From Borehole to Bodega:
Balancing the Tension of The Dual Mission

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Abstract

Embedded in the very purpose of hybrid organizations is what we like to call the tension of the dual mission. This is also the case for social enterprises that inherently manage this tension as they seek to create meaningful social impact while remaining financially sustainable. Our concern in this project analyzes how social enterprises manage this tension in order to avoid mission drift - whether that means profit-maximizing behavior to the detriment of the social mission or vice versa.

In an effort to answer our problem formulation, we turned to the case of dloHaiti, a Haitian social enterprise that delivers clean, affordable, and accessible drinking water to the underprivileged. As a we see our case as a critical case, we are using it to critique the EMES approach. By applying the EMES definition as a framework, contingency theory, and accountability theory to qualitative data such as interviews with the CEO, Jim Chu, and other primary and secondary data, we were able to gain an in-depth understanding to how dloHaiti attempts to manage the tension of the dual mission.

As dloHaiti does not satisfy the participatory governance dimension of the EMES definition, we analyzed other strategies that we interpret as an attempt to balance the tension of dual tension. We sought to see if these strategies could serve as a fulcrum balancing the social mission and the business mission in place of participatory governance. Additionally, we concluded that there is not one best way to balance the tension of the dual mission and this is because of the role context plays in detention of the dual mission omnipresence and a continuous phenomena. In an effort to contribute to academic literature on the topic of tension of the dual mission, we conclude that social enterprises can employ a variety of strategies.
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1. INTRODUCTION

1.1. Motivation and Problem field

“In the real world, it will be difficult to operate a business with two conflicting goals of profit-maximization and social benefit. The executives of these hybrid businesses will gradually inch toward the profit-maximization goal, no matter how the company’s mission is designed.”

Muhammad Yunus (2007, p. 33)

In the last few years the research field of social entrepreneurship is receiving more and more interest within academia and beyond as social enterprises “seem to offer a promising way of creating both economic and social value” (Ebrahim, Battilana and Mair 2014, p. 97). The hybrid nature of social enterprises and what it can bring and contribute to the society is not yet fully explored as the academic research field of social entrepreneurship is fairly new (Defourney, 2014). A key question raised by Hulgård is whether social enterprises can “make an important contribution to the development of a sustainable and just society?” (2010, p. 67). Despite the fact that all group members come from diverse academic and professional backgrounds, our answer to this question is “Yes, definitely!” as we strongly believe that social entrepreneurship has the potential to play an important role in creating a more open, inclusive and sustainable society.

The inspiration for this group project came from the desire to explore this potential of social entrepreneurship through analysing under which conditions social enterprises can sustain “their hybrid nature over time and achieve high levels of both social and financial performance” (Ebrahim, Battilana and Mair 2014, p. 97). The dual mission of providing social value, while staying financially sustainable creates a fundamental tension as questions arise as to how to
achieve both these goals simultaneously. There is a clear tension between a focus on a social mission and the neo-liberal market logic, which views individuals as self-serving and have a strict adherence to markets in all fields of society (Esposito 2011, pp. 37–38). This tension also gives rise to questions about how to stay competitive while maintaining a social mission. This is not to say that a trade-off between a social mission and competitiveness is a given, indeed, the rise of Fair Trade and similar ethical production certifications suggests that a social mission might, in some cases at least, be a competitive advantage. However, on a fundamental level, social enterprises need to addresses questions as how to stay competitive without losing sight of their social mission.

In this context, perhaps the most crucial question is how to understand the dual mission, whether one element should be given primacy or should they be treated as equal. If you give primacy to the social mission, you risk endangering the social enterprise through issues of commercial viability. On the other hand, if the commercial aspect is given priority you risk becoming more of a traditional enterprise, with the social mission being more like a corporate social responsibility strategy than an integral element of the core mission of the enterprise.

This can further lead to another issue, which drives this tension, the risk of mission drift. Confronted with the dual logic, the market logic, which is driven by profit-maximization, and the logic of creating social value, social enterprises have to maintain a delicate balance. Yunus highlights the risk of mission drift towards the market with his claim that, in reality, social enterprises will tend towards profit-maximization (Yunus and Weber, 2007). This kind of mission drift can lead social enterprises to drop their social mission in favor of the economic mission. As soon as this happens they are no longer a social enterprise but a traditional business, if not in name, at least in function. While this might be the most obvious form of mission drift, the risk is not limited to this, as social enterprises might also drift in the other direction, becoming more of a traditional non-governmental organization (NGO) relying upon donations and stepping out of the market or simply fail due to neglect of the commercial aspect.
The aim of this research paper is to acquire a deeper understanding of the rapidly growing phenomenon of social entrepreneurship by analyzing one of its core challenges: balancing the tension of the dual mission in order to avoid mission drift. We do so by employing a single case study based on the analysis of dloHaiti, a self-described social business operating in rural Haiti. The organization was founded in 2013 by Jim Chu, an American entrepreneur who noticed both governments’ and internal public aids’ inability in providing clean, accessible drinking water to Haitians. The overall guiding mission of dloHaiti is to offer accessible and affordable clean water to rural and peri-urban Haitians who live on less than $5 per day. A more detailed description of dloHaiti can be found later in chapter 5.

1.2. History & Development of the Project

The group was formed due to a shared interest in viewing social enterprises as a promising way to address social issues and a wish to gain an in depth understanding what obstacles it might face. In order to find a problem formulation, we, as encouraged by our professors, were trying to find an answer to the question “What is bothering you?” in reference to the field of social entrepreneurship. In the process of those efforts we came across the quote by Muhammad Yunus’ that is cited at the beginning of this paper, stating that in the real world, or rather in an economic environment dominated by neoliberal market logic, social enterprises carry the risk of mission drift towards the market since they will ultimately tend towards profit-maximization and abandoning their initial social mission (Yunus and Weber, 2007). Following this, the first phase of the project was characterised by intense discussion that circled around the challenges of social value creation and how it is influenced by the market logic. As a product of those discussion the following problem formulations rose:
• What social value metrics have been developed as a result of this pressure from market driven thinking? To what extent are they successful and what are their drawbacks?
• What is Social Value and how does reciprocity relate to the classical understanding of the dominant market economy?
• How does the conceptualisation of social impact measurements interact with social value creation?

After intense weeks of meandering through various problem areas, we agreed to stay on a preliminary problem formulation that dealt with “the complexity that a social enterprise faces in negotiating the tensions in managing a dual - social and commercial - mission” and assuming that one of those complexities would be a risk for a mission drift.

In order to analyse this issue, we started to look for a case study that would give us the opportunity to combine exploring theories from the field of social entrepreneurship with investigating what practitioners in the field actually do. Our initial wish was to examine a Danish social enterprise because of physical proximity. Two Copenhagen-based social enterprises, namely, Baisikelli and Cafe Mellemrummet were our first points of contact and after the first brief assessment from our part both organizations appeared to balance the dual mission. The fact that they are both based in what seems to be a well-functioning welfare state reduced, at least in our perception, their vulnerability of being at risk to prioritise financial returns over their social mission. This along with the additional factors of availability and time constraints led us to continue our search for a case study but with more receptivity in regards to geographic context. Ultimately, we came across dloHaiti, a social enterprise that sells clean drinking water to an underserved population in Haiti.

At a first glance, we found this to be a very pertinent case due to its evident social mission of providing the rural population in Haiti with clean and affordable water as well as the fact that Haiti belongs to one of the least developed countries in the world. Having these facts in
mind, we perceived dloHaiti as a case that could give us the opportunity to analyze a social enterprise which, as it seemed to us at the time, would be placed at a high risk of mission drift because of their business model which, at a first glance, seemed more inclined towards a traditional business approach as well due to the unstable context of Haiti. Our first impression was that dloHaiti mission drift would be obvious and most likely already occurred or on the verge of coming about. However, the more we studied our case, we encountered it to be a surprisingly unusual social enterprise that had a very strong commercial drive from its very beginning, however, after 5 years on operation still seemed to live up to its social mission. The more data we gathered, the more we realized that dloHaiti, with its strong commercial setup, was not necessarily in an immediate risk of a mission drift - changing our initial perception and consequently the approach of our analysis. Therefore instead of looking at how and why has dloHaiti experienced mission drift we switched our focus to analyzing how and by what means are they balancing the tension of the dual mission and keeping the mission drift at bay.

1.3. Problem formulation and research questions

Problem formulation:
How can a social enterprise balance the tension of the dual mission (i.e. their social and business goals) in order to avoid mission drift?

Research questions:

- What strategies for balancing the tension of the dual mission are suggested by theoretical literature?
- What specific strategies does dloHaiti apply to balance the tension of the dual mission?
- What role does context play in balancing the dual mission?
1.4. Socio-economic context of Haiti

As we chose to research an organization located in a highly unstable environment operating with essential good, we consider it important to provide an overview of the general situation in Haiti as well as the status of the availability of clean drinking water. Although context is important in any research, we believe it is essential firstly, because of our choice of methodology as explained in the chapter 3, and, secondly, in order to provide essential information that is influencing dloHaiti’s model and its operations as explained in the following paragraphs.

While many of the difficulties found in Haiti also can be found in other developing countries, the severity of these problems and the interplay between them is quite specific in the context of Haiti, access to clean and safe drinking water being one of the major issues (‘Haiti’, 2015).

In order to better comprehend the specifics and subtleties of Haitian context it is useful to briefly look at the country's history. After being a French colony from the early 17th century the Haitian revolution in 1804, led by Toussaint L’Ouverture, marks a turning point in the history of the country. The Haitian revolution was the only successful slave revolt in the western hemisphere, and it was the second colony to successfully gain its independence through revolution. The independence, however, came at a high price for Haiti as France demanded reparation payments for their loss. (Fischer, 2008)

Today extreme poverty, an unstable political situation, a weak economy as well its vulnerability to natural disaster due to its geographical location affects Haiti (Worldbank, 2014). In 2010 an extremely strong earthquake struck Haiti and caused major devastation all around the country. Few years later, in 2016, Haiti got hit by hurricane Matthew, regarded as one of the strongest Caribbean storms (Central Intelligence Agency, 2018). At the moment not only is it the poorest country in the western hemisphere but also the only one in that geographical area that qualifies as a Least Developed Country (United Nation Committee for Development Policy,
More than 60% of the 10,788,440 million Haitians live under the national poverty line which is less than $2.4 per day (Central Intelligence Agency, 2018).

The instability of the political system in Haiti can be linked to more than 32 military coups that the country has experienced since its independence in 1804 (das Länder-Informationen Portal, 2018). The country is plagued by ceaseless protest and civil unrest that often amounts to violence as the recent events that took place this year in November (tagesschau.de, 2018). A weak governance structure as well as the lack of good governance are some of the reasons for the large-scale corruption in Haiti. The country scored 22 in Transparency International’s Corruption Perception Index in 2017, ranking 157 out of the 180 countries surveyed. This rank is the second lowest for any country in the Americas, with only Venezuela ranking lower at 169, with a score of 18 (Transparency International, 2018). The unstable political situations as well as corruption are reasons for the weak economy and linked to that less economic growth in Haiti. The unemployment rate in Haiti is extremely high since two third of the workforce do not have a job. There are not enough job opportunities which is linked to the weak economy of the country (Central Intelligence Agency, 2018).

The supply of water is, as in many development countries, a major challenge in Haiti. Especially in rural areas accessing clean and safe drinking water is extremely limited as less than half of the Haitian population outside big cities have access to it (The World Bank, 2015). The lack of access to safe and clean drinking water causes major health risks as the groundwater is severely contaminated. A large number of NGOs and businesses such as dloHaiti, our case, try to address the need of access to clean water through different approaches (Cayemittes et al., 2013).
1.5. Definition of concepts

1.5.1. Social value

According to Oxford Dictionary of Environment and Conservation, social value is defined as, “the non-economic value that society puts on a resource and that is recognized by most, if not all, people…” (Park and Allaby, 2017). While this definition, on the surface at least, seems relatively straightforward it highlights one of the trickiest aspects of social value as a concept, that it is not an objective measure. As the above quote illustrates the recognition of something as a social value is an integral criteria for it to be social value, this leaves social value as an inherit subjective concept, that cannot be understood outside of any given context. Indeed, within the context of measuring social value, one critique leveled at current measurement is that they tried to capture an objective measure of a subjective concept (Mulgan, 2010). This issue leaves many metrics for social value measurement as partial at best, a problem further exasperated by a focus on financial terms and attempts to convert non-monetary elements into monetary terms (Kato, 2017). In order to avoid these issues on a conceptual level we have adopted a working definition of social value as “a non-monetary societal good defined by the beneficiaries in any given context”. This definition shares a lot with the quoted definition above. However, it removes the focus on resources, which is understandable within the field of environmental studies, but excludes social values that cannot be understood in such terms, as for example societal cohesion or a sense of purpose, which we believe are important to include. By defining social value as non-monetary, we also explicitly acknowledge that while some metrics attempt to capture social value in such terms, social value is not inherently monetary in nature. Finally by using term beneficiaries, rather than the broader idea of people, we highlight the importance of those living within the relevant context to the understanding of social value, it is not something that can be clearly defined from the outside, only those who’s lived experiences
are affected can truly say what is social value in that context. This reasoning is also, why we have avoided using the term stakeholders, which encompasses all involved with the social enterprise.

1.5.2. Market logic

By market logic we understand the neoliberal logic of the market with core elements such as competition and profit maximisation. Contrary to concepts like central economic planning, social and solidarity economy, the neoliberal market logic aims to create a framework that is able to generate prosperity for a society with a free market economy that is characterised by competition as the permanent driving force behind individuals, as it rewards successful activities and penalises laziness and failure (Hansen and Wigger, 2011). Hayek saw competition as the key in an ever complex growing world since the complexity of the division of labour under modern conditions made competition the only method by which such coordination can be adequately brought about (Hayek, 2007). Contrary to the notion of economic planning, the neoliberal understanding of a free market economy is based on the idea that the total planning of the economy is not possible. Hayek refers back to ‘the missing code’ and concludes that we are better off leaving it all to the market, since “planning leads to inefficiency and social unrest” (Ibid.).

When speaking of the market logic, we refer back to the neoliberal school of thought that promotes a 'social Darwinian type of universe' with the notion of survival of the fittest, “competitive individualism” and a “winner takes all society” (Esposito, 2011). For enterprises it translates into a race of profit maximisation, which is considered as the most important objective. In contrast to the neoliberal market logic, concepts like the solidarity and social economy aim towards the construction of a more substantive approach of the economy through the notions of reciprocity and redistribution (Hulgård, 2014; Laville, 2014). We understand the market logic as the dominant logic that characterizes and influences the environment in which dloHaiti operates -
a setting in which financial sustainability pressures the mission of social value creation that ultimately translates into the tension of the dual mission.

