to take a fresh look at the interaction of traits, behaviours and situational flexibility in determining successful leadership in this type of organization. He clustered the key factors that are responsible for promoting effective leadership into dimensions of ‘being’ (i.e. aspects of leadership that derive from who we are such as our personality and our traits); ‘doing’ (aspects of leadership which derive primarily from learned skills and knowledge) and ‘style’ (aspects of how we choose to respond to certain circumstances). Even more instructive were the ‘contra-indicators’ that the CEOs identified as being most regularly responsible for preventing effective leadership (e.g. fear of failure, ruthlessness, ‘blagging’ and an over-reliance on processes and systems).

We encourage future studies to move beyond self-reported data to include follower and other stakeholder perspectives. There are also good opportunities for making active use of longitudinal and observational methods. This would enable researchers to properly examine critical leadership transitions, most pertinently the succession of a founder leader in order to shed new light on ‘founder’s syndrome’ and ‘successor’s syndrome’ (Young and Kim, 2015).
Social Enterprise Leadership Through Position

The positional lens of leadership examines the activity of a leader by reference to her or his *position* within the organisation. It asks the question: Who has the *formal* power to create leadership? Leadership through position has traditionally been associated with unitary command – the idea that leadership is a *vertical* and hierarchical activity, exercised from “the top down” in the organisation (Grint, 2005, pp. 138). As we noted in the introduction, this lens has been the most actively utilised by traditional mainstream leadership scholars in combination with the Leadership as Person lens. This has led to the preponderance of the ‘Heroic Leadership’ paradigm within the field, promulgated most powerfully by transformational leadership theory (Bass and Steidlmeier, 1999) and its heir apparent, authentic leadership theory (Alvolio and Gardner, 2005).

In a sector characterised by a strong commitment to challenging the status quo, to finding alternative ways of organising that turn the traditional bureaucratic and hierarchical modes on their heads, it might seem redundant, if not mildly offensive, to advocate the importance of a Leadership Through Position lens on social enterprise. As we learned from the profile studies of social entrepreneurs, the field tends to attract those who are either mildly or actively anti-positional and who embrace ‘post-heroic’ shared forms of leadership (Crevani, 2007).

By way of response we echo Grint’s concerns that the utopian status attributed to shared leadership that is derived from informal rather than formal power can be readily undermined, as proponents might embrace ‘unorganised’ or anarchical norms that (paradoxically) eventuate in inequitable distributions of power to authoritarian leaders who ‘step in’ in order to reach a decision (Grint, 2005). Efforts to build ‘shared authority’ within a heterarchical organisation in order to mitigate this require
such a strong cultural shift for shared leadership to be implemented that they rarely succeed (O’Toole et al. 2002).

The Leadership Through Position lens highlights the importance of governance in creating effective social enterprise leadership. Young and Kim (2015) liken governance arrangements to the ‘internal guidance systems’ of social enterprises. They note that because social enterprises operate in austere and often volatile economic, political cyial and doclas environments, and because staff and other organization stakeholders can be influential “the parameters of organizational governance do not fully determine the direction and dynamics of these enterprises” (p. 244). It is more appropriate, therefore, to view the governance function within social enterprises as an ‘organizational compass’ that provides a general indication of how a social enterprise is likely to develop over time and react to environmental influences. The lead author has served on the board of the Akina Foundation, a social enterprise that was set up in order to promote the growth of social enterprise throughout New Zealand. A central and perennial preoccupation of this board has been the creation of optimal leadership that responds to a rapidly changing strategic context not only within the organisation and the sector in general, but also by the board itself. The board also recognises that it acts directly and indirectly as a role model, not only to the rest of the organisation, but also to other social enterprise boards within the country. Jackson and Erakovic (2009) have pointed out that a major contributing factor to the failure of many organisations is the fatal disconnect between governance and leadership processes, frequently by design. Conventional wisdom suggests that governance functions are the responsibility of the board, whereas leadership is the prerogative of senior management. This belief has unfortunately led to a critical
disconnection between the two functions when, in fact, these need to be carefully integrated in a dialectical fashion. One should influence and challenge the other as:

Corporate governance provides the organizational framework within which leadership is enacted – it sets the stage for leadership at the top of the organization and has an indirect but significant impact upon leadership processes at other levels within the organization. While corporate governance provides a structure for the relationships among organizational core stakeholders (e.g. shareholders, boards and managers), leadership provides the motivation and impetus to make corporate governance effective towards achieving the organization’s purpose and goals. In this respect, good leadership can “energize” governance, while good governance can serve to sustain leadership (Erakovic and Jackson, 2009, p. 74).

