

# Dynamic Capabilities in Social Entrepreneurship: A Case Study on Social Value Creation

Heidi Myyryläinen<sup>1</sup>, Lasse Torkkeli<sup>1</sup> and Kristiina Brusila-Meltovaara<sup>2</sup>

<sup>1</sup>LAB University of Applied Sciences, Lappeenranta, Finland

<sup>2</sup>LAB University of Applied Sciences, Lahti, Finland

[heidi.myyrylainen@lab.fi](mailto:heidi.myyrylainen@lab.fi)

[lasse.torkkeli@lab.fi](mailto:lasse.torkkeli@lab.fi)

[kristiina.brusila-meltovaara@lab.fi](mailto:kristiina.brusila-meltovaara@lab.fi)

**Abstract:** Social enterprises address societal challenges in entrepreneurial ways. This duality of combining social purpose and business is said to cause tension. There is limited understanding of how this reflects dynamic capabilities in social enterprises. Another underexplored area is how individuals make sense of still-maturing organizational dynamic capabilities. This study examines how social enterprises manage tensions between social mission and financial sustainability. The study focuses on social entrepreneurs sensemaking of their organizational dynamic capabilities that enable social value creation. Using a qualitative approach and content analysis, this study contributes to the literature on dynamic capabilities in social entrepreneurship. It illustrates how sensing, seizing, and reconfiguring capabilities are described to manage tensions while developing a social business. The data consists of interviews of six social entrepreneurs. The analysis reveals how social entrepreneurs identify societal needs and develop business and mobilize resources with a value-driven approach. Furthermore, the dual mission does not cause only tensions, but also enables business, and this requires building dynamic capabilities for the organization. The findings illustrate how social entrepreneurs enhance organizational and network capabilities crucial for business development, without losing sight of their social mission.

**Keywords:** Social value creation, Social entrepreneurship, Dynamic capabilities

---

## 1. Introduction

Social entrepreneurs build businesses that aim to create social good, balancing financial goals with positive social and/or environmental impact (Weerawardena et al, 2021; Schaefer et al, 2022). Understanding how social enterprises manage the tension between their social mission and financial sustainability is crucial for ensuring that both objectives are met (Smith et al, 2013). While social value creation is central to social entrepreneurship, the literature on dynamic capabilities, the abilities required to create and sustain this value, remains fragmented. While the importance of dynamic capabilities in enabling social enterprises to adapt, innovate, and leverage resources is acknowledged (see Bhardwaj & Srivastava, 2024), research has tended to neglect examining how capabilities are shaped by the experiences of social entrepreneurs themselves.

This study seeks to respond to that omission by advancing the understanding of dynamic capabilities within the context of social value creation. Rather than focusing solely on competitive advantage or market adaptation, this research explores how dynamic capabilities are employed by social entrepreneurs to manage tensions. This study focuses on two research questions. Firstly, *what kind of tensions and enablers social entrepreneurs describe amidst the evolution of social business, particularly considering together social and business goals?* And secondly, *how do sensing, seizing, and transforming capabilities contribute to managing tensions in social enterprises?*

This study investigates the dynamic capabilities social entrepreneurs identify as critical for creating social value. Based on interviews with six social enterprises and the thematic analysis, the findings shed light on managing tensions while using sensing, seizing, and transforming capabilities. Entrepreneurs identify societal and environmental needs, recognize viable opportunities, mobilize resources through value-based approaches, and develop organizational and network capabilities for growth aligned with their social mission.

## 2. Theoretical Background and Framework

Social entrepreneurship definitions highlight the creation of social value as a key component (Mair & Martí, 2006; Dacin et al, 2010). There are various ways to explain social value creation. Mair & Martí 2006 view social value creation in social enterprises focuses on prioritizing social change and addressing societal needs over profit generation, with an emphasis on catalysing sustainable impact through contextually embedded initiatives. Equally, Di Domenico et al. (2010) view social value creation as an essential component of social entrepreneurship. They see social bricolage as a mechanism for social value creation. Social entrepreneurs create value by making do with existing resources, refusing to be constrained by limitations, and improvising in response to resource-scarce environments. Weerawardena et al. (2021) approach value creation underlining

the motivation of it and describing that social entrepreneurship focuses on solving social problems where markets fail. Social enterprises create opportunities that benefit the society by addressing unmet social gaps. Entrepreneurs use different resources and business models to make a positive impact. In social entrepreneurship, the goal is to maximize social good. Whereas Pret & Carter (2017) view social value creation as an embedded practice within entrepreneurial communities where social value creation happens as a response to community expectations. These perspectives highlight different aspects of how social enterprises create value.

Social enterprises pursue dual objectives: to achieve social impact while maintaining financial viability. Dynamic capabilities, as introduced by Teece et al. (2007), refer to a firm's ability to integrate, build, and reconfigure internal and external competencies to address changing environments. Sensing refers to a firm's ability to recognize opportunities and threats. Seizing is about acting on perceived opportunities by mobilizing resources and implementing solutions. Reconfiguring involves reshaping resources, processes, and business models to adapt to changing environments. (Teece, 2007) It is widely known that in social enterprises the imbalance between social and financial goals can cause conflicts and mission drift. (Best et al, 2021; Tykkyläinen & Ritala, 2021) It has been suggested that social enterprises need dynamic capabilities beyond the traditional firms (Bhardwaj et al, 2022).