1.5.3. Theory of Change

The theory of change represents “a process of planned social change, from the assumptions that guide its design to the long-term goals it seeks to achieve (Mackinnon, Amott and McGarvey, 2006, p. 2). In other words, “theory of change is an outcomes-based approach which applies critical thinking to design, implementation, and evaluation of initiatives and programs intended to support change in their contexts” (Vogel, 2012, p. 3). The theory of change, in this sense, can be conceptualized as a framework to create a direct link between an individual or an organization’s activities and a concrete intended impact. Practitioners of social entrepreneurship can create their own theory of change, in order to articulate to stakeholders that the market activities they engage in explicitly generate a well-defined social impact. For an overview of the theory of change, please refer to Figure 1.

According to one article published by the Stanford Social Innovation Review (SSIR), Matthew Forti suggests that “a good theory [of change] should answer six big questions:

1) Who are you seeking to influence or benefit (target population)?
2) What benefits are you seeking to achieve (results)?
3) When will you achieve them (time period)?
4) How will you and others make this happen (activities, strategies, resources, etc.)?
5) Where and under what circumstances will you do your work (context)?
6) Why you believe your theory will bear out (assumptions)?” (2012).

However, even if the questions above are addressed in a theory of change, that does not necessarily mean that a theory of change will hold true in the real world. Therefore, it is
important to understand that a theory of change should be regularly tested and updated. This is done by contextualizing the issue, articulating underlying assumptions in the theory, and identifying meaningful and relevant key performance indicators (KPIs) that indicate social impact (Ibid.). If done thoroughly and objectively though, the theory of change proves to be a powerful tool for practitioners of social entrepreneurship.

Figure 1. Theory of Change.

1.6. Delimitations of research

The first point to stress in regards to the limitations of our project is that given we are dealing with single case, in a single location we are somewhat limited by context. While we will go into more detail on how this affects our project in our methodology section, we feel that it is
important to state up front that we are aware that this limits our ability to speak outside of this context.

Another consideration we have had in regards to delimiting our project has been in how we view the dual mission, as we have termed it, specifically referring to mission drift. While the quote from Muhammad Yunus that original inspired us focuses strictly on mission drift towards profit-maximization, we do not consider mission drift to be a one-way process, in general mission drift can happen both towards the profit-maximization behaviour of a traditional company or away from the market into the philanthropic space occupied by NGOs and other charitable organizations. In this project we are concerned with both, however given the specifics of dloHaiti, mainly the fact that they have established themselves with a model that has clear revenue generation through their sale of water as well as other products, we are uncertain to what extent this case can illuminate mission drift away from the market, as it hard to see how this could happen without fundamentally changing the structure of dloHaiti in ways that seems unlikely given their current situation.

The final consideration concerning our delimitation is that we have chosen to focus on dloHaiti’s water related activities. While dloHaiti does have other activities, including the sale of powdered milk and similar basic products, which could also be considered generating social value, we only include this in relation to their water-business. The reason that we have chosen to focus on water is because water was their original focus and still is their primary activity. We do, however incorporate certain information linked to sales of other products as the way dloHaiti keeps the water affordable for their target audience is by cross-subsidization through other products.
2. STATE OF THE ART

At the focus of this research paper is the hybrid nature of social enterprises, more specifically, the significant traction this hybridity gives rise to - the tension of the dual mission. In the following section an overview of the most crucial ideas relevant to this research paper from academic research in social enterprises and hybrid organizations will be provided.

2.1. Social Enterprise

Social entrepreneurship as a field of academic research is fairly new; it became important in academia in the early 1990s in the United States as well as in Europe (Defourny, 2014; Pestoff, 2014b). There are several definitions of social enterprises in academia but no agreed upon consensus, which is supported by all researchers in this field (Pestoff, 2014b). However, most researchers agree on the fact that a social enterprise contains a social part and a business part (Doherty, Haugh and Lyon, 2014; Ebrahim, Battilana and Mair, 2014; Pache and Santos 2010; Pestoff 2014a).

Within American research, the definition of social enterprises differs significantly from the European definition. While the American approach is based on philanthropy and individuals (Dees, 1998), the European approach focuses more on the aspect of collective action (Ridley-Duff and Bull, 2011; Laville, 2014). Thus, the action of American social enterprises are more top-down orientated which refers to their way of actions as their focus are “solutions brought to the poor” (Ridley-Duff and Bull, 2011, p. 60). In contrast, European social enterprises use a rather bottom-up approach and operate according to “self-help and cooperative principles” (Ibid.).

According to Giulia Galera and Carlo Borzaga (2009), the existing definitions can be divided into narrow and broad definitions. The narrow definition sees social enterprises just in
the non-profit sector and the social mission of the enterprise as a core criteria. It also assumes that social enterprises are not created to generate profit on the market but to solely serve the needs, such as in welfare service provision, which occur because of market failures (Austin, Stevenson and Wei-Skillern, 2006). In contrast, the broader definition encompasses almost every enterprise which has as a part of their general mission the slightest ambition to create social value (Galera and Borzage, 2009), hence it includes for-profit sector, big corporations and their CSR projects. This broader idea of social enterprises goes along with the American idea of social enterprises, since they also refer “to market oriented economic activities serving a social goal” (Defourny and Nyssens, 2006, p. 4) within social enterprises. Other researchers have supported this point of view by arguing that economic sustainability is necessary in order to pursue the social aim of the enterprise (Bainaga, 2012). The definition of the American researcher Gregory Dees, which is considered in academia as the most cited definition (Ibid.), is also quite broad in terms that he does not specify the organizational structure or the relation between the business and the social part of a social enterprise (Dees, 1998; Kerlin, 2006). Pache and Santos (2012), however, raised questions regarding the structure whether they should be non-profit or for-profit, have paid staff and whether they should distribute their profits. Linked to these questions, it could also be disputed whether or not to get funding from charity, the public sector or private investors.

The more narrow definition of social enterprises which positions itself in European academia tries to answer this questions and define more specific characteristics for social enterprises. This is due to the fact that European academia was highly influenced by the the co-operative tradition and the work of the labor unions (Hulgård, 2014) and is the reason why European researchers consider a smaller, as well as, more specific group of organizations as social enterprises (Kerlin, 2006).

The issue linked to what Galera and Borzaga call “narrow and broad definitions” is very well illustrated by Victor Pestoff (2014b) who described this problematique as either “anything
goes” or “almost nothing qualifies” (2014, p. 50) which according to him does not provide a satisfying definition of the term. In his article “The Role of Participatory Governance in the EMES Approach to Social Enterprises”, he discussed different definitions of social enterprises and comes to the conclusion that the criteria developed by the “Emergence of the Social Enterprise Europe” (EMES) research network finds the middle ground between the narrow and broad approaches by creating a framework that illustrates the ideal type of a social enterprise. The framework combines approaches and knowledge from different disciplines such as “economics, sociology, political science and management” (Ibid., p. 53) and as a result distinguishes three categories of criteria: economic, social and governance. According to Pestoff (2104b) this third dimension is important in order for social enterprises to balance the tension of the dual mission which will be discussed in detail in the next section. Furthermore he stated that the governance dimension is what makes the EMES approach unique.

The different dimension of this approach show the complexity of social enterprises. Given the fact that hybridity is a key characteristic brought forth in literature on social enterprises, an overview on the literature as well as the concept of hybridity in context with social enterprises is going to be presented in the following section.

2.2. Hybridity

The interest in hybridity has grown not only in the context of hybrid cultures and identities which are often associated with globalization, but also in the terms of different ideas and know-how being imported into new areas of practice and fields of knowledge (Hulgård, 2014). An embodiment of the latter are hybrid organizations: a phenomenon which, despite the increasing attention given to it, has rarely been discussed in academic publications and the body of research investigating it is still limited (Billis, 2010). Yet, the literature that does exist offers a

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1 A more detailed account of the criteria can be found in the theory section of this paper as we have chosen the EMES definition as the basis of our theoretical approach.
small selection of definitions and criteria of hybridity and hybrid organizations that are going to be discussed in the following paragraphs.

The causes of the high numbers of hybrid organizations are explained by Raišienė and Urmanavičienė (2017) who argue that due to the increasing complexity of societal problems there has been an amounting demand for corporations to take on a part of the responsibility in creating solutions to resolve the societal issues. At the same time, the third sector has been dealing with pressures of its own due to the existing demand “to increase their overall efficiency and accountability, and to find new sources of funding” (Ibid., p. 302) that has in return led to a move towards profit generation activities and adaptation of management strategies from the business world. As a result, the organizational forms that previously were more often than not associated with just one of the sectors, either the private or the third, have progressively been mixed and have given way to new hybrid organizations.

The academic research focusing on hybrid organizations can be found in different fields of study over an extensive period of time (Billis, 2010), nevertheless there seems to be a general consensus on the most significant traits, the central of them being that hybridity rebels against the idea of sectors with strict boundaries (Pestoff, 2014a). That is not to say that a hybrid organization is any entity that simply pledges adherence to more than one sector, but rather an organization with “structures and practices that allow the coexistence of values and artefacts from two or more categories” (Doherty, Haugh and Lyon, 2014, p. 2). This definition indicates the presence of plural strategies and contending logics within the organization. Moreover, hybrid organizations combine the diverse and sometimes presumably incompatible reasonings of the private, public and third sector (Andersen 2018; Billis 2010; Ebrahim, Battilana and Mair, 2014; Doherty, Haugh and Lyon, 2014; Pache and Santos, 2010; Pestoff, 2014a) which, can further be argued, lead to blurry boundaries between these sectors (Pestoff, 2014a). Since social enterprises often follow this different logic by operating in different sectors they are referred to as a “prime example” (Doherty, Haugh and Lyon, 2014) of hybrid organization. What makes social
enterprises so distinctively hybrid is their core mission: creating social value while being economically sustainable (Ebrahim, Battilana and Mair, 2014).

The rising trend of hybridity has been evaluated in academic literature as both a source of strength for the organizations (Andersen, 2018; Billis, 2010) as well as posing some significant challenges (Billis, 2010; Pestoff, 2014a; Pache and Santos, 2010). The ability of promoting innovation and social change in order to meet today's societal challenges, is seen in literature as one of the biggest strengths of hybrid organizations (Pestoff 2014a; Pache and Santos, 2010). Furthermore, according to Andersen, the collaboration of various actors from different sectors leads to “synergy, added value and shared power”(Andersen 2018, p. 26) which can be identified also as a strength of hybrid organizations. The fact of operating in different sectors as well as including stakeholders from various fields, allow hybrid organizations to rely on different sources of funding which supports them according to Doherty, Haugh and Lyon (2014) to run their organization.

In contrast to that, researchers argue that the involvement of different stakeholders also creates tensions within organizations and especially hybrid organizations. This applies also to social enterprises, since they are operating in different sectors and along with various stakeholders (Doherty, Haugh and Lyon, 2014). Ebrahim, Battilana and Mair stated that “social enterprises are neither typical charities nor typical businesses; rather they combine aspects of both” (2014, p. 82), which means that they operate in different sectors, while following their particular logics to create social value and at the same create economic value in order to be financially sustainable (Doherty, Haugh and Lyon 2014). However, it should be mentioned that Ebrahim, Battilana and Mair perceived market and commercial operations as the “primary revenue source”(2014, p. 82) of social enterprises rather than on charity or public funding. This assumption enhances the tension and might lead to a prioritization of the economic aim since they are in this case highly reliant on profit generation. As mentioned above it might be better to rely on different financial sources (Doherty, Haugh and Lyon, 2014).
This phenomena of profit generation and social value creation at the same time appears in literature often as a tension of competing logics (Doherty, Haugh and Lyon. 2014; Pache and Santos, 2010) which can be called the tension of the dual mission. Ebrahim, Battilana and Mair (2014) argued that social enterprises are facing this tension constantly and therefore have to constantly balance the two competing logics. Other than that, the academia provides relatively little research on tension of the dual mission as well as the phenomenon tightly linked to it - the mission drift. We address the latter in the following paragraph.

2.3. Mission Drift

In relation to Yunus’ belief that for (social) "businesses it will be difficult to operate with two conflicting goals of profit maximisation and social benefit” , which ultimately forces their ‘executives (…) to "gradually inch toward the profit maximisation goal” (Yunus and Weber, 2007, p. 33), the following paragraphs will give a compact overview of the literature’s discussion on the mission drift phenomena.

The term mission drift in context with hybrid organization is in academia often referred to as a consequence of the tension of the dual mission. In most cases in academic literature seems to be defined as the drift of the organization towards the business direction and linked to this towards profit-maximization (Doherty, Haugh and Lyon, 2014; Ebrahim, Battilana and Mair, 2014)\(^2\). Nevertheless, according to academic literature in this field the hybrid nature of social enterprises makes them particularly vulnerable to this mission drift in order to maintain and achieve their social goal they need to generate profits (Doherty, Haugh and Lyon, 2014; Ebrahim, Battilana and Mair 2014; Weisbrod, 2004). In this context, Zahra et al. (2009) has stressed the role of the social entrepreneur as quite difficult, since they are responsible for the achievement of the competing goals and balancing the tension of the dual mission at the same

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\(^2\) Although this type of mission drift has received the most attention in academia, as we have mentioned in chapter 1, it cannot be excluded that a mission drift could also occur in the other direction by the social enterprise moving away from the market into the philanthropic space occupied by NGOs and other charitable organizations.
time. They assumed that this fact could lead them to prioritise profit generation over the needs of their beneficiaries and thus lead to a mission drift into the direction of a traditional for-profit entreprise. To prevent this mission drift Pestoff (2014b) argued that leaders of social enterprises should implement multi-stakeholder governance and methods of social accounting.

In addition, Cornforth contributed to the field of social entrepreneurship’s academic literature with his analysis to better understand various pressures that can cause mission drift among social enterprises (Cornforth, 2014). He has done so, by referring back to the resource dependency theory and the institutional theory to illustrate how dependent social enterprises are on factors like capital, equipment, raw material needed for the organisation to operate and the demands of competing institutional environments create the possibility of mission drift. Cornforth refers to the term of mission drift as the “process of organisational change, where an organisation diverges from its main purpose or mission” (Ibid., p. 4). Building on this understanding, it is important to highlight that mission drift can happen in different ways. It can occur in as a clear and visible process by formally changing its mission or as a slow process of changing its working practices, nature and quality of its services (Ibid.). In reference to the resource dependence perspective, Cornforth’s analysis concludes that the dependency of social enterprises on other actors is affected by “the importance of resources to the organisation” by “how much they can control over their deployment” and “whether the provider has a monopoly” or possibly alternatives for the social enterprise (Ibid.).