Governance in the social enterprise sector provides a vital safeguard in ensuring that the organisation meets its dual commitment to social and commercial ends, while effectively managing the needs and desires of multiple stakeholders (Ebrahim et al. 2014). The principal concern that governance in this sector is designed to mitigate is the occurrence of ‘mission drift’, when the organisation loses sight of fulfilling both ends and becomes too commercialised (or vice-versa) (Conforth, 2014; Fowler, 2000; Jones, 2007; Weisbrod, 2004).

While the term ‘governance’ denotes an attachment to traditional ‘hierarchical’ approaches to organisational management, there is a rich tradition within the social enterprise field and its forerunners of successfully adopting collective communitarian approaches to governance (Ridley-Duff, 2010). The need to develop and put in place contextually-responsive governance forms for social enterprise to promote effective leadership though position is illustrated to powerful effect in the case study of Māori Maps, a New Zealand-based social enterprise (Overall et al, 2010). Māori Maps is a social enterprise established to tackle the problem of Māori cross-generational
alienation by producing and distributing an electronic roadmap/guide to assist the new generation of 500,000 plus Māori to find their and other’s Marae, the traditional sacred and communal space that belongs to a particular iwi (tribe), hapū (sub tribe) or whānau (family). Māori people see their marae as tūrangawaewae - their place to stand and belong.

Māori Maps have employed a twin model of governance that mirrors the historically appropriate cultural blueprint of the dualistic genealogical relationship between the ‘rangatira’ (elder statesman and leader) and ‘potiki’ (aspiring young individual entrepreneurs). Both of the dual governing bodies fulfils separate but complementary roles, which are behaviourally and evolutionary appropriate (Huse and Gabrielsson, 2004). The first governing body fulfils the more traditional fiscal and legal advisory (i.e. accountability) role which the authors describe as the ‘Law’ role; whereas, the second governing body, Nga Rangatira, fulfils the culturally relevant guiding and stabilising role, in assisting Nga Potiki not to lose sight of the organisation’s indigenous identity (the authors characterise this legitimising role as ‘Lore’). In the case study, the authors show that the governance structure of Māori Maps has remained robust and sustainable because this culturally appropriate model governance has not only enabled but actively encouraged effective social enterprise leadership.

We envisage considerable opportunity for widening this type of ‘leadership-in-governance’ research to investigate a range of institutional and cultural contexts, to not only enrich social enterprise and leadership research, but also the field of corporate governance. In many ways, social enterprise offers an equally important intellectual challenge to corporate governance scholars as it does to leadership scholars.
Social Enterprise Leadership Through Process

The primary question posed by this lens is ‘How is leadership Created?’ Through this lens we recognise the intrinsically (and enduringly) collective nature of leadership and try to understand what goes on in the spaces between people who are engaged in leadership practice (Kennedy et al, 2012). It is a strange irony that while we live in an increasingly inter-connected world in which almost all work is conducted in a networked manner, our leadership theories continue to be pre-occupied with the individual leader, invariably the one that is positioned at the top of the organisation, while followers, process, and context remain acknowledged but side-lined from analysis (Fairhurst, 2009).

Critically-oriented leadership scholars, whom we highlighted in the introduction, have actively sought to better align leadership theory with these contemporary realities. Ospina and Uhl-Bien (2012), for example, argue that it is vital to acknowledge in leadership that leaders and followers are ‘relational beings’ who constitute each other in an unfolding, dynamic relational context. A relational view recognizes leadership not as a trait or behaviour of an individual leader, but as a phenomenon generated in the interactions among people acting in context (Fairhurst, 2007). At the core of this view is the assumption that leadership is co-constructed in social interaction processes that Day (2000, p. 582) suggests “generally enable groups of people to work together in meaningful ways” to produce leadership outcomes.