Ince & Hahn (2020) provide a perspective on how dynamic capabilities help social enterprises survive tensions. The propose social enterprises enhance survivability through setting structures for getting easily feedback from stakeholders, managing varying stakeholder expectations, and resources in flexible ways, and selectively adapting their business model to turn tensions into opportunities. Bhardwaj et al. (2022) view the development of dynamic capabilities in social enterprises as an ongoing process that integrates both traditional business practices and mission-driven initiatives. They emphasize the role of organizational routines in developing dynamic capabilities. Among generic dynamic capabilities, Bhardwaj et al. (2022) suggest social enterprises have some distinctive capabilities to social enterprises. In their case study, social enterprises focused on creating sustainable livelihoods for their beneficiaries and they were shaping their business models to improve the lives of the people they aimed to help. They suggest a business model is built to support sustainability of their target groups. Moreover, they observed that social enterprises have seizing capabilities by directly engaging with their beneficiaries and involving them in co-creation. Bhardwaj & Srivastava (2024) synthesize perspectives from studies on dynamic capabilities in social enterprises, concluding themes of dynamic capabilities of social enterprises. Social enterprises need dynamic capabilities in identifying opportunities, handling resources and adapting to changes. Bhardwaj & Srivastava (2024) identify themes of bricolage, alliance building, legal support, learning, effectuation, improvisation, knowledge management, innovation, marketing, and co-specialization.

### 3. Methodology

This qualitative study is an illustrative case study (Baškarada, 2014). It focuses on six thematic interviews with social entrepreneurs who lead social enterprises in three different countries, namely Finland, Latvia and Sweden. The interviews allow for an in-depth exploration of business evolution and dynamic capabilities employed managing tensions. The interviewees were purposefully selected with the following criteria. They are well established social enterprises that have developed their business model for more than several years. They identify as social enterprises and are also formally recognized through national label or status or co-operative form. Each online interview lasted about one hour and was recorded through Teams with the participants' consent. The table below describes data about interviewees social enterprises.

**Table 1: List of data source social enterprises**

Social enterprise	Organizational form	Social mission	Market activities	Country
A	Limited liability company	To offer inclusive, dignified employment to people with (particular) special needs	Consulting services	Sweden
B	Cooperative	To offer inclusive, dignified employment to unemployed, non-Swedish speaking women	Handicrafts	Sweden
C	Limited liability company	To offer inclusive, dignified employment to people with special needs	Handicrafts	Latvia

Social enterprise	Organizational form	Social mission	Market activities	Country
D	Limited liability company	Alleviate loneliness by providing a free helpline and to offer inclusive, dignified employment opportunities for people with special needs	Call center services	Latvia
E	Limited liability company	Creating employment and advocating localness in textile production	Textile products	Finland
F	Limited liability company	To promote sustainable, affordable, community-focused, energy-efficient housing	Consulting services	Finland

Content analysis was used as the main approach for analysing the empirical data. Coding in qualitative research is a cyclical process of interpretation (Saldaña 2021). Thematic analysis was conducted for interpreting tensions and enablers, and dynamic capabilities in managing these. In the analysis, based on research questions and theoretical framework, a set of first round codes was manually developed. Descriptions of tensions and enablers and changes in developing social business were sought. In the second round, the interviews were reread identifying what dynamic capabilities interviewees describe in managing these cross-pressures, or synergies. In the final phase of the analysis, in the third round, these were organized into broader themes that addressed the research questions.

#### 4. Findings

The following section presents the findings based on three key themes: balancing the social mission with financial viability, social value creation and scaling, and governance and stakeholder relationships. These themes describe the tensions, enablers, and dynamic capabilities that shape the strategies and practices of social enterprises in navigating evolving circumstances.

##### 4.1 Social Mission and Financial Survival - Tensions and Enablers and Dynamic Capabilities

Social enterprises face challenges in balancing their social mission with business. These tensions are present in many ways, interviewees describe quality and pricing of products and services, and what customers value. Many interviewees emphasize that a product or service that comes from a social enterprise is not the reason why customers make buying decisions. In this sense social enterprises compete in similar markets with other enterprises.

One of the key tensions is serving the benefits and considering their terms and conditions while also serving customers. Each firm has different beneficiary groups, with employees as their main focus, many of them are work-integration enterprises. Efforts to integrate inclusive processes, such as employing people with disabilities or offering products that serve a social good, require additional capabilities, time, resources, and modifications to production processes. These have financial implications. In many cases, firms need to test whether their model works, if they have skills to facilitate production in terms that meet also the financial and other realities.