From the institutional perspective Cornforth argues that the environment can place demands on organisations with "economic and technical demands that derive from the market or quasi - market"(Ibid. p. 7) in which the organisation is performing in.

It is worth mentioning that it is not only Social Enterprises that carry the risk of the dual tension. Cornforth points out that it is also organisations with a social mission like hospitals and educational bodies that can experience their own versions of mission drifts.
3. METHODS AND METHODOLOGY

3.1. Ontology

3.1.1. Social Constructivism

Our ontological approach is based on a social constructivist understanding, viewing the social world as being created through a continuous process of interaction between individuals where the meaning of social phenomenon is ceaselessly negotiated and disputed (Bryman, 2012). By briefly explaining the contrast between objectivism and constructivism in this section, we will highlight our choice for constructivism and why we believe that it is a better fitting choice. The ontological position of objectivism suggests that our encounters with social phenomena are presented to us as external facts to which we have no influence, since their meanings are independent from us (Ibid.). Using the ontology of social constructivism over objectivism seems to be a better fit for us, since terms like social value (creation), social good, economic sustainability, and profit maximisation are constantly being negotiated and disputed within our group, in academia, and within the organization itself. This takes us to a point of reflection on how and to what extent the ontology of social constructivism has an impact on our project work. Taking Bryman’s understanding of constructivism into account, we are aware that our analysis on the tension of the dual mission of social enterprises, and more specifically in the case of dloHaiti, is to a certain extent, our own explanation and construction of the social world; and that we are thus “presenting a specific version of social reality” (Ibid., p. 33). In this sense, we cannot consider ourselves as fully objective observers.
3.1.2. Contextualism

Another ontological consideration we have is the contextual nature of social realities, social facts, and knowledge production. Contextualism approach implies that in “social life a social statement or action has no meaning unless we know the context in which it appeared” (Abbot, 2004, p. 47). In line with this logic, the majority of observations and conclusions we come to are likely to be context specific, considering that the legal, social, and geographical framework in which social enterprises are set up in, heavily influence their mode of operation. If we were to take certain pieces of information “...out of the context in which they occur we strip them of much of their meaning and consequently risk misreading their meaning and significance and thus misunderstanding their causes” (De Vaus, 2001, p. 234). However, it is in our best interest to try link our findings to a broader context and academic discussion to see whether or not they contribute to a deeper understanding of the challenges social enterprises face.

3.2. Epistemology

3.2.1. Interpretivism

Epistemologically we place ourselves within the interpretivist tradition. We do this based on a number of considerations concerning our research design, chiefly among these are that we are concerned with a single case within its context. Furthermore we share the view that the “subject matter of social science [...] is fundamentally different from natural science” (Bryman, 2012, p. 28) and therefore social actions have to be analysed and interpreted in a different way than natural phenomena. In order to gain a deeper understanding of our problem formulation, we are contrasting ideas found in academic literature with a concrete example from practitioners in the field. We are doing so by using knowledge from secondary data to situate our analysis of our
3.3. Our Role as Researchers

Our ontological and epistemology considerations left it upon us to specify how we view our role as researchers, as both constructed nature of social phenomenon and the interpretivist understanding of them means that it is unavoidable that we have influenced the process, thereby requiring us to reflect upon the bias this creates and the risk it carriers if we are not explicit about it.

The first thing to note about our role as researchers is that we are, by nature of the interaction, a form of observer. This is relevant, as people do not necessarily behave as they otherwise would when they are observed, a fact proven by the difference between stated preference and revealed preference demonstrated in economics research and marketing (Samuelson, 1938; Diamond and Hausman, 1994). This means that whatever interaction we observe, whether directly or indirectly (relayed through the interview), cannot be assume to be representative of an interaction without an observer. Another consideration of note here is that interviews are by definition artificial experiences and the interaction, therefore, cannot be understood in the same way as a natural interaction. In an effort to avoid this, we have partly focused our interview on verifiable facts, elements that be confirmed, and have sought alternative sources, such as internal and external documents to back up the data from our interviews.

Another consideration regarding our role as researchers have been trying to avoid influencing our informant’s answers with our own knowledge and assumptions, to avoid biasing our data towards our preconceived understandings. We did this, in part, by phrasing our questions as open-ended as possible and avoiding leading questions. Another precaution we took against this was trying to avoid introducing academic terms in the interview, so that our empirical data within the broader context of Haiti.
informant would answer in his own words, as well as provide us with his own understanding of those terms when they were introduced. We are aware that despite our best efforts we have not always succeed in doing so as this project has been a learning process for us in developing and improving interviewing skills and we are aware that there is still much space for growth.

A final broader consideration has been how we as researchers shape the field of our research and its impact on our analysis. In the simplest terms, our areas of interest and expertise guided us towards specific elements in our case as the most relevant. This leaves us in a position, where we may well have left out significant elements that happen to fall into a common blind spot in those areas. This is, in our view, an unavoidable risk, so we have tried to minimize it, by having frequent discussions on what elements we view as essential to our research, by adopting a methodology that encouraged us to continuously reevaluate our findings, and, to the extent possible, having our analysis guided by our findings rather than our preconceived notions.

On a more philosophical level, we also see ourselves, as researchers, having an active role in constructing the social phenomenon we research, in regards to how it is understood. This position is further reinforced by our epistemological stance as interpretivists. Therefore, we believe, it is impossible to extradite ourselves completely from our analysis. While this position carries with it many philosophical implications as to the nature of knowledge and the role of a researcher, the main practical concern for us is in how this precludes replicability, at least in the traditional understanding of the term. As our research is shaped by our unique interpretations, it would be unlikely that our conclusions would be replicated if the study was to be replicated by another set of researchers. We will go into more depth concerning replicability below, in the section on methodological issues.

3.4. Methods to Collect Empirical Data

Throughout our project, we have used qualitative data to validate, support, and answer our research questions. Doing qualitative research, we rely on “...words rather than
quantification in the collection and analysis of data” (Bryman, 2012, p. 380). This sort of approach fits in with our abductive, social constructivist, contextualist, and interpretivist methodological framework. Specifically, we have employ a qualitative research design in the form of a case study. While there are several ways to define the term case study, in academia there is no agreed upon definition (Gomm, Hammersley and Foster, 2000). According to Helen Simmons, “the primary purpose [of a case study] is to generate in-depth understanding of a specific topic […] to generate knowledge …” (2009, p. 21). Our intention of using a case study was to gain a deeper understanding of the tension of the dual mission in social enterprises. Furthermore, a case study facilitated the process to help us gain an “in-depth understanding of a problem […] within its social context” (Biber and Hesse, 2017, p. 221). By contextualizing the issues of a specific social enterprise, we can form a detailed and comprehensive understanding of its unique challenges that are determined by the socio-economic, political, legal, and cultural framework.

We view our case as a critical case (Bryman, 2012), as it challenges the EMES approach and its reliance on participatory governance for balancing the tension of the dual mission. We believe that our case’s explanatory power lies in the insight it can provide into how this inherent tension can be addressed within this specific context. Since we are concerned with adding to the existing understanding of the field, and given that we seek to do this through the revelations provided by our case, this project is based on a theory testing model (De Vaus, 2011). Therefore, we do not seek to establish a completely new theoretical understanding on how to address the tension of the dual mission; rather we believe this approach will allow us to build upon the already established understandings, in specific about how context influences the social enterprises. The strategy used for selecting the case study is the opportunistic sampling.

We have chosen to primarily use semi-structured interviews in the project as they allow us to add depth to other data collected, including the perspectives of the social actors involved. Semi-structured interviews are particularly useful as a qualitative method because they provide
structure to the data collection by allowing the introduction of analytic categories in the interview process while remaining flexible “...for study participants to offer new meanings to the topic of study” (Galletta 2013, p. 2). It changes the knowledge production from the researcher having the dominant role in the process and the people researched being passive bystanders to a co-production of knowledge (Kvale, 2007, p. 11). Semi-structured interviews are an indispensable tool for gaining deeper understanding of multi-faceted social phenomena that are otherwise often regarded as two-dimensional (Ibid.). In order to avoid methodological issues concerning validity due to incomplete information, we have chosen a semi-structured format as it allows us to include elements that our interviewee finds relevant. In addition to semi-structured interviews, have conducted one structured interview via email with our main informant (the CEO of dloHaiti) in order to generate general knowledge about the organization and that in return has contributed to the development of a semi-structured interview guide.

3.4.1. Methodological reflections on data collection

Having presented our philosophy of science for this project and the methods through which we collected empirical data, we turn to the reflection of our choice of those particular methods and how they advance the analysis of our problem formulation.

Given the complexity of our problem formulation we chose to focus on qualitative data, which gives us more depth in trying to gain relevant background knowledge on dloHaiti’s tension of the dual mission. Quantitative data would have only been able to provide us with measurable and quantifiable information, which was not relevant in our research process, since we require data that allows us to investigate dloHaiti’s choices of operation and to get an in-depth understanding of its mission and strategy. The clearer the picture of the company and the environment that it is working in, the better our foundation for our analysis and contribution to the academic research in the field of social entrepreneurship.

The way through which we collected data for our research topic was through a mix of
structured and semi-structured interviews. Our first interview was a mix between an informal talk with our informant to get acquainted and a semi-structured interview. The structured interview was sent to the CEO of dloHaiti in the form of an Email with the aim of obtaining basic information about the company and to be able to further elaborate new relevant questions. In order to understand dloHaiti more in depth, our next step was to conduct semi-structured Interviews with the CEO via Zoom. The substantial amount of data and insights from dloHaiti on relevant topics like company structure, shareholder arrangements, challenges that the dloHaiti is facing, both in its social and business mission, as well as, governance policies was gained through this. We used this data as a foundation, in order to develop further and more specific questions to fill our knowledge gaps. Transcribing and analysing the data from the semi-structured interviews, helped us develop new questions.

Supplementary to the structured and semi-structured interviews, dloHaiti provided us with confidential information, normally provided to the board of directors, which helped us to extensively understand dloHaiti as a business. Lastly, we were provided with an impact assessment that was filled out by dloHaiti, giving us further information on governance, workers, community, environment and business model. To complete our collection of empirical data, we used secondary data.

Continuing with our methodological reflections on data collection, there are further aspects to present: a noteworthy point, is the fact that all of our collected data from the structured and semi-structured interviews came from a single source - the founder and the CEO of dloHaiti Jim Chu. We are aware that having one informant for our study can have an impact on our research. Having the CEO of the social business as the only source gave us, on the one hand, rich data on the way the company functions, its background, the mission and vision of the Management and the context of dloHaiti. On the other hand, the fact that we obtained most of our data from one source, limits insights from other perspectives that could provide us with additional useful information for our analysis.
Additional reflections on our approach to data collection include our preparations for the interviews and the way in which we carried them out. It is worth mentioning that we decided to rotate turns for interviewing our informant, in order to avoid that one person’s perspective or possible biases would influence the data. Apart from our one informant, it would have been of added value to this project, if we would have had the chance to interview a professors from a local university in Haiti, NGO experts and politicians that know the Haitian context and the issue that dloHaiti is trying to solve by distributing clean drinking water to underserved communities.

We also refrained from using too many academic terms, in order to avoid any form of intimidation towards our informant and to allow him to use his own words. Lastly it should be mentioned that we put a conscious effort in creating a comfortable atmosphere during our interviews to obtain unfiltered data.

3.5. Analysis Strategy

In our research paper, we have utilized abductive reasoning. According to the SAGE Encyclopedia of Social Science Research Methods, abduction “is the logic used to construct descriptions and explanations that are grounded in the everyday activities of, as well as in the language and meanings used by, social actors” (Blaikie, 2004). Moreover, abductive reasoning provides us with the ability to inform our conclusion with the perspective of the participant in question and gave him a voice to express their social reality (Bryman, 2012). Employing abductive reasoning seemed to be the most appropriate for our paper because of the interpretivist epistemology we have chosen and the given context of our case which we find to be essential, both to our research question and to the understanding of various important concepts. Finally, our use of a single case study means that generalizability is limited which would provide barriers for an inductive approach.

On a more practical level, the coding of interviews conducted with Jim Chu forms the basis of our analysis. Our coding was partly theoretical, in the sense that some of our coding
categories have derived from the EMES framework. We have chosen to use partially theory driven coding for two reasons. First was a practical consideration, in order to minimize the noise in our data, we wanted to start out with at least a loose understanding of which elements carried our interest. The second consideration was that we wished to structure our analysis in such a way, that it would be possible to compare and contrast dloHaiti with what is perceived by some as a theoretical archetype of a social enterprise provided by the EMES Network’s framework. Accordingly, we decided developing an overarching structure based on this framework, to form the skeleton of our analysis.

The second group of coding categories has been derived from our data and have been developed throughout the interview and transcription process. These themes are closer tied to specifics about dloHaiti, their model and the context of Haiti as well as Jim Chu’s views on different subjects. These categories combined with a broader theoretical perspective, that is not limited to the EMES framework, are used to construct arguments as it becomes relevant throughout our analysis. This broader perspective is partly motivated by our choice to utilize an abductive reasoning approach, as it allow us to bring in theoretical insights as we find it appropriate and explanatory in regards to the tension of dual mission, how dloHaiti handles it and how this differs from the model outlined by EMES. Another consideration behind a broader theoretical perspective has been the impact of context, as we have discussed at length in previous sections. Given our sensitivity to context, we believe that it would be an unreasonable assumption that a single theoretical position, especially when developed in completely different context, would provide much in terms of explanatory power, therefore we have chosen a more pragmatic theory-selection approach, largely driven by a continuous process of reviewing our data and connecting it to theoretical positions.

Another point that has influenced our strategy has been the question on how to structure our relationship between theory and praxis. By combining data and theory-driven coding and adopting an ad hoc approach to analysis - we are free to move between the theoretical and
pragmatic views of social enterprise. As we have previously mentioned, one of our objectives is to include the understanding of practitioners, specifically our informant Jim Chu, in our analysis. This requires us to allow our data to drive the analysis.

On the other hand, we do not wish to discount the knowledge that can be gain from the more theoretical perspectives on social enterprise. This requires us to at least maintain an awareness about academia surrounding the field, in order to be able to draw those connections. Another reason we chose this middle-of-the-road approach to our analysis was to provide some structure based on the theoretical foundations.