Communication is the central element of relationally-oriented leadership. To study relational processes in leadership, therefore, a discourse perspective is required along with its associated forms of organisational discourse analysis (ODA) (Grant, Putnam, and Hardy, 2011). ODA focuses on the formative power of language and communication:
It is interactional because it can study leadership-as-it-happens, a relationship made possible only through the sequential flow of social interaction. It is relational in that it sees leadership not as a solitary activity, but as people co-creating a relationship as they interact. Finally, ODA is contextual in that it has the capacity to incorporate social context into leadership research in various ways (Fairhurst and Uh-Bien, 2012, p. 1044).

A consciously critical consideration of social interaction, power, and organising should be a central preoccupation in the creation of successful sustainable social enterprise leadership (Dey and Teasdale, 2013). Social enterprises not only have to do social good but they must also be socially good in how they carry out their work and be seen to be socially good in order to maintain their legitimacy and support (Humphries and Grant, 2005). Those who have taken up the cause of critical leadership scholarship would, therefore, do well to look to the social enterprise sector to seek out examples of collective, dispersed and distributed forms of leadership and, in the spirit of quid pro quo, play an active role in promoting these forms of leadership through leadership development and education.

To illustrate the kinds of insights that can be yielded when applying the Leadership as Process lens we have selected the case study conducted by Pless and Appel (2012) of Gram Vikas, an award-winning social enterprise and rural development organisation headquartered in Orissa, one of India’s poorest states. The authors investigate an innovative approach to help communities in rural villages gain access to clean water and set up and maintain water and sanitation systems as a basis to improve health, restore dignity and empower women. Gram Vikas assists communities to set up an inclusive, self-governing democratic system that ensure all villagers are included in the programme as well as other decision-making processes at the village level, regardless of caste, gender or socio-economic status. The authors conclude from their
detailed analysis of documents, interviews and observation that the combination of
decision-making systems and community management structures set up by Gram
Vakas enabled the communities who participated to “break the vicious cycle of
poverty and move forward on the path of sustainable social and economic
development” (2012, p. 400). Gram Vikas’ approach forges unity and fosters
collective leadership so that these communities can successfully tackle their own
development.

Of the six lenses of leadership, we believe that the Leadership Through Process lens
has been the least well-developed in studies of social enterprise leadership (and
leadership studies in general); yet it is the one that will yield the most important
insights regarding the distinctive practices that are associated with effective social
enterprise leadership and what needs to be done to develop these more widely across
the sector. As collective leadership scholarship has blossomed, theoretical work has
outpaced empirical work (Ospina et al, 2017). To close the theory-empirics gap,
multiple and considerably more sophisticated methods are required in order to
conduct collective leadership research than have been traditionally deployed in
leader-centred research (Kempster et al, 2016).

Social Enterprise Leadership Through Performance

The fifth leadership lens poses the question: ‘What is achieved by leadership?’ This is
arguably the most complex and problematic question facing social enterprises. It
encompasses both a quantitative ‘results-oriented’ dimension that acknowledges
outputs and outcomes as well the qualitative yet even more critical task of acquiring
and maintaining legitimacy in the eyes of the social enterprise’s diverse stakeholders.
While the idea of measuring the outcomes of leadership became prominent in the late twentieth century with the emergence of the ‘audit society’ (Grint, 2005; Power, 1999), the means of collecting and evaluating ‘social value’ (Di Domenico et al. 2010) is arguably still primitive, problematic and perhaps even impossible (Arvidson and Lyon 2014; Gibbon and Dey 2011; Hall and Arvidson 2014). The two leading means of evaluating social impact by social enterprises, social accounting and auditing (SAA) and social return on investment (SROI), are centred primarily on the impact and outcomes of the overall organisation, not its leadership (Gibbon and Dey, 2011).

The most influential literature on managing social enterprises (for example Doherty et al. 2009; Paton 2003; Nicholls, 2006) has had surprisingly little to say about leadership specifically. Paton has noted the prevalence of leadership strategies that “adopt the discourse of outcomes and measurement in relation to more or less familiar evaluation studies” and “use the existence of measurement activities, rather than information provided by them, to address (or pre-empt) institutional concerns about performance, outcomes, impact, etc.” (2003, p. 77). It is, therefore, the role of the formally appointed leaders of the organisation to choose what gets measured and how it gets measured.