As such, our basic strategy of analysis can be described as a circular dialogue between our data and the theory, where we compare the reality of our case to the theoretical perspectives, with a focus on the EMES definition of social enterprise. This approach allows us to draw on the explanatory power of multiple theory, which we consider important for our analysis, as it means we can draw upon those theories as we encounter elements that contrast between dloHaiti and the EMES definition.

3.6. Methodological Issues

The concern of internal validity in a case study differs from most other research designs in that the unit of analysis is the case, not specific variables. Therefore, the issue becomes less a question of controlling for third variables and more a question of applying proper context and accounting for complex interactions of various variables within the case (De Vaus, 2001). In order to maintain internal validity, we have placed a strong emphasis on understanding the context of our case and its relevance for our project, including elements such as partnerships and outside actors in our analysis, as well as the geographical context of Haiti and its impact on the case. At the same time, we try to take a holistic approach to our case in order to account for the interactions between variables. This is done in part by seeking a complete understanding of its
organizational structures as well as accounting for activities that fall outside the focus of our research such as the distribution of water to underserved populations.

Case studies generally struggle with achieving a high level of external validity; this is due to their contextual nature, which limits the ability to generalize outside of the case (De Vaus, 2001). Taking that into consideration, we still believe that a certain external validity can be achieved. While the insights gained from this research cannot be generalized outside of the given context, more fundamental insights may well be gained, both concerning the tension of the dual mission, but also concerning the impact of context on this. However, it should be stressed that this type of generalization is more limited than the traditional understanding of generalization. In other words, our research cannot in itself provide a theoretical understanding, however, if paired with existing theories, we believe it may provide a more complete understanding. Finally, this approach requires us to be as explicit as possible about our assumptions, partly to avoid that these influence our conclusions and partly to illustrate the starting point of our analysis.

In regards to replicability, we are faced with two major issues: first due to the impact we have as researchers, secondly due to the general context and sensitivity to this. It is likely that a different team of researchers would approach this in an entirely different manner and thus would draw conclusions different from the ones seen in this paper. Given this position, we consider it certain that our results will be affected by our biases and background as research. By this, we do not mean that we believe our results would necessarily be completely different, had other researchers conducted the research, but our interests and backgrounds will naturally influence our priorities and the relevance we assign to our various results. Furthermore, other researchers might well interpret our data quite differently, due to differences in background and context, something we have to keep in mind given our interpretivist epistemology. Another reason why we consider replicability an issue for our research is that we see it as highly contextual, as we have argued in various places above. As it is impossible to recreate the context of our project
completely, even if one where to try to replicate it, there is likely to be differences in the conclusions drawn, due to difference in timing and general context. While we acknowledge these issues, and that they precludes replicability, understood as the ability to the replicate the same research and achieving the same results, we still believe our project and its conclusions have relevance.

First, replicability is a concern for case studies in general, and there is an ongoing discussion in social science about its application as a measure of case studies, with some writers assigning it importance, while others consider it of negligible relevance for case-study research (Bryman, 2012). In this regard, our view on the subject is that case studies being as contextual as they are, replicability issues are unavoidable. Therefore, we believe the best course of action is to try to maintain transparency about not only the methods used, as is common procedure, but also the context the research is conducted in and the logic behind our conclusions. That way, while replication is unlikely; at least the argument behind our conclusions is clear and be confronted on its merits. We also consider this the best solution, as it means that even though repeated results are unlikely, the extent that this is dependent on context will be easier to gauge, as difference in context would be clear. Finally, while a complete replication of our research is impossible due to context, being explicit about our research process allows us to come as close as possible to this ideal.

Reliability is an issue because we only have one informant; this can be problematic in terms of the reliability of our data. This means we have problems verifying details that cannot be verified by secondary sources. Given our interpretivist point of view, we are also limited to one interpretation of the context and situation of our case. This is of particular importance, as our informant in this case is the CEO of the organization we are researching, as such he have vested interest in presenting the organization in the best possible light. On the other hand, as he is not only the CEO, but also the founder of dloHaiti, he is the person best positioned to inform us on the history of the company, how they have been balancing the tension of the dual mission
throughout its development and how it has evolved from his original idea.

Another issue concerning reliability, in a more academic sense, is that we are relying on one case. Yin (2014) argues for a preference for multi-case over single-case designs, in order to generate reliable results. While we agree in principle, in practice we believe that this ideal can be hard to achieve given the importance of context, especially considering how unique the situation in Haiti is. As such, we could not find a comparable case, nor could we locate a case that we found relevant for basing our study on what Yin calls a theoretical replication logic, where cases are selected on a presumption of being contrastable rather than comparable (Ibid). While in an ideal scenario, we would have like to have employed a multi-case design to avoid these issues, we do not believe they completely rob our research of reliability. As mentioned before when discussing the validity of our project, we do believe that valuable insight might be gained, and we do believe that we can maintain some semblance of reliability in our results, in part by transparency as mentioned above.

Another consideration is that while reliability outside of context may be minimal and the insights discovered may not be valid outside of context, this does not mean they are without value. While we concede that their value may be limited by this fact, we believe that our findings still are relevant as long as they are applied within context. While this may limit our ability to conclude on our problem formulation in general, our conclusions will still be reliable within that context, assuming we can avoid unforeseen issues in this regard. In light of these considerations, we believe that, while our research design is not without risks concerning its reliability, it represent the best possible approach, given the circumstances. Also while we acknowledge that our findings will not be reliable outside of the context, we content that they are so within, and even though this lack of generalizability is limiting, it does not preclude us from coming to relevant findings.
3.6.1 Ethical consideration

In terms of ethical consideration, we have not faced any major issues, as there is very little of controversial nature in our project or our methodological approach. However, we have had to deal with the ethical considerations required by research in general and particularly regarding confidentiality and consent.

Consent has been handled throughout multiple verbal agreements, specifically we have asked for Jim Chu’s consent to record the individual interviews, on their occasion. We have also made clear that involvement is voluntary and have been upfront about our intentions. We have been explicit about our aims. One consideration that has weighed heavy in this regard have been not to give Jim Chu the wrong impression of our research, specifying that it has primarily academic aims and is therefore limited in terms of giving actionable recommendations.

Confidentiality has mainly been an issue in regards to background data we have been granted access to. Due to the confidential nature of this information, it will not be included in our analysis and we will not reference it explicitly in this project. However, the data in question has been useful in terms of giving us a clearer understanding of dloHaiti, and the context it operates in, and has been used in the process of developing our interview questions. Furthermore, we have succeeded in developing a good relationship with our key informant and as a result, during the interviews at some instances he has entrusted us with information that he has explicitly asked us to keep off the record. These parts of interview transcripts have been redacted.
4. THEORY

In this section, we introduce the following theories: EMES definition, contingency theory, and accountability theory. Combined, these theories help us to analyze the qualitative data from our interviews in order to better conceptualize how dloHaiti balances the tension of the dual mission.

4.1. EMES Framework

In their book The Emergence of Social Enterprise, Borgaza and Defourny introduce the EMES definition of social enterprise (2001). Originally, the definition specified two dimensions - social and economic - and nine criterions. “The multidimensional approach of EMES combines economic, social and political elements and, therefore, can more readily promote a truly multi-disciplinary understanding of this complex phenomenon” (Pestoff 2014b, p. 48). Refer to Figure 2 for an overview of the original definition.

This definition laid the groundwork for Defourny and Nyssens (2012) when they revisited and expanded the definition to include a third dimension, that of participatory governance. This third dimension on governance was added not to make a more unifying definition but rather to pinpoint traits (Pestoff, 2014b). “This approach allows for the conceptualization of the institutional features of organizations that are most likely to be identified as social enterprises” (Ibid., p. 53). Additionally, the two major schools of thought on social entrepreneurship - on one side a business-driven American-approach and on the other a European perspective highlighting a more collective and social approach - defined social enterprises differently. The current EMES definition is outlined in Figure 3. The following paragraphs focus more in-depth on the current definition.
The economic and entrepreneurial dimension highlights criteria traditionally embraced by for-profit organizations. It contains the following criteria: (a) a continuous activity producing goods and/or selling services, (b) a significant level of economic risk, and (c) a minimum amount of paid work. In an effort to promote financial sustainability, social enterprises need to engage in market activities, either by supplying goods or services. This market-based approach is inherently risky for social enterprises because their success and ability to fulfill their social mission is dependent on both the market and the efforts put in by employees and managers. Additionally, the authors argue that social enterprises should not rely exclusively on free labor and at least some of the employees should be fairly and financially compensated.

The social dimensions of social entrepreneurship include (d) an explicit aim to benefit the community, (e) an initiative launched by a group of citizens or civil society organizations as well as (f) limited profit distribution. This set of criteria focuses on a core feature of social enterprises-namely, the pursuit of social change. Often this is done in the form of an organization created by a person or a group of people that are directly impacted by the issue. The criteria of
limited profit distribution is included as a provision against mission drift; the concern being that social enterprises would lose sight of their social mission in favor of maximizing profit.

The participatory governance of social enterprises comprises of (g) a high degree of autonomy, (h) a decision-making power not based on capital ownership, and (i) a participatory nature, which involves various parties affected by the activity. According to Pestoff (2014b), this third dimension is what makes the EMES approach unique. The less social enterprises are influenced by external organizations the more autonomous they are which helps them guardrail against mission drift to some extent. The second and third criterions are closely related. Both 1:1 voting shares, as opposed to capital ownership-based voting, and the participation of stakeholders allow for the democratization of decision-making in the social enterprise.

The EMES definition is not without its criticisms. Pestoff (2014b) identifies two drawbacks - namely, ambiguity of the participatory governance dimension and the enigmatic nature of how the dimensions relate and support each other. In relation to the first criticism, Pestoff asserts that the participatory governance dimension is meant to highlight a need for “democratic participation by members and/or clients by a social enterprise” (Ibid, p. 57). However, the phrasing of the second criterion of this dimension, or “a decision-making power not based on capital ownership,” does not necessarily mean that decision-making is participatory. On the latter point, he contends that if a social enterprise does not satisfy every criteria in the EMES definition, then one “should, therefore, expect that a given enterprise will be less sustainable as a social enterprise and more open or subject to isomorphic tendencies” (Ibid, p. 57). Thus, more research is needed to address these concerns.

Some could argue that this definition is too idealistic and very few, if any, social enterprises could meet every criteria. So it is important to note that the authors of the definition did not intend for social enterprises to meet each and every criterion. Rather, it was important to compile a list of relevant criteria points that could be mixed and matched so that this definition could apply widely to a variety of social enterprises. “In other words, they constitute a tool,
somewhat analogous to a compass, which helps analysts locate the position of the observed entities relative to one another and eventually identify subsets of social enterprises they want to study more deeply” (Defourny and Nyssens, 2012, p. 8). That is in part why we have chosen to use this particular definition in our research paper.

One could also say that the EMES definition is Eurocentric in nature and might not have relevance to a social enterprise outside of Europe. However, we maintain that the multi-dimensional aspect of this definition allows us to apply it to dloHaiti despite geographical context. As such, we uphold the intentions of the researchers and do not dismiss dloHaiti as a social enterprise because it does not meet every criterion. Instead, we use the EMES definition as an analytical tool to investigate the strategies they employ and develop an in-depth understanding of how dloHaiti addresses the tension of the dual mission. While there are other strategies suggested by academic literature on how to combat mission drift such as compartmentalising commercial and social mission activities and integration strategies (Cornforth 2014), monitoring relationships between social and commercial activities, and organizational governance (Ebrahim, Battilana and Mair, 2014), we have chosen to focus on the EMES framework as it includes both elements of social and economic side of the dual mission as well as a mechanism for balancing them in the participatory governance dimension, thereby allowing us to work with a single consistent framework.

For this very reason we, henceforth refer to the EMES definition as the EMES framework instead; we do not make use of it as a definition to decide whether or not dloHaiti qualifies as a social enterprise but rather as an analytical tool to help dissect the model of dloHaiti.
### Economic and entrepreneurial dimensions

- a) A continuous activity producing goods and/or selling services
- b) A significant level of economic risk
- c) A minimum amount of paid work

### Social dimensions of social entrepreneurship

- d) An explicit aim to benefit the community
- e) An initiative launched by a group of citizens or civil society organizations
- f) A limited profit distribution

### Participatory governance of social enterprises

- g) A high degree of autonomy
- h) A decision-making power not based on capital ownership
- i) A participatory nature, which involves various parties affected by the activity

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**Figure 3. EMES approach**

Adapted from (Defourny and Nyssens 2012, p. 8-9)

### 4.2. Contingency Theory

Contingency theory is a branch of organizational theory, which has its roots in the criticism that since organizations differ in terms of both their function and the context, in which they operate, there exists no singular optimal way of structuring an organization, which is an assumption underlying the theory of scientific management. (Calhoun, 2002a; Scott, 2015)

One problem with summarizing contingency theory is that it is not really a unified theory, rather contingency theory represents a number of approaches, unified in their critique of scientific management. Because of this, there is no consensus as to what contingencies are the most important for an organization. (Heery and Noon, 2017)

Two of the central practitioners behind the development of contingency theory were Tom Burns and George Macpherson Stalker, who, in their work “The Management of Innovation” (1961) devised a typology of “mechanical” and “organic” systems of management. They stressed
that these both represented “rational” systems of management and argued that the optimal system was contingent on the complexity of operation. (Burns and Stalker, 1994)

Lawrence and Lorsch (1967) summarized what can be considered the key idea of contingency theory in their work “Organization and Environment” as being there no single best way of organizing any given process (Scott, 2015).

One of the central criticisms of contingency theory is that while it does not argue that there is one overall best way to manage an organization, it does claim that there exist one most appropriate for any given context, as such it fails to explain how organizations can succeed with within the same context through multiple response. (Heery and Noon, 2017)

We believe the central points made by contingency theory plays an important role in social entrepreneurship because social enterprises are heavily influenced by the specific socioeconomic, cultural, legal and cultural context they are set up in therefore, “...social entrepreneurship phenomenon manifests itself differently in different contexts” (Mair 2010, p. 21). Additionally, beneficiaries’ needs are highly dependent on the environment they live in. Thus, social enterprises need to be able to come up with solutions that are case sensitive. Therefore, companies who develop capacity to adapt to specific conditions are more likely to thrive and succeed (Pfeffer and Salancik, 1978, p. 12). Given that different approaches to handle, manage and solve issues can be used in management, this theory highlights that there is no one best way of doing things (Miller and Toulouse, 1986). We use this theory to better understand the various factors such as the socioeconomic context, that influence how dloHaiti operates.