With respect to this responsibility, Peattie and Morley (2008) highlight the challenging task of managing, researching and developing effective policies for businesses that feature both social and commercial attributes, and particularly social enterprises, due to their ‘paradoxical nature’. Traditionally, scholars have suggested that organisation success can only be achieved if leaders take an ‘either/or’ approach to managing business paradoxes. Smith et al (2010) argue that this is an inadequate stance. In the context of social enterprise leadership, the prescription of an ‘either/or’
approach results in a failure to meet the ‘double bottom line’ (Tracey and Phillips, 2007).

The illustrative study we have selected to reveal the significance of the Leadership Through Performance lens is provided by Smith et al (2012). In their study, they draw on paradox research to build a ‘paradoxical model of leadership’ aimed at helping social entrepreneurs to actively manage the tensions that are posed by the juxtaposition of social mission and business outcomes for themselves and for their followers. They then apply this model to show how it can be taught to social entrepreneurs in two different educational settings. The first study draws on classroom generated data from the Cornell undergraduate course, Social Entrepreneurs, Innovators and Problem Solvers (SEIPS). The second study draws on data collected from a field-based programme, Digital Divide Data (DDD), a 10-year-old social enterprise based in Cambodia, Laos and Kenya. Taken together, the challenges, leadership skills and pedagogical tools highlight the difficulties of the inherently contradictory nature of their endeavour as well as the opportunities for effectively managing their competing demands. Of particular note is their observation that in order to develop these ‘paradoxical’ leadership skills, leaders need to move beyond ‘informational knowledge’ toward a ‘transformational’ approach, which requires ‘deeper personal growth’ more so than ‘skill development’ (Smith et al. 2012). This provocative study provides a useful starting-point for the application of the Leadership Through Performance lens in social enterprise leadership but it invites wider empirical investigation in a comparative context. It is to this leadership lens that we now turn.

Social Enterprise Leadership Through Place

The key question addressed by this lens is: ‘Where is Leadership Created?’ Central to
our efforts to answer this question is the notion of place. In particular, it explores place as it relates to space and time, and how these dimensions serve to shape leadership and how, in turn, leadership shapes them. Related to this quest are the concepts of context and culture. The relationship between leadership and place is a relatively new field of academic enquiry (Ropo et al, 2015). Indeed, as Collinge et al. (2010) point out, despite significant societal change patterns over the past few decades, ‘place’ remains attached to the citizen in ‘economic, social, cultural and emotional terms’, although scholarship to date appears to have focused on the relationship between leadership and place in the context of environmental policy-making (Mabey and Freeman, 2010).

We take a broader definition of ‘place’ so as to facilitate a more nuanced understanding of what role place plays in the context of social enterprise leadership. Specifically, we can examine the ‘place’ of social enterprise in two contexts. First, we can analyse the place of social enterprise on a geographic or physical level, with particular reference to areas where there is, or could be, a social enterprise ‘ecosystem’ (Hazenberg et al. 2016). Secondly, social enterprise can also be examined in reference to its ‘place’ within the socio-economic system (for example see Pearce, 2003, Amin et al. 2003a, 2003b; Gibson-Graham 2008; Gibson-Graham and Cameron 2007). As Mason notes, it has become increasingly difficult to understand social enterprise as a “cogent field, let alone a unified concept” (2012, p. 123). The sheer variety – what Laville (2010, 2014) terms a ‘plurality’ – of formal and informal organisational forms and ways of organising ‘socially solidaristic’ forms of economic activity (Amin 2009; Utting 2015), is particularly problematic for scholarship that seeks to reach conclusions on leadership in social enterprise as there are so many different forms of such ‘socially-orientated’ organisations. The
leadership practices that are required to lead a small-scale community-led social enterprise are quite distinct from those required to leading a multi-national large-scale cooperative.

This approach is very much in line with that proposed by Zahrah (2007) and Welter (2010) for the field of entrepreneurship. In common with leadership, there has been a growing recognition in entrepreneurship research that economic behaviour can be better understood within its historical, temporal, institutional, spatial and social contexts, as these contexts provide entrepreneurs with opportunities and set boundaries for their actions. Paraphrasing Welter, the context can be both an asset and a liability for social enterprise, but social enterprise, in common with entrepreneurship, can also impact context.

Grant (2008) has provided a useful illustrative analysis of the influence that place exerts on the development and shape of social enterprise in a particular country. Applying a critical-appreciative lens rooted in Habermas’ (1987) theory of communicative action, she provides a systematic description of the ‘lifeworld’ and the ‘system’ that has influenced the particular evolution of social enterprise in Aotearoa, New Zealand which she notes is still in its infancy. Her analysis reveals four distinct cultural and historical influences which she argues contribute to the scope and ‘flavour’ of social enterprises in this country: social-cultural norms (e.g. ‘kiwi ingenuity’); the neo-liberal reforms initiated by successive governments during the 1980s which have led to a strongly contractual public and community environment; the Crown settlements in relation to breaches of the 1840 Treaty of Waitangi; and the widespread propensity for New Zealanders to aspire to be acknowledged as ‘international citizens’ who consistently ‘punch above their weight’.
What is missing from this analysis, however, is the implications that these structural themes have on the type of social enterprise leadership practices that are most effective in this national context and how these may have been created and refined over time. The problem with national contexts is that they are generally too coarse and insufficiently granular to capture the cultural distinctiveness of a particular context (Guthey and Jackson, 2010; Overall et al, 2010). To this end, the collection of social enterprise stories provided by Thomson and Doherty (2006) to demonstrate and celebrate the ‘diverse world of social enterprise’ are ripe for a more finely tuned place–based leadership analysis.

**Social Enterprise Leadership Through Purpose**

The key question that is posed in applying this lens to social enterprise leadership is: ‘Why is leadership being created?’ Kempster et al (2011) have noted that leadership scholarship has somewhat surprisingly treated purpose as a ‘taken-for-granted’ and ‘implied’ concept that has been rarely explicitly analysed. It was readily evident from our earlier discussion of the Leadership Through Person lens that purpose is central to understanding the motivations, values and ideologies of the social entrepreneur. For example, Parkinson and Howorth note that social enterprise leaders tend to “draw their legitimacy from a local or social morality” (2008. p. 285). But what of the role of purpose in creating leadership within social enterprise organisations? Given the general propensity to equate and even label social enterprise organisations as ‘Purpose-Driven’ or simply ‘Purpose’ organisations, the immediate significance of this lens to understanding social enterprise leadership is readily apparent. There is a genuine possibility, then, that leadership scholars have much to learn from social enterprises about the generation and articulation of a compelling and enduring
purpose that can serve to energise leadership among and between public, private and community sector stakeholders.

In the social enterprise context, the purpose of the venture can be articulated at two levels. Firstly, the social enterprise must effectively formulate and communicate a mutually compelling purpose to the employees and volunteers of the organisation. Secondly, the social enterprise must appropriately ‘sell’ the agreed-upon purpose to a variety of different stakeholders. In this sense, the formulation and marketing of the social enterprise purpose differs significantly from a more traditional commercial organisation’s purpose, in that the purpose must encompass an appropriate balance of commercial and social ends. This balance is, in turn, evaluated by a series of distinct stakeholders: customers, investors, partnership organisations and in some cases, governments (Mason et al. 2007). There is always the possibility, of course, that social enterprises might try resolve the paradox by positioning the commercial imperative either as a means to the social purpose end or, alternatively, as an end using the social purpose as a means, depending on the key drivers of the stakeholder.

The social enterprise leadership empirical study we have selected to illustrate the utility of the Leadership Through Purpose lens is a case study of Martín Burt, the founder and chief executive of Fundación Paraguaya (FP), located in Paraguay; on the surface at least, a singularly unconducive environment for the generation of social enterprises (Maak and Stoetter, 2012). Burt founded FP in 1985 together with a group of visionary local business leaders and professionals. The foundation was the first microfinance institution in Paraguay as well as the first and longest running professionally-run development organisation.

Through documentary, observation and interview sources Maak and Stoetter highlight how Burt actively fulfilled the five leadership roles that they argue are at the core of
‘responsible leadership’ to create a compelling and enduring purpose for the organisation (Maak and Pless, 2006): the leader as servant, the leader as steward, the leader as change agent, the leader as citizen and the leader as visionary. The twin goals of FP are the elimination of poverty in Paraguay and to make a contribution to the same objective for the rest of the world: ‘to make poverty history’. The authors note that, “while Martin Burt is aware of the limits of this target, he believes it has to be the ultimate ambition of Fundación Paraguaya” (Maak and Stoetter, 2012, p. 416).