It can be concluded that contingency theory represents an examination of the actual status and relationships within an enterprise and more than that, it focuses on the potential interactional effects with different contextual variables such as suppliers, political actors or competitors, which might influence the management board to change or take decisions according to them. These variables differ from industry to industry and they can step in aligned with the company’s position in their life cycle (Ibid.). This can be translated through bigger pressures over the
management board from external factors once the company is mature in order to obtain benefits in exchange of other favors. Therefore, due to the multitude of variables among the organizations, this theory highlights that there is no one best way to run an organization and more than that, the organizations should adapt to the market by building resources to create new market opportunities in order to thrive and be more competitive.

4.3 Accountability Theory

Due to the case complexity, we have taken into consideration accountability theory as an addition to the other theories to give us a clearer view on how dloHaiti balances the tension of the dual mission. As a phenomenon, accountability is embedded in every level of society: “from the most primitive tribal systems to loosely structured alliances to the most sophisticated production systems, social systems of any sort demand, at some level, general agreement about expectations and rules guiding behavior” (Frink and Klimoski, 2004 p. 2). At an organizational level, accountability theory is necessary because “…without understanding accountability, organizations are likely to fail…[and thus] the better we understand accountability, the better the chances of longer term viability.” (Ibid.). The underlying logic behind accountability can be seen as information shared by an organization to its stakeholders according to “…the power of the parties to demand it (a power which, where it exists, could arise from either the intrinsic abilities and power of the groups concerned or from the legislative processes of the society) and/or the willingness/desire of the organization to provide it” (Gray et al. 1997, p. 334). In this view, the specific accountability measures employed by an organization can be seen as constructs based on the power dynamics between it and its stakeholders and its general context.

Within the field of social entrepreneurship, the role of accountability is two-fold. On one hand, social entrepreneurs must account for their social impact and on the other, they account for their financial sustainability. This is demonstrated through both financial and social accounting and helps to illustrate the impact and success of a social enterprise (Vance, Lowry and Eggett,
Regardless of whether an organization discharges this information publicly or keeps it for internal use, accountability measures can serve as a defense mechanism against mission drift for social enterprises. This is because the accountability measures made available to both internal and external stakeholders, empowers these groups to hold an organization accountable, or in other words, help reconcile any differences between what an organization says it will do and what it actually does.

The concept of accountability can be seen as a way of reducing the information asymmetry between organizations and their stakeholders, thereby empowering stakeholders with an opportunity to hold the organization accountable for their actions (Gray et al. 1997). In this perspective, accountability is seen as a two-fold construct, consisting of internal and external measures. The internal measures are only accessible to internal stakeholders such as employees, while external measures, which are made available to the public, allow external stakeholders to assess an organization’s activities. We believe that this differentiation is important, especially for social enterprises, because their construction and therefore their legitimacy heavily relies on a public perception of having delivered social value. This means that for a social enterprise the “...information disclosed to the stakeholders may be assumed more properly by the organization to be part of a legitimacy and/or social construction process” (Ibid, p. 333). Furthermore, one can recognize this need for accountability as tied to the general rights to information, accepted as part of a participatory democratic society (Ibid). In this perspective, external accountability takes priority, as it constitutes the accountability measures facing the wider society.

One important element in accountability is the understanding of how the deviation from norms is punished, here one can distinguish between two forms of sanctions, formal and informal. Formal sanctions refer to sanctions that are established formally, either by law, as legally mandated sanctions or through some form of formal agreement between stakeholders. Informal sanctions, by contrast, are sanctions not mandated by any kind of formal agreement, and generally refers to types of actions an individual may take to voice disagreement with an
organization, such as boycotting or protesting. While sociology generally distinguishes between positive and negative sanctions, for our purposes here, we utilize the term to strictly refer to negative sanctions. (Calhoun, 2002b)

While further research may be needed in this field, we contend that accountability is a fundamental element to understanding organizational management and thus, is necessary to our project as we explore how social enterprises balance the tension of the dual mission. By employing accountability theory along with the other theories, we hope to shed light on how dloHaiti addresses this tension.
5. CONTEXTUALIZING DLOHAITI

This section presents a detailed description of dloHaiti. The information for the description derive from the interviews, data provided by the interviewee, Jim Chu the CEO of dloHaiti, as well as secondary data such as a powerpoint presentation provided by the CEO and the company's website.

After working in the tech sector as well as being an entrepreneur within this field, Jim Chu decided to leave his job at Cisco Systems to get involved in development cooperation. Before coming to Haiti he worked as a volunteer for Doctors Without Borders in Nigeria. Afterwards in 2010 he joined a small water NGO in Haiti. During his time within the field of development cooperation he experienced a lot of inefficiencies within this system. He did not see it as an appropriate tool to serve the needs of the people as well as the local development in Haiti. The fact that he had the impression that the work of the organisation had not “that much of an impact” (Appendix 3) made him questioning the aid and NGO sector. While working at the NGO in Haiti he identified that other than the broken aid system there, the access to safe drinking water is a serious problem there. His experience in the development aid sector as well as his experiences in Haiti encouraged him to found the social business dloHaiti. (Ibid.) Furthermore his believes that donors rather than investors “can lead you astray” (Appendix 4) from your mission is one reason why he chose to found dloHaiti by raising equity funding.

DloHaiti’s explicit stated social mission is to offer accessible and affordable clean water to rural and peri-urban Haitians who live on less than $5 per day. By providing safe drinking water to the population, they contribute to improve public health. (dloHaiti.com, 2018) According to the CEO, Jim Chu, dloHaiti supplies around 150,000 Haitians with clean and safe drinking water and distributes around 20 million liters of water per year. Their social impact includes job opportunities for rural Haitians evidenced in that they employ over 100 locals to run the daily operations of the enterprise which contributes to long-term sustainable economic
development in Haiti. (Appendix 2) At the moment they are employing over 100 employees. According to Jim Chu, the dloHaiti’s mission differs slightly from his personal mission for the organization. Based on the CEO's statement while the company's mission focus is to “provide clean water and safe water to as many people as possible while staying financially sustainable” (Appendix 4) he “on a very personal and philosophical level, believe[s] that creating functioning businesses that support the economic development of communities in which we work is the most important social economic impact beyond for example, providing clean water” (Ibid.).

The business model is based on three different channels such as selling water through small retailers, wholesalers as well as delivering water to large institutions like hospitals and schools. This strategy allows dloHaiti to increase their customer base as well as to provide as many people as possible with safe drinking water (Appendix 3). They created a brand for the water which is called “Ovive” (Appendix 1).

The drilling and treating of the groundwater takes place in ten different water treatment facilities around rural areas in Haiti. Because there is no reliable grid power available in rural areas in Haiti, the groundwater is extracted and purified with an energy-efficient treatment technology sustained by renewable solar energy. In each facility the clean water is filled in 20-liter jugs and redistributed to the local community close to it. The fact that theses jugs are reusable, contributes to keep the water price low as well it reduces waste. The water is distributed through a decentralized distribution system which consist of distribution kiosks, where the water is distributed to the end consumers. The water is transported from the facility to the kiosks by low cost trikes which reduce reliance on transport by trucks, which would increase the cost, and therefore allow them to keep the water price low. DloHaiti built up their own infrastructure from energy sources to the distribution system to be be able to operate independently. (Ibid.)

In order to win the people's confidence and also to show how they are operating, all plants have big windows so everybody can see how they are treating the water. Regarding water
rights, dloHaiti has the authorization of the water authority and has acquired a licence to take out the groundwater from the responsible ministry. In order to be able to keep the price for the water as low as possible dloHaiti sells other everyday products such as toilet paper. This allows them to ensure their profitability while selling water for an affordable price. (Ibid.)

Situated in an unstable geographical and political environment such as Haiti, a country with strong difficulties to guarantee stability for any business due to its corruption and recent natural disasters, it was quite difficult for dloHaiti to raise the needed capital. In addition, political protests and especially currency devaluation can negatively affect dloHaiti’s ability to operate. However, dloHaiti succeeded to raise capital from several investors and the enterprise relies completely on investors and not on any public funding or donor money from charity. The investors include the Leopard Capital’s Haiti Fund, include the Netherlands Development Finance Company (FMO), International Finance Corporation’s InfraVentures Fund, Miyamoto International as well its CEO and Founder, Jim Chu. The three main shareholders are the Leopard Capital’s Haiti Fund, Danone as well as Jim Chu, whereas. (dloHaiti.com)

Jim Chu’s vision is to expand the business model of dloHaiti to other countries, especially to Africa where he is already about to start a project similar to dloHaiti in Burkina Faso. Therefore he founded another company called Untapped which is holding intellectual property rights of dloHaiti. (Appendix 2)
6. ANALYSIS

The first part of our analysis is divided into three sections based on the three dimensions of the EMES framework: 1) economic and entrepreneurial dimensions; 2) social dimensions of social entrepreneurship; and 3) participatory governance. In each of these sections, we compare and contrast dloHaiti to each criteria. To be clear, our aim is not to argue whether or not dloHaiti is a social enterprise according to the EMES definition. Rather, we view and employ this framework as a benchmark in the field of social entrepreneurship. Furthermore, we use it as an analytical tool to better understand the different elements of a social enterprise that come into play in the continuous process of balancing the tension of the dual mission. An overview of how different aspects of dloHaiti relates to each criteria, if at all, can be seen in Figure 4.

First, we provide a brief overview of the economic dimension - brief because it is mostly self-explanatory and most of the elements have been already described in length in Chapter 5. We then dive into a more in-depth description and analysis of the social and governance dimensions in relation to dloHaiti. Next, we explore how the participatory governance dimension can be conceptualized as a tool to balance the tension of the dual mission in social enterprises. We further touch upon the governance provisions, accountability measures, and cross-subsidization model dloHaiti employs and to what extent they can be used to balance the tension of dual mission and whether or not can they be seen as a replacement of the participatory governance dimension in that regard.
<table>
<thead>
<tr>
<th>EMES Definition</th>
<th>dloHaiti</th>
<th>Does it fulfill the criterion?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic and Entrepreneurial Dimensions</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuous activity producing goods and/or selling services</td>
<td>● Water, powdered milk, and toilet paper</td>
<td>✔</td>
</tr>
<tr>
<td>Significant level of economic risk</td>
<td>● Founder owns shares</td>
<td>✔</td>
</tr>
<tr>
<td>Minimum amount paid work</td>
<td>● Approx. 100 paid staff</td>
<td>✔</td>
</tr>
<tr>
<td><strong>Social dimensions of social entrepreneurship</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>An explicit aim to benefit the community</td>
<td>● Provides “safe drinking water to underserved communities in Haiti”&lt;sup&gt;3&lt;/sup&gt;</td>
<td>✔</td>
</tr>
<tr>
<td>An initiative launched by a group of citizens or civil society organizations</td>
<td>● Launched by an individual who neither belongs to the community nor is directly impacted by the issue</td>
<td></td>
</tr>
<tr>
<td>Limited profit distribution</td>
<td>● Limited profit distribution in the short-term</td>
<td></td>
</tr>
<tr>
<td></td>
<td>● No hard limitation on ROI in the long-term</td>
<td></td>
</tr>
<tr>
<td><strong>Participatory governance of social enterprises</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A high degree of autonomy</td>
<td>● Investors on the board of directors influence strategic decision-making</td>
<td></td>
</tr>
<tr>
<td>A decision-making power not based on capital ownership</td>
<td>● Decision-making concentrated in a board of governance dominated by investors.</td>
<td></td>
</tr>
<tr>
<td>Participatory nature, which involves various parties affected by the activity</td>
<td>● No participatory measures to include stakeholders in a wider context.</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4. *dloHaiti and the EMES framework*

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<sup>3</sup> Cited from dloHaiti, 2018, "DloHaiti: Market Based Solution for Clean Water in Haiti."[online] Available at: <https://dlohaiti.com/> [Accessed 26 October 2018].
6.1. EMES framework

6.1.1. Economic and Entrepreneurial Dimensions

The economic and entrepreneurial dimension of the EMES definition includes the following three criteria: 1) continuous activity producing goods and/or services, 2) significant level of economic risk and 3) minimum amount of paid work. Together, these criteria address one side of the dual mission, i.e., financial sustainability.

As the table above illustrates, dloHaiti fulfills every criteria in this dimension. Firstly, in order to remain financially sustainable, dloHaiti sells clean water but in order to keep the this product affordable, they also sell powdered milk and toilet paper. By employing a cross-strategy, dloHaiti shifts relying on the profit margins from the sales of water towards the sales of these latter two products to maintain the lower price of the water.

Secondly, as Jim Chu both invested his own personal finances into the enterprise and accordingly, now holds shares in the company, he is therefore exposed to some level of economic risk. This contributes to his motivation for making the business financially sustainable.

Lastly, dloHaiti relies almost exclusively on paid labor. As of November 2018, they employ roughly 100 workers (Appendix 4). Utilizing paid staff, to some extent, allows dloHaiti to remain economically viable in the long-term because social enterprises depend on human resources with some level of formalized commitment.

6.1.2. Social Dimensions

The three criteria of the social dimension highlight the social side of the dual mission. The reasons for the inclusion of these specific aspects in the definition seem to be twofold: first, in order to exclude organizations that prioritize profit-maximization over social impact and secondly, to broaden the definition to include new subsets of organizations that stem from the
European cooperative tradition i.e., associations (Defourny and Nyssens 2012). An overview of the social dimension in relation to dloHaiti can be seen in figure 4 and are further elaborated on in this section.

6.1.2.1. Explicit aim to benefit the community

As evidenced by their mission statement, dloHaiti’s primary purpose is to benefit the community by providing “clean drinking water to underserved rural and peri-urban communities where public infrastructure is not enough to meet growing demand” (dloHaiti, 2018). However, the way the dloHaiti model is set up allows for several second and third order effects that go beyond just providing affordable and accessible clean drinking water. Firstly, it is “job creation outside of main cities” (Ibid) by employing locals in the execution of the daily operations of the enterprise (Ibid). Secondly, it is “a higher income for retailers, merchants, and other micro-businesses” as dloHaiti uses a network of local entrepreneurs to distribute necessity goods to the local community, thereby cutting out any middlemen (Ibid).

Furthermore, not only is dloHaiti contributing to growing the financial capacity of local entrepreneurs but also by expanding its market through a multi-channel distribution strategy, they are providing a solution to last mile distribution⁴ in hard to reach communities. The importance of this aspect is best highlighted by Jim Chu:

I think that's one of the insights that most people don't... That you acquire, when you're in the sectors that a big part of solving this water problem is really about physical proximity. Seems a little bit of a “doh” statement.. of course, you want to be close... But you know, when you don't have the infrastructure, getting to the water itself is part... is the hardest part. Or if you want to look at the other way around, getting clean water to people is the biggest challenge. And so we're essentially using the existing network of small merchants like her as a way to time and geo shift the availability of clean water so that it's closer to the families so go where people actually need it. So it's no longer having forcing somebody to walk a kilometer or two kilometers to get the water but it's close to their homes. (Appendix 1)

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⁴ Last mile distribution refers to “ability to reach out to very low-income populations deprived of access to basic services, particularly those in isolated rural areas” (Ménascé 2014)
Offering clean drinking water at the lowest price on the market in the Haiti context is not enough. Instead, an agile, decentralized model needed to be created in order to reach communities burdened by a lack of physical access to clean drinking water. In addition, the political and economic instabilities in Haiti has led to increased levels of civic unrest (Das Länder-Informations-Portal, 2018), that would render a centralized model unable to operate as explained in the following quote:

The other is that one on a more positive side, I realized that these decentralized models like ours - they work really well indeed, kind of in these unstable situations. At the end of the day, we have a decentralized, relatively independent mode of operation and even if there's potentially a lot of unrest and instability, the roadblocks, the barricades, the protest and violence... that often, not always but often, these independent entities can continue to function well. So we saw that to a lot of local violence and instability in 2015.. one of our sites was plagued with violence and more or less we had to, you know, shut down or at least close down for days at a time. But the rest of the site, you know, continued to function for a day or two, you know, with cautions but then they would move on, because at the end of the day, the only thing that these sites need from the outside world is fuel. To power the delivery vehicles and what not. And that can be to certain extent be done on site and so they can function fairly independently without outside influence, versus this central water plan that can be disrupted or for any centralized operation that can be disrupted and so much of consumption and services and whatnot in Haiti... any country.... It depends on the logistical arteries in the country. And this is why, I don't know if you've been following what's been going on in Haiti, this is why every time there's a protest, the first thing they do is block a major road, because that brings everything to a halt. And so by making ourselves less dependent on those arteries, we actually function very, in a very resilient way, whether it's to [inaudible] or even natural disasters. (Appendix 3)

Beneficiaries’ needs combined with lack of infrastructure, as well as, political instability calls for a decentralized model that permits dloHaiti to carry out its stated social mission and to increase the scope of its social impact.

Additionally, dloHaitis’ use of a cross-subsidization model permits them to keep the water price low, as the main profit margin is earned from products such as toilet paper and powdered milk. As Jim Chu explains it “we've chosen to go for a much lower price so that we reach more people; it's not margin maximizing, it's much more social impact maximizing” (Appendix 1). Clean drinking water remains available to the communities that live on less than $5 a day thus further expanding the reach of their social mission.
6.1.2.2. Initiative launched by a group of citizens or civil society organizations

When turning to the criteria of the social dimension of EMES definition which suggests that a social enterprise, in the ideal, is an “initiative launched by a group of citizens or civil society organizations” that are directly impacted by the issue it is trying to solve (Defourny, 2014, p. 9), dloHaiti does not meet this requirement since it was launched by a single individual, Jim Chu. While it can be argued whether or not the inclusion of this criteria allows for a better understanding of social enterprise on an academic level, the root of this element comes from European traditions, which are not necessarily present in other contexts. The eurocentrism of the EMES definition is largely due to its ties to specifically European traditions of collective response to social problems such as cooperatives, welfare policy, and associations (Pestoff and Hulgård, 2016). It is questionable to transplant these elements directly into a context such as Haiti in addition to the fact that the organization was founded by an American entrepreneur. This fact is important to take into consideration since the American idea of social enterprise is, in contrast to the European idea, more based on individual actions and rather top-down orientation. This is part of the reason why it is important to understand that the EMES definition represents a benchmark, not a strict definition.

6.1.2.3. Limited profit distribution

In conclusion of the overview of the social dimension of the EMES definition, we turn to the criteria of limited profit distribution. At present, all profits that dloHaiti generates are reinvested in the company, which is common practice when a business is considered to be in the growth phase of its development (Appendix 4). However, this does not mean that there will be a limited return on investment in the future as currently there exists no set cap on profit
distribution to the investors (Appendix 1). This poses a serious risk for mission drift towards profit-maximization behavior to increase the financial returns of investors.

6.1.3. Participatory Governance

6.1.3.1. High degree of autonomy

The EMES emphasis on the aspect of high autonomy points towards the governance of the people that created the specific social enterprise as an “autonomous project that is not directly or indirectly influenced by outside organizations” (Defourny 2014, p. 26). In relation to dloHaiti, this criterion depends on what a “high degree of autonomy” is deemed as. The EMES framework emphasises that the people creating the social enterprise have the right to express their will and are able to “terminate their activity” (Ibid., p. 26). Given the governance structure of dloHaiti and its reliance on outside investors with a controlling interest on the board, the degree of autonomy can be argued to be significantly less than “high”. Although dloHaiti is not managed by public authorities or federations, the fact that it is to a large extent owned by a company that focuses on private equity and growth capital investments, reduces the autonomy aspect of dloHaiti significantly, apart from Jim Chu’s statement that he as the CEO has the control of day-to-day operation

6.1.3.2. Decision-making power not based on capital ownership

The EMES framework links the criterion of “decision-making power not based on capital ownership” to the principle of “one member, one vote” (Defourny, 2014, p. 27). The decision-making power in the case of dloHaiti is distributed according to the principle of “one seat - one vote” 1:1, but the fact that the governance board of dloHaiti is controlled by the capital owners leads us to the conclusion that in this aspect dloHaiti’s structure does not qualify to the
benchmark of the EMES framework. At the end of the day, the governance structure of dloHaiti is fundamentally based on the idea of control through capital ownership.

"Board governance is dictated by single seat, single vote with majority, supermajority, and unanimous voting depending on governance matter. Most items are under majority or supermajority, but some items related to the nature of the business are under unanimous voting. For example, it requires unanimous consent in order to increase water pricing for our main stakeholder population or to deviate from the company mission of providing safe drinking water to the majority of the population.” (Appendix 6)

Jim Chu’s explanation confirms this conclusion.

6.1.3.3 Participatory nature, which involves various parties affected by the activity

The third and last point of the governance dimension in the EMES framework deals with the participatory nature of a social enterprise and its involvement of various parties affecting its activity. In other words, it refers to the influence of customers and stakeholders on decisions and contributing to a “participative management” with the goal of “further democracy at the local level through economic activity” (Defourny, 2014, p. 27). In relation to this, dloHaiti recognises that there is a little to no participatory nature from stakeholders. As explained by our Jim Chu, in consideration of the Haitian context, the decision of having no clear participatory nature was a conscious one to avoid negative consequences of poor governance from other stakeholders:

"But I think in a Haiti context, there is a risk of a very poor governance being driven by short-term self-interest of some of the stakeholders involved. So we have to balance that very closely. And, you know, obviously, we're not a government, but I suppose in some senses, this is more of a representative type of governance approach, where I and others on the board trying to vote in the interests of our beneficiaries are our customers instead of them having necessarily direct control.” (Appendix 4)

Given the extreme level of economic and political instability and the extent of extreme poverty in Haiti this assumption is understandable, but not proven.
6.2. Governance balancing the tension of the dual mission

To explore the importance of participatory governance in the EMES framework, we will now approach it as a way of balancing the social and economic parts of the dual mission and thereby managing the tension inherent to it.

As mentioned in our state of the art, the governance dimension is considered a unique element in the EMES approach. The dimension was included to tie governance structures into the analysis of social enterprises, especially in regards to how these structures can be seen “as an organizational device to ensure the sustainable pursuit of a social enterprise’s social mission” (Pestoff and Hulgård, 2016, pp. 1754-1755). One way of conceptualizing this is to view the participatory governance dimension as the fulcrum on a scale, balancing the social and economic dimension within the social enterprise, as illustrated in figure 5 below.

![Figure 5: “Governance as fulcrum” model of the EMES framework of a social enterprise.](Authors’ rendition.)
This model of the EMES approach holds that the governance structure of a social enterprise is key in managing the tension of the dual mission.

### 6.3. Alternative strategies for balancing the tension of the dual mission

As figure 4 and our analysis show, dloHaiti does not fulfill the criteria of the participatory governance dimension to any considerable extent. Furthermore, according to Jim Chu, they scored the lowest on the stakeholder governance elements in their latest external impact assessment (Appendix 4). This means that according to this model dloHaiti should not be able to balance the tension of their dual mission at all. However, our data highlights two indicators that demonstrate that this does not seem to be the case.

First of all, dloHaiti has remained operational for five years and has maintained the same price on water since the beginning (Appendix 2), which according to Jim Chu also means that they are “... still the lowest price on the market after, after five years of operation...” (Appendix 1), although it should be mentioned that we have not been able to verify this information independently.

There is, however, a second indicator, an impact assessment conducted by a third party, that reinforces our assumption that dloHaiti has not yet experienced a mission drift and at the present time seem to be managing the tension of the dual mission. DloHaiti has been assessed and has been given a GIIRS impact rating which consists of two independent dimensions: firstly, an assessment of the social and environmental impacts of their business model, called “Overall Impact Business Model Rating” and, secondly, “Overall Operations Rating”, which is an assessment of their operation policies and practices related to their workers, the environment, community, and governance. In regards to the last point, it should be stressed that governance here is not synonymous with the participatory governance dimension in the EMES framework. (B Lab, 2018) In their last certification dloHaiti scored 177.7 out of 200, getting the highest
certification possible for both dimensions, platinum for the “Overall Impact Business Model Rating” and five stars for “Overall Operations Rating” (B Lab, 2018; dloHaiti, 2018).

We argue that these facets can be considered as strong indicators that dloHaiti, to a certain extent, manage to balance the tension of the dual mission, at least at this time. Nevertheless, a point worth emphasizing is that the tension of the dual mission is a constant, it cannot be solved but rather is managed on an ongoing basis. To illustrate this idea, we return to one of the EMES criteria of the social dimension - “the limited profit distribution”. Although currently dloHaiti is not distributing dividends to investors because the company is considered to be in a growth phase (Appendix 4), it is likely to change in the future, consequently increasing the tension of the dual mission and therefore the risk for the mission drift.

Nonetheless, it can still be argued that at the current moment dloHaiti seems to be managing the tension of their dual mission despite the lack of participatory governance. This gives rise to a question whether there exists alternative measures to participatory governance in order to balance the dual mission and if yes, to what extent can they be considered as effective? We further elaborate on three aspects of the dloHaiti model - the alternative governance provisions, accountability and cross-subsidization - that seem to contribute to their efforts of warding off the mission drift while analyzing whether or not these strategies can be considered as a set of substitutes to the participatory governance dimension as a fulcrum in our conceptualization of balancing the tension of the dual mission.

6.3.1. Governance provisions

The first alternative measure we address is the governance provisions that dloHaiti has built into their shareholder agreement, which we introduced above in regards to the decision-making criteria in the EMES definition.

First of all, the existence of provisions indicate that, although dloHaiti does not fulfill the criteria of the participatory governance dimension to any considerable extent, it does not mean
that dloHaiti or Jim Chu discounts the importance of governance in general in a social enterprise.

As Jim Chu explains in one of the interviews:

“We have to have a unanimous votes to pursue any activity that would materially reduce the volume of water that we produce or, and deliver to customers. So there are a number of provisions that we have put in place that helps maintain our [social] mission.” (Appendix 4)

This shows an awareness that governance structures are important in how social enterprises balance the tension of the dual mission over time and it furthermore shows that dloHaiti has taken concrete preventative measures in this regard, i.e., voting requirements mentioned in the quote above.

While we conclude that these provisions are not enough for dloHaiti to fulfill the criteria “decision-making power not based on capital ownership” according to the EMES framework, they do, however, provide an alternative avenue for balancing the tension of the dual mission.

It is, however, important to stress that the efficiency of the governance measures depends on two things: firstly, the type of mission drift and secondly, the likelihood of the board of dloHaiti making a unanimous vote on decisions that will lead to a mission drift.

Two types of mission drifts can be distinguished: firstly, a gradual drift from a social enterprise’s stated dual mission towards profit-maximization (Yunus and Weber, 2007) and secondly, a broader operationalization of the term in which any deviation from the original mission of an organization constitutes a mission drift (Cornforth, 2014). For our purposes here, we consider this broader operationalization of mission drift as most appropriate to employ. While it can be argued that there is a conceptual difference between a prompt decision to switch focus away from the dual mission, as opposed to gradually slipping away from the stated mission, for our purpose here, both represent a deviation from the social mission. Therefore, in terms of balancing the tension of dual mission both cases represent basically the same underlying issue, which means that for our purposes it makes sense to apply an operationalization that capture both.
While the governance provisions as they exist in dloHaiti provide a safeguard against the gradual mission drift in the sense of being co-opted by capital interests and thereby being pushed towards profit-maximizing behaviour, the risk highlighted by Yunus, they do not, however, fully guard against all the possible forms of a gradual drift. The built-in provisions in the shareholder agreement do not necessarily safeguard against a gradual mission drift on the basis of daily decision-making, but they do safeguard against being overtaken by capital interest on the strategic level, whether this happen gradually or as a sudden shift.

This means that the strength of these voting provision, in regards to avoiding mission drift, therefore rely on how probable it is that such a decision is made, which we cannot accurately estimate. While statements from Jim Chu indicates that he would not consent to such a decision (Appendix 4) this may be change for any reasons. This should not be understood as such a decision is any way probable, simply that our data does not allow to make any statement on its probability.

This leads us to conclude that while these governance provisions can be seen as an instrument for balancing the tension of the dual mission on the strategic level in theory, we cannot say to what extent this is the case in practice. Therefore these provisions serve as a weak substitute for the participatory governance in the EMES framework.

6.3.2. Accountability measures

Another possible alternative to the participatory governance dimension, which seems worthwhile to consider, is dloHaiti’s use of accountability measures. The enterprise has multiple of these measures in place - both external and internal. One of which is the GIIRS rating mentioned above, alongside the impact assessment that it is based on. They also have internal key performance indicators, such as amount of water sold and number of beneficiaries impacted, as well as their mission statement is both explicit and publicly available on their website.
After identifying the accountability measures (external certification, public mission statement and key performance indicators) put in place, the next question that arises is whether they are strong enough to fulfill the balancing function assigned to the governance dimension in the EMES approach. In other words, it is worthwhile to consider how effective these accountability measures actually are in balancing the dual mission. We assess this in the following paragraphs.

The first point of note in this regard is that none of these measures are legally mandated or in any way regulated by the law. This means there are no legal sanctions, should dloHaiti break from their mission statement or neglect their key performance indicators.