A true test of the power of leading through purpose is the manner in which FP has continued to thrive without Martín Burt at the helm for a third of its existence since it was founded in 1985, as he became engaged in political activities. We encourage further leadership case studies of this ilk that highlight the influence that a compelling organisational purpose has upon the sustained organisational success of social enterprises, most notably how these purposes are forged, refined, disseminated and institutionalised.

**Discussion and Future Research Directions**

This paper has explored the distinctive challenges, along with the leadership practices, that have been developed in response to these challenges within the social enterprise sector. To do this we applied a heuristic framework for leadership analysis that draws upon one originally proposed by Grint (2005). The advantage of applying a multi-dimensional framework that has been generically developed to examine leadership in a variety of contexts is that it provides an established and systematic approach to understanding what is distinctive and what is similar in creating leadership in the social enterprise sector.

In Table 2 we summarise the findings that were generated by applying each of these lenses to the consideration of the distinctive nature of social enterprise leadership and
how social enterprise leaders approach the unique dual challenge of maintaining social and commercial viability.

Table 2 Summary of Literature Review and Future Research Directions

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<th>Leadership Perspective:</th>
<th>Description:</th>
<th>Summary of Findings:</th>
<th>Future Direction:</th>
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| **Leadership Through Person** | We can understand leadership from the perspective of the person/s exercising authority in social enterprise. | – Focus on the ‘social entrepreneur’ and the ‘leader’  
– Importance of values, motivations and ideology on an individual, but not institutional level  
– Re-ignition of leader vs. follower debate  
– Both remain relevant in social enterprise leadership | – A scholarly ‘realignment’ away from individual leaders and entrepreneurs toward leadership and entrepreneurship in social enterprise |
| **Leadership Through Position** | We can analyze leadership as a positional activity within the social enterprise. | – Leadership can either be vertically or horizontally positioned in the social enterprise  
– Tendency of the scholarship to embrace horizontal or shared approaches to leadership in social enterprise  
– However this is predominately normative not descriptive | – Need for both empirical and normative scholarship that specifically examines vertical and horizontal approaches to leadership, with a view to the governance and accountability mechanisms within the social enterprise |
| **Leadership Through Performance** | We can evaluate the attributes of successful leadership by virtue of the results produced by the leader in the social enterprise. | – The impact of social enterprises can be measured by various auditing and accounting mechanisms  
– Near impossible to causally link ‘the leader’ and results  
– However, choosing the means of measurement remains a task for leadership | – More empirical work on the link between various approaches to social enterprise leadership and the measurement of results |
| **Leadership Through Process** | We can understand leadership by analyzing the processes that social enterprise leaders exercise and learn by. | – Findings suggest the need for a ‘strategic paradoxical’ leadership approach for social enterprise  
– Skills deduced require a deeper personal experience to learn and develop  
– Focus on the individual leader | – A shift in the discourse from the concentration on individual skills/traits to institutional and other collective cultural approaches to social enterprise paradoxes |
| **Leadership Through Place** | We can make more sense of leadership with reference to its geographic and conceptual place in the market | – Physical ‘place’ or ecosystems may have several implications on social enterprises  
– Conversely, ‘place’ may inform the practice of leadership in social enterprise  
– Social enterprise’s ‘place’ in the market is varied and distinct; literature does not appear to acknowledge the diversity of the social enterprise form | – Research that specifically analyses the implications of the place in terms of the differing organizational forms and the ‘ecosystem’, and how this implicates—and informs—leadership in social enterprise |
| **Leadership Through Purpose** | We can perceive leadership in social enterprise as the need to communicate an institutionally purposeful endeavor | – Located a body of literature about purpose on an individual level, but not institutional level  
– Need for social enterprises to communicate purpose to multiple stakeholders | – Research that examines how leadership in social enterprise can interface with the effective communication and ‘selling’ of purpose/mission to stakeholders |
It is readily apparent that the values, motivations and ideology of the ‘social entrepreneur’ leader are sufficiently distinctive from other leaders. Social enterprise leaders tend to be highly purposive and transformational in their approach to leadership. We are not able to ascertain the particular values, motives and ideology of those who choose to be employed within a social enterprise, but anecdotal experience would suggest that there is the potential basis for a strong alignment between leader and follower values and motives which are favourable for creating values-based leadership within social enterprises in a manner that might not be so readily possible in the private and public sectors. The question of value and motive alignment between leader and follower is well worthy of further empirical investigation. In conducting this work, we need to foreground leadership practices that incorporate both leaders and followers, or more properly leading and following practices, rather than focusing exclusively on social enterprise leaders.

Related to this, there is strong agreement among social enterprise scholars and commentators of the desirability of shared and distributed leadership within social enterprises. While this is in keeping with progressive thinking within the private and public sectors, it is still the exception rather than the rule in these sectors. While this is a genuine opportunity to create new forms of leadership, does this prevailing wisdom preclude the possibility to practice vertical leadership processes in social enterprises when required, most especially in times of crisis and high accountability? It is clear that we need more empirical work aimed at understanding leadership practices within social enterprises that can identify the prevalence of both vertical and horizontal approaches to leadership and their intersection with governance practices.

We have also noted that there is considerable debate and confusion around the appropriate ways in which to assess leadership performance within social enterprises.
Given that this continues to be a problematic issue within relatively well-established private and public sector organisations which have been subject to extensive and sustained research, we should not be surprised to learn that this issue is fraught with difficulties in social enterprises, which have had problems settling on appropriate and commonly agreed organisational performance measures and indicators. To this end, we urge social enterprise researchers to examine and critique the current ways in which leadership performance is being assessed and measured in social enterprises. At the same time, we need to gain a better understanding of what social enterprises are doing to develop leadership capacity that can support expectations regarding leadership performance (Laughlin and Sher, 2010).

Finally, we are advocating for further empirical research to be conducted into the strategic leadership practices of social enterprise leaders – including those engaged in social enterprise governance – in communicating, partnering and influencing such a wide range of stakeholders from the public, private and not-for-profit and indigenous sectors. Related to this, we believe that there is an opportunity to explore the ways in which social enterprise leaders are able to leverage the inter-relationship between place and purpose in creating leadership. The cross-sectoral nature of social enterprise places it in a potentially powerful lynchpin position to bring traditionally isolated stakeholders together around a place-shaping focus for communities, cities and regions. In this regard, place can act as both a powerful strategic constraint as well as a strategic enabler in fostering a mutually important identity, purpose and direction.

Conclusion

In this paper we have presented what, to our knowledge, is the first systematic assessment of the distinctive challenges and opportunities associated with creating
leadership within the realm of social enterprise. A modified and expanded form of Grint's leadership lenses heuristic framework (i.e. person, position, process, performance, process, place and purpose) has been employed to examine and highlight the particular challenges and leadership practices that have been developed within and between social enterprises as detected by the extant social enterprise research by virtue of their distinctive missions, strategic contexts, legal forms and organisational structures and cultures.

While there are a number of similarities between leading in the social enterprise realm and leading within the private, public and not-for-profit sectors, the levels of complexity, ambiguity and the lack of an established theoretical and practical knowledge base, make creating leadership in the social sector that much more challenging. On the positive side of the ledger, the fact that purpose is core to social enterprise means that it is relatively easier to draw upon purpose to create the basis for common meaningful action, as compared to leadership within the private and public sectors. Related to this, given the strongly local or ‘glocal’ nature of social enterprise, a ready opportunity exists for leaders to draw upon place as a strategic resource in mobilising followers and other stakeholders. The novel, uncertain and pioneering nature of social enterprise is also arguably more tolerant and accommodating of a leadership mindset which focuses on posing questions and tackling ‘wicked’ problems compared to public, private and indeed traditional not-for-profit sector organisations (Grint, 2005). These assertions are primarily speculative at this stage in our inquiry but we invite others to assist us with further theoretical refinement and much needed extensive and incisive empirical inquiry.
To this end, we believe that there is real potential for a mutually beneficial partnership between social enterprise scholars who recognise the significance of leadership and the more critically-oriented leadership scholars who are keen to engage in promoting social change. Most important of all, however, is the need for any social enterprise leadership research that emerges from this partnership to generate strong developmental impacts, as the sector urgently needs to expand and deepen its collective leadership and governance capacity if it is to fully deliver on its long rehearsed and widely celebrated promise.
References


Kempster, S. and Carroll, B. (Eds), Responsible Leadership: Realism and Romanticism. Routledge, Abingdon, OXON.