The external certification, however, deserves separate mention, as while it does not hold any legal mandate for sanction, it still represents the most direct form of accountability measures used by dloHaiti for a number of reasons.

Firstly, it is produced by an external organization and is based on an established methodology. The fact that the impact assessment is generated by a third party is important in relation to accountability because it increases the reliability of the certification. However, it should be noted that the GIIRS rating specifically is based on a self-survey which is then externally verified through means we cannot ascertain. Having an established methodology as the basis of the assessment is important as it allows a level of comparison between organizations.

Secondly, the impact rating is publicly available on the website and therefore easily accessible. In this way, certification can provide accountability through public perception as it provides basis for comparison with other organizations. It should however be noted that while the impact rating (how high dloHaiti scored) and the methods for generating the rating are publicly available, the impact assessment report (the document with a variety of criteria and information on whether or not dloHaiti meets them) is not. While this does negatively impact the certification as an accountability measure, the overall effect it is still reasonably strong. Furthermore the final rating is in a sense a construct made by the external assessor and therefore
strictly speaking an arbitrary measure, based on the understanding of this assessor. Because of this arbitrary nature, it is not possible to compare across certification schemes, limiting, to an extent, it usefulness in this regard.

A company's mission statement is of no effect as an external accountability measure on its own. In order for it to serve as such, it needs to be paired with information on whether or not the enterprise is actually meeting and following the goals that it set out for itself. It is only then that the public can hold the company accountable if evidence emerges that they have neglected their stated mission. This reliance on outside evidence, public perception, and informal sanctions mean that a public mission statement is a relatively weak measure for securing accountability on its own.

The final accountability measure that we touch upon in this analysis is the key performance indicators. The specific key performance indicators that we are discussing here are primarily concerned with the distribution of clean water (Appendix 4). Furthermore key performance indicators are, as the name suggest, indicators of the overall performance in key areas. In regards to this, Jim Chu brought up an interesting point, which illustrates the limitations of these indicators:

“...in terms of boosting those key performance indicators, my usual preference is to do it in a way that is more business-focused than purely philanthropic. I'll give you an example: we could take a bunch of our cash and just give away water - we don't. Now that would obviously boost our key performance indicators but we don't do it that way because we know that that's not a sustainable way of growing business.” (Appendix 4)

As Jim Chu points out here, it would be possible for dloHaiti to inflate or manipulate these key performance indicators, which would have an overall negative effect on dloHaiti’s sustainability. This illustrates the limitations of key performance indicators as an indicator of overall performance, which further limits their value as accountability measures. There are further reasons why key performance indicators represent relatively limited measures, as they are not easily available to the public. As such, they do very little in terms of accountability in relation to
the public, which so far have been our focus. Rather key performance indicators functions as an internal accountability measure for internal stakeholders. While we do not wish to discount the importance of internal accountability, for our purposes here this type of accountability is of limited use because these measures are not made available to external stakeholders.

However we believe key performance indicators are still worthwhile considering as an accountability measure in this context, despite these shortcomings. Key performance indicators can provide practical measures that can be used to increase the effectiveness of provisions in the governance, as indeed is the case here. For example, DloHaiti has a provision in place requiring unanimous decision-making for any activity that would reduce the amount water they produce or deliver to customers, a measure included in their key performance indicators (Appendix 4). Therefore key performance indicators do serve a function in regards to managing the tension of the dual mission through these governance provisions. We now step back in order to assess the overall picture of accountability in dloHaiti and whether or not it can serve as a set of substitutes for the role of participatory governance in the EMES definition.

We argue that while there are accountability measures in places, that do, to a certain extent, fulfill the same role as the participatory governance, in and off themselves, these measures are not strong enough to serve as a standalone replacement. There may exist formal internal accountability sanctions that we are unaware of, however, at this point in time, the external accountability is solely based on public perception and informal sanctions. And, as in the case of dloHaiti, they do not have a participatory governance structure to serve as the ultimate internal accountability measure to insure the there is no deviate from its social mission, we argue for the importance of and the need for strong external accountability measures. Nevertheless we do see the measures employed by dloHaiti that have the potential of contributing to balancing the dual mission when combined with other alternative strategies.
6.3.3. Cross-subsidization model

As Jim Chu explained to us, part of the reason why dloHaiti has been able to maintain the same price on water since their inception since they employ a cross-subsidization model where their profitability is not tied to their profit-margins on water. Rather they maintain relatively small margins on water to cover cost and further subsidizes these with profit-margins from other basic products, such as powdered milk and toilet paper, or as Jim Chu puts it:

“...we’ve created this model where we're not trying to rely on the gross margin of water as the main long term profitability driver. We use the gross margin-or the profitability from water operations to essentially cover costs-cover the basic costs of operations. And what we try to do is use a goodwill and the network that we create through the sale of water to distribute other products. So we distribute powdered milk for example, we distribute toilet paper. And then we rely on the gross margin of those products as our profitability.” (Appendix 1)

This model is interesting when it comes to balancing the tension of the dual mission as it can be seen as a way dloHaiti alleviates that tension, with regards to their water business. In other words, by pursuing profits on products other than water, the inherent conflict between dloHaiti’s social goal of providing water to underserved communities and the economic drive to be profitable seems to be resolved, as the economic drive for profit is moved to other products. The idea that this eases the tension of the dual mission can also be seen in Jim Chu’s claim that their model for water is “...not margin maximizing. It's much more social impact maximizing.” (Appendix 1)

While this alleviates the tension of the dual mission in regards to their water business specifically, if we take a broader view and include their other operations in our analysis, it becomes clear that there are some issues and clear limitations with this model. Although cross-subsidization may provide a way to maintain low margins on water, there is an upper limit as to how much they can cross-subsidize using the margins of other products, as otherwise it will push the price to a point at which they will need to sell these products higher than the market can bare. Furthermore, this is not just an issue of economics. Given that their model is built on
cross-subsidization between basic products that they are providing for an underserved population, it also raises ethical questions as to how much they can rely on this model. These ethical issues further impact the extent to which it can be said to balance the tension of the dual mission, as it can be argued too high margins on these products negates the social value of providing affordable water. During our interview Jim Chu did show some awareness of these ethical issues:

“So we're not trying to gouge the customers with powdered milk. We're still trying to deliver a product at a better price than everybody else but still keep a very good margin on those products. And the way we justify it is, look, we're providing a public good of water and we're trying to keep it at the lowest possible price” (Appendix 1)

This quote also shows how they justify these margins. Because of the issues mentioned above, it is clear that there is an upper bound to how much dloHaiti can rely on this model in order to balance the tension of the dual mission, both from an economic perspective and an ethical perspective.

Focusing on the specific model employed by dloHaiti, we find little indication that they are impacted by this upper-bound. In economic terms, the fact that they do keep some margin on water to cover cost alleviate the pressure on the margins from other products. While the ethical perspective always comes down to a normative judgement, our data does not provide any basis for an argument that this should be an issue in the case of dloHaiti, although this is just as likely due to missing data.

In terms of how this cross-subsidization model functions as an alternative to the participatory governance element in terms of balancing the tension of the dual mission leaves us to conclude that it provides a relatively strong alternative. Indeed, on the basis of our analysis it would seem to be strongest alternative measure present in the case of dloHaiti. However due to the upper bound limitations of this model, it is questionable whether this model on its own can fulfill the same role as participatory governance in the EMES definition. Our data does not provide us with an adequate basis to conclude on that question.
6.4 Key Insights

Shifting our perspective slightly to focus on the decentralized model employed by dloHaiti, we find this a very interesting construct, especially as it relates to the context of Haiti. The main advantage of this decentralized model is that it allows for the independent operation of the individuals, thereby avoiding a domino-effect should one site be shut down. As Jim Chu made clear in one of our interviews, he see this as one of the central benefits of dloHaiti in relation to the context they operate in:

“... I realized that these decentralized models like ours - they work really well indeed, kind of in these unstable situations. At the end of the day, we have a decentralized, relatively independent mode of operation and even if there's potentially a lot of unrest and instability, the roadblocks, the barricades, the protest and violence... that often, not always but often, these independent entities can continue to function well.” (Appendix 3)

As we have noted above, in our section on the socio-economic context of Haiti, the reality in Haiti is marred by a considerable amount of civic unrest, weak governance, and a lack of infrastructure. Given these issues, we agree with his claim that this decentralized model provides dloHaiti with an strong advantage in terms of maintaining continuous operation. This supports our claim that context is of paramount interest when considering the operation of social enterprises, and further lends credence to the the relevance of contingency theory in that there is no one singular best way to manage a social enterprise.

However while this highlights the importance of context in organizational matter, we do not draw the conclusion that dloHaiti’s model is necessarily the most appropriate model for the context of Haiti. Indeed it cannot be said to any degree of certainty that there does not exist another model which would be more opportune in this context. Furthermore, our data bares little indication on the causal relationship between the context and dloHaiti’s model. While the quote above indicates that Jim Chu has reflected on how this model is well-suited in the context of
Haiti, we do not know whether this was on his mind when he developed the model or if he recognized this afterwards.

Therefore, we cannot interpret this as a response to this context, following the managerial logic, commonly expressed in the framework as seeking the most appropriate organization form based on the context and the specific problems. Rather we simply conclude that this highlights the importance of context, and the inherent need to address these issues, which is expressed in contingency theory.

This leads us to the one element that have shown through consistently in our analysis; the importance of context, which we have repeatedly stressed. It seems clear to us that unique context of Haiti can be seen as one of the reasons why dloHaiti looks so different compared to the construct of a social enterprise suggested by the EMES framework. This lends credence to our belief that social phenomenon, at the very least in the case of social enterprises, needs to be understood within - and as part off - their context and cannot be separated from this into one-size-fits-all models.

Our choice to interpret the participatory governance dimension in the EMES framework as the balancing agent in regards to the tension of dual mission allows us a number of interesting insight. First off, it allows us to create a model for understanding the tension of the dual mission and how it needs to balanced on an ongoing basis. Secondly by combining our theoretical model with our empirical data we are able to construct a model of how dloHaiti balance the tension of the dual mission and thereby compare this to the model suggest by the EMES framework.

This have provided us with a number of interesting insights. First of all, we see dloHaiti as balancing the tension of the dual mission through a combination of a cross-subsidization model, accountability measures, and governance provisions established in their shareholder agreement, thereby ending up with a construction along with lines of the model below (figure 6).
This further shows that how one chooses to interpret the term social enterprise is of utmost importance, in terms of what can be understood as a social enterprises, had we relied on an definition informed more by the American understanding of what constitutes social enterprise, there would be little doubt whether dloHaiti would qualify. On the other hand, had we chosen to employ the EMES framework as a strict definition, there is little that would qualify at all, and dloHaiti would certainly not. This demonstrate how these definitions are social constructs, a point that also can be seen in how the different perspectives between the US and Europe are heavily informed by the historical context they have been developed in, as we mentioned in chapter 2 on the State of the Art.
Another point worthwhile addressing is the financing of social enterprises, as we also stated in the State of the Art (chapter 2), there is an ongoing debate as to the extent that social enterprises should rely on commercial activities in their financing, as this can lead to an increase in the tension of the dual mission. While this is very much the modus operandi of dloHaiti, we see little to indicate a viable alternative to this reliance on commercial activities. Jim Chu did however bring up that, knowing what he knows now, he would have approach gathering the starting capital required in quite a different way.

“Even though we're having tremendous social impact on a comparative basis to other charitable programs, governmental programs, and even other social entrepreneurs who were doing very, very well, it wasn't satisfying to the commercial investors. [...] And I think if I had to go back and do it again, I would have taken-I would have done two things differently: a more phased-approach where we had our message very, very clear [inaudible] and where our social mission and appeal to donors who didn't just want to give charity a way of a traditional way but we're more of the kinda type done that wanted to support small businesses in developing countries and create sustainable models of all I think if we had done that until we got to a point where we're at, at scale and had a maturity that would be more appealing to commercial investors that would have been a better way.” (Appendix 3)

This shows how commercial investors, in this case, have shown interest in the social impact, along with Jim Chu’s belief that it would be easier to attract commercial investors with a more mature model. This indicates that commercial investors can upset the delicate act of balancing the tension of the dual mission. This interpretation is further supported by the fact that one of the investors taking a supermajority in the last round of investment (Appendix 6), which can be seen as a indicator of mission drift, as it shifts the governmental dynamics towards a capital-interest. It should, however, be noted here that the governance provision we analyzed in section 6.3.1 at least in theory should limit the extent of this drift. Although for the reasons addressed when we analyzed these provision, we cannot speak to their practical effect.

One final note worth exploring is the complexity of social value and social impact. As expressed in one of the interviews, Jim Chu finds that the second and third order effects of the dloHaiti’s model, in some sense, are even more important than the company’s stated social mission, i.e., distributing clean water:
“I, on a very personal and philosophical level, believe that creating functioning businesses that support the economic development of communities in which we work is the most important social economic impact beyond, for example, providing clean water. And that may be somewhat shocking to people but I firmly believe that long-term solutions require socio-economic development-economic development-that can only come from commerce and increase in the number of jobs, availability of infrastructure for creating businesses, availability of good services, and local entrepreneurs can create pricing service on top of them.” (Appendix 4)

The quote above highlights that Jim Chu’s personal views on the social mission, which, while not incompatible, are not exactly the same as what is written in the company's mission statement. By adopting a “theory of change” framework, we can see that the stated mission highlights dloHaiti’s activities while Jim’s personal mission, or what he sees as dloHaiti’s overarching mission, i.e., sustainable economic development, is the impact. Selling water also produces outcomes such as job creation, improved public health, and higher income for retailers, combined these outcomes, improves public health, and generates a higher income for retailers-all of which contribute to long-term impact/goal-sustainable economic development. This can be interpreted as support for a holistic understanding of social enterprises, not just including the immediate social value outputs, but taking into account what long-term outcome and impact one can expect of the operation.

In the specific case of dloHaiti, if we proceed from the basis that sustainable economic development is the wanted impacted, the theory of change framework can also be used to construct an argument that, although it may be argued that an enterprise with commercial investors is more exposed to the mission drift, in this case, the business mission and the market logic helps can help achieve this result, as Jim has argued several times. This does not, however, resolve the tension of the dual mission, as ultimately that is not possible. Regardless of this argument, balancing the tension of the dual mission remains a continuous and ceaseless process of responding to new challenges and trying to find the best possible solutions while taking context into account.
7. DISCUSSION

This chapter discusses various elements that have been part of this paper. It begins with a critical reflection on the EMES construct before discussing further elements such as the limitations and significance of cross-subsidization, as well as the structure and context of dloHaiti in relation to our problem formulation.

As we view our case as a critical case, we first turn to the discussion of critique on the EMES framework. We challenge the EMES framework and its ability to explain the possibility to balance the tension of the dual mission through participatory governance. In the following paragraphs we will touch upon specific issues that provide a point of attack. On the one hand, we will discuss the Eurocentric nature of the EMES framework and on the other we will discuss its ambiguous terminology.

In regards to the Eurocentric origin of the EMES framework, a particular issue to highlight, is the difficulty to apply it to social enterprises that are not of European origin, as in the case of dloHaiti that is managed and influenced by a CEO from the United States and can therefore be regarded as an American social enterprise. An example of this becomes clear when we take a look at the participatory governance dimension that stems from the history of cooperatives in Europe. Taking this into account, we argue that it is difficult to compare the participatory governance dimension to social enterprises not of European origin, because this particular dimension stems from the cooperative tradition, which is a Eurocentric structure in origin. In addition to that, the social dimension stresses the importance of the way a social enterprise is initiated, namely launched by a group of citizens or civil society organizations. Based on our understanding, we argue that the EMES framework is limited in its ability to explain other ways of balancing the tension of the dual mission, due to its Eurocentric roots.
Another point to highlight and discuss is the ambiguous terminology of the EMES framework. The choice of ambiguous terms allows the EMES framework to function as an umbrella-construct that is inclusive for social enterprises on a global level. This, however, brings another set of complications with it. Terms like “decision-making based on capital ownership”, “limited profit distribution”, or “high degree of autonomy”, to name a few, have a lack of clarity in their explanatory power when they are related to a specific context. We understand their purpose of ambiguity, in the sense that they serve the EMES framework to function as a “middle ground definition” within the broad spectrum of definitions for social enterprises in the field of social entrepreneurship. However, we see the purposely ambiguous terminology as a strength and weakness at the same time. We specifically see it as a point of critique, since it becomes difficult to be able to conclusively pinpoint a certain aspect of a dimension and be able to use it as a benchmark for social enterprises. Ultimately leading to the point where this ambiguity leaves room for speculation on what exactly is regarded as a “high” degree of autonomy or what exactly is meant when speaking of a “limit” in profit distributions that are used as a benchmark for social enterprises.

The next part of the discussion takes us back to our original inspiration for this project work. We started this paper with a problem faced by many social enterprises which was stated by Mohammed Yunus:

“In the real world, it will be difficult to operate a business with two conflicting goals of profit-maximization and social benefit. The executives of these hybrid businesses will gradually inch toward the profit-maximization goal, no matter how the company’s mission is designed.”
(Weber and Yunus, 2007, p. 33)

The analysis of the case of dloHaiti presented an example of how this particular social enterprise copes to balance the tension of the dual mission. Through governance provisions, accountability measures and a (business) strategy of cross-subsidization, dloHaiti seems to have constructed a
mix of context specific mechanisms that contribute to their own way of balancing the tension of the dual mission, in order to avoid a mission drift that would lead to prioritizing the goal of profit-maximization over the social impact goal. In this way, dloHaiti is able to stay true to their social mission, which aims to provide clean drinking water to underserved communities in rural areas of Haiti, as well as the aim to promote sustainable economic development through job creation and supporting micro-entrepreneurs.

This mix of context specific mechanism takes us to the preliminary conclusion that dloHaiti’s way of balancing the tension of the dual mission may present a counter-argument to Yunus’ statement. Since this particular social enterprise makes use of effective mechanisms that protect its social and economic mission. One specific reason why we see that dloHaiti achieves balancing the tension of the dual mission and avoiding mission drift, is based on the fact that its strategy of creating profit margins is not directly linked to the social impact dimension, due to the use of cross subsidization.

“We’ve created this model where we're not trying to rely on the gross margin of water as the main long term profitability driver.” (Appendix 1)

As stated by Jim Chu, this alternative approach for balancing the dual mission works on the premise of shifting the generation of profit to other distinct products, such as toilet paper and powdered milk. Apart from governance provisions and accountability measures, the use of cross-subsidization as implemented by dloHaiti is a pivotal mechanism to protect their social mission. At this point, we turn to a set of important issues that come along with cross-subsidization that are worth discussing. We find it relevant to touch upon the ethical considerations that represent a specific limit of the cross-subsidization strategy that dloHaiti currently employs. To reiterate, dloHaiti relies on the profit margins of other basic goods such as toilet paper and powdered milk in an effort to be able to subsidize the price of water and therefore, satisfy their social mission of providing affordable clean water. However, by relying on the profit margins of other necessary and basic goods, they should do that with caution and
make sure that they are not gouging their customers, or, in other words hurting their customers ability to afford other products just so that they can afford water. Pushing the prices and consequently the profit margins of the basic products too high would risk jeopardizing their ability to cross-subsidize and serve the intended mission of keeping the price of water low. This means that it is of great importance that dloHaiti offers these other basic products at affordable and reasonable prices.

On another note it is worth mentioning that they could avoid these ethical considerations if they employed a cross-subsidization model, if they tapped into a market with customers with a higher purchasing power, but that would still leave them with a number of issues, such as logistical problems of working simultaneously in two different market. In this sense, dloHaiti needs to pay particular attention to their pricing strategy to avoid hitting an upper bound. Given the fact that we have no data to verify whether there is a temptation of setting high prices on the basic products and prioritizing short-term profitability by gouging customers over the long-term sustainability of a healthy balance of their pricing strategy on cross-subsidization, we regard this point as a concern worth mentioning.

Although the strategy of cross-subsidization has its economic and ethical limitations, it is a mechanism of arguably great significance for dloHaiti that contributes to its attempt to balance the dual mission. It is through this mechanism that the provision of dloHaiti’s social mission to beneficiaries of dloHaiti is decoupled from the expectation of contributing to the process of profit generation for the enterprise. The social mission is therefore separated from the economic sphere that is meant to cater for the financial stability of the social business. Thus, creating the possibility for the social mission to “concentrate” on having a positive impact by providing water to underserved communities.

In other words, the effect of cross-subsidization is an attempt to keep the price of water permanently, as low as possible, in order to do social good and serve the communities at the bottom of the pyramid. This leads to the following result: the stated social mission is spared from
the responsibility and is consequently relieved from the pressure of contributing to the financial goals of the company that seek profit-maximization and return on investments.

The summary of this chain of arguments supports the analysis that dloHaiti seems to have presented an alternative and specific solution to the context of Haiti that challenges Yunus’ statement, since it offers a plausible approach to protect the social impact goal from mission drift.

We believe, however, that the balance that dloHaiti has achieved between the economic and social sphere is of a temporary nature. Taking into consideration that dloHaiti is currently in a growth stage, its social mission is additionally secured, due to the fact that the generated revenue is reinvested back into the company, serving as an addition to the governance provisions, accountability measures and cross-subsidization. It does so by temporarily freezing the demand of investors to receive payouts on their investments, which means that the social mission of dloHaiti is not yet in proper competition with the economic mission of the company. Taking our analysis into account, we see dloHaiti as a social enterprise with a strong commercial-driven character. As it can be seen in Figure 4, dloHaiti and the EMES definition, dloHaiti meets the economic criteria of the EMES framework and one additional criteria in the social dimension, which is the “explicit aim to benefit the community.” However, it does so with the use of cross-subsidization and therefore making profits through the sale of other basic products to the same customers in the underserved communities. Unlike the water, the other basic products of everyday use, such as powdered milk and toilet paper, are not explicitly designated to serve the aim to benefit the community. Because of this fact, it seems that dloHaiti functions as a traditional business with a visible social impact as a positive side effect.

At this point, we refer back to our point stating that the issue of balancing the tension of the dual mission is not an issue that can be conclusively resolved. Instead it should be seen as an ongoing process and as an everlasting challenge that requires constant attention and constantly
updated mechanisms to protect both, the social mission and financial mission of a social enterprise from being crowded out by the prioritization of profit-maximization.

In consequence of this logic, we argue that although dloHaiti seems to have currently found a way that manages the delicate balance of the dual mission, Yunus’ statement on mission drift towards profit-maximization might, after all, be of great relevance. It can be argued that the omnipresence of the market logic will be a constant factor pressuring social enterprises to prioritize profit generation at the expense of its social mission. Cornforth argues the following:

“Social enterprises cannot change the wider forces and relations of production that have developed under capitalism, but it will be subject to these forces. In particular, the need to survive in a competitive market will force them to seek to maximise profits in the same way as other capitalist businesses and to adopt the same forms of organisation or risk failure” (Cornforth, 2014, p. 7)

Yunus’ statement ultimately points towards the inevitable fact that social enterprises will “inch towards profit-maximization, no matter how the company’s mission is designed” (Weber and Yunus, 2007, p. 33). This goes along with Cornforth’s analysis that social enterprises are subject to the forces (of market logic) that have developed under capitalism, explaining the pressure that causes mission drift due to the prioritization of profit-maximization over the social mission. Not adapting to the logic of capitalist businesses and the same forms of organisation would expose them to the risk of failure (Cornforth, 2014).

At this point it is important, however, to add a reflection to this discussion on the factors that have added up to the specific configuration that makes dloHaiti a social enterprise that has adopted significant organisational aspects of a capitalist business. On the one hand it is driven by capital investors and on the other it has a scalable business model seeking profit-maximization, aiming to generate strong returns on investment. As mentioned in chapter four, social entrepreneurship manifests itself differently in different contexts and as the nature of the social value is defined by its surroundings (Mair, 2010), we see that the socioeconomic context of Haiti has had a pivotal influence on the structure and operation of dloHaiti. We argue that due to the socioeconomic context, the political instability and the extent of poverty in Haiti, dloHaiti build
up the structure that it has right now to serve its intended mission. We interpret dloHaiti’s decentralized system as being a result of the challenges that Haiti poses, including the civil unrest and the hard to reach communities. This decentralized system consequently requires dloHaiti to build infrastructure, a capital intensive investment, in order to become operational, which in consequence explains their need to obtain commercial investors. Without capital investments from their commercial investors, they would risk the failure of not being able to build up the foundation needed to reach their intended mission.

We see dloHaiti as a business with a social mission that is based on a delicate resource, namely water. At this point, we would like to address a key normative issue in the context of the social mission of dloHaiti. The core service is to provide safe drinking water to underserved communities. It is an ongoing discussion whether access to clean drinking water should be considered a human right. The argument for this view is relatively straight forward; as the Universal Declaration of Human Rights declares in article 3 that we all have the right to life (United Nations General Assembly, 1948), and given that clean drinking water is a necessity for life, access to clean drinking water must be considered a human right as well. From this perspective, any kind of revenue-seeking operations concerning water can be seen as inherently problematic. While we agree on the basic premise of this argument, that access to clean drinking water is a human right, we feel that it is too simplistic to say this precludes operations like dloHaiti, especially given the context of Haiti, where socio-economic problems and lack of infrastructure make public distribution of water impossible.

We have stressed that the balancing of the dual mission is an ongoing process. Our analysis points towards the fact that dloHaiti, in its current state, is able to balance the tension of the dual mission. Combining Cornworth and Yunus statement, we end up, however, with a critical outlook for the balancing of the dual mission in the future of dloHaiti. They may have been able to balance the tension of the dual mission mainly by protecting its social mission with a business approach of cross-subsidization, which allows them to keep the price of water low,
decoupling it from the expectation of profit generation, for now.

As mentioned above, dloHaiti is currently re-investing the profits generated to support its growth, which contributes to the current balance of the dual mission and avoiding mission drift towards profit-maximization. In the long run, however, this additional “protection” against mission drift, can be expected to disappear. As in the near future the investors will demand their return on investment, including Jim Chu, CEO of dloHaiti, as he himself is a shareholder of the company. In the long run however, it could be expected that due to its commercially driven business model and the expectation of the investors to see return on investment, a potential mission drift towards profit-maximization in the expense of the social mission cannot be ruled out. We see this interpretation as one that ultimately aligns with Yunus’ statement.

Considering the combination of the economic dimension of profit-maximization in context with a delicate resource like water as their selling product and as its social dimension as well as the possibility of future mission drift, is to be seen critically and with caution.
8. CONCLUSION

Academic literature suggests that the tension of the dual mission is a phenomenon inherent in hybrid organizations and by extension, to social enterprises. As it is not possible for this tension to ever be completely rectified, we contend that the tension should be interpret as something that social enterprises must manage on an ongoing basis. How they manage this tension is evidenced by both strategic decision-making and everyday decisions. As mentioned before in our paper, many researchers argue that if social enterprises apply certain governance measures, they are more likely to avoid a mission drift, regardless of whether that drift means sacrificing the social mission more for the business mission or vice versa.

We applied the EMES definition as a framework from which to better understand how the dimension of participatory governance could be used to balance the tension of the dual mission, further developing a conceptualization of that dimension as the fulcrum on a scale (figure 5). In order to apply this framework, we also drew on contingency theory and accountability theory to understand how context influenced the structure of social enterprises and the role of accountability played in such decision-making. How can a social enterprise balance the tension of the dual mission (i.e. their social and business goals) in order to avoid mission drift?

As evidenced in our analysis, dloHaiti does not fulfill the participatory governance dimension which is seen by EMES and Pestoff as an essential tool to balance the tension of the dual mission. However we do not interpret their lack of participatory governance as them not balancing the tension of the dual mission. Rather, we assume that they must, at least, be attempting to balance this tension through other means. The question we sought to answer is whether or not these alternate strategies can fulfill the same role of the participatory governance dimension, in other words, can these strategies serve as a fulcrum of the dual mission?
While the EMES framework is one construct to balance the tension of dual mission, the results from our data dloHaiti employs alternative strategies construct. We contend that there is not one best way to manage the tension of the dual mission - only that participatory governance is one way to do so and that the context in which a social enterprise operates heavily ties into which strategies they employ. In other words, there are several ways to balance the tension of the dual mission but how an organization goes about it is heavily dependent on the context. Due to factors such as political and economic instability, dloHaiti uses cross-subsidization, accountability measures, and preventative governance provisions (unanimous voting on major decisions such as increasing water price) as a multi-pronged approach to balance the tension of the dual mission. Additionally, we cannot establish a causal relationship between specific contextual factors and strategies employed, only that there is a relationship of some kind. We conclude that these measures do to some extent alleviate the tension of the dual mission but we cannot conclude on the quality of this strategy because of limited data.

We interpret their strategies and market logic as a way for them to balance the tension of the dual mission for now. However, whether or not dloHaiti will avoid a mission drift in the future especially once they start paying dividends to investors remains to be seen.
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