The tension between financial concerns and social mission further intensifies in situations where firms face external pressure. Interviewees describe how Covid pandemic influenced their business. Banks loaning money or investors, despite their growing interest in supporting socially responsible businesses prioritize financial returns. Besides being financially profitable, social entrepreneurs also refer to the need to prove the economic worth of their social endeavours. The concept of "real work" and "real money" is mentioned, emphasizing the legitimacy in the business along with social mission.

Sensing involves spotting opportunities to create value through mechanisms like eco-friendly products and dignified employment and addressing both employee and customer needs. The organizations build mindfulness about specific social challenges. Seizing translates insights from sensing into actionable strategies. It requires decisions that align social impact with financial growth. In all case firms' social mission and business also link with each other. Recognizing societal needs and creative solutions lead to businesses.

Reconfiguring highlights the flexibility of social enterprises in responding to challenges. When financial pressures or market changes arise, interviewees describe how firms made reconfigurations. For example, Case B explored

new B2B customer segments. Case E reassessed the value chain and partnerships. Case C adapted production processes. In each of these decisions both social goals and financial sustainability were considered.

#### **4.2 Value Creation and Scaling Tensions and Enablers and Dynamic Capabilities**

The theme of value creation and scaling within social enterprises presents a tension between staying true to their social mission in value creation. In case enterprises business is not separate from social mission. Value creation has multiple logics. At organizational level firms aim to maintain inclusive, mission-driven processes while responding to market pressures. Recognizing value-aligned partnerships, detecting needs within social contexts, identifying new customer segments requires social enterprises to be reflexive.

Scaling social business is an opportunity to grow desired impact. It requires sensing social needs, social mission and market in new ways. In some cases, interviewees describe their social enterprises have navigated the choice between scalable, broader solutions and the more individualized, handcraft-based work. In one case, industrial scaling opportunities would have changed the work of the primary group they are serving by providing inclusive employment as well as their product and customers. The handcraft-based work has been central to them, a part of their original mission. Scaling growth while staying true to what is seen as social value is managed. They had to make choices about what was more relevant for them, and they chose the original social mission and original business model.

Innovation rooted in the social mission is evident when social enterprises co-create products with beneficiaries and choose ethical revenue models. But there are also tensions, for example in one case handcrafted methods preserve meaningful work but may limit scalability. Reconfiguring internal processes and external strategies is crucial for sustaining and scaling value. Social enterprises evolve practices, service logics, and interactions to meet social and market demands. They restructure partnerships, adapt communication strategies, and create new customer engagement models to serve dual goals. A learning culture strengthens sensing, action, and adaptation, enabling value creation.

#### **4.3 Governance and Relationships Tensions and Enablers and Dynamic Capabilities**

Governance, how the organization is controlled and held accountable, is one of the themes where tensions and synergies of social business are experienced and where dynamic capabilities are needed. Smaller social enterprises have less governance structures. Anyway, in all cases governance directs social business because it is a framework for processing important knowledge, making strategic decisions and governing mission and business. Tensions and synergies can come from multiple levels and some tensions are not related to social mission, but they are tensions that governing any business could have such as orientation to time and managing knowledge. Owners often invest long-term to support the mission or social business. Decisions about board composition and stakeholder involvement can create conflicts among internal and external groups. In governance and managing stakeholder relationships, sensing involves recognizing the need to adapt to changes in the social context and identifying opportunities to engage key stakeholders. Seizing entails the creation of inclusive governance structures that allow social enterprises to bring together the perspectives of diverse stakeholders. This requires adapting and managing tensions too. For example, in Case B, inviting work-integration employees to the board is constrained by external regulations. Despite these tensions, many social enterprises build inclusive governance practices and, in many cases, benefit from community support.

Dynamic capabilities are needed for sensing and managing expectations or uncertainties. There are also external constraints influencing tensions, particularly if social enterprises have official status in their country and they have additional reporting obligations. In addition, there are many kinds of time-consuming information requests or expectations. Social enterprises struggle with external stakeholders' lack of awareness whereas some experience they are expected to provide proof about social impact.

#### **4.4 Summary of Themes**

In the analysis, tensions and enablers were categorized into three groups. They are related to financial survival and social mission, topics related to value creation and scaling and governance and stakeholder relationships. In all these tensions and enablers social enterprises use dynamic capabilities, sensing, seizing and reconfiguring. The purpose guide business choices but there are also trade-offs when something does not work out. Notably, social mission and business are not just causing tension but there are several situations where they align well. Table 2. below presents interpreted themes, dynamic capabilities and exemplifying codes.

Table 2: Underlying themes of dynamic capabilities in managing tensions and enablers

3 <sup>rd</sup> round themes:	2 <sup>nd</sup> round codes about dynamic capabilities	Exemplifying 1 <sup>st</sup> round codes about tensions and enablers
<p><b>Dynamic capabilities related to balancing social mission and financial viability</b></p>	<p>Tensions</p> <p><u>Sensing</u></p> <p>Sensing what it means to “do well” in terms of social mission and financial viability</p> <p>Making strategic priorities</p> <p>Tension between social mission and business model, quality and affordability of services/products while serving social mission</p> <p>Financial challenges</p> <p><u>Seizing</u></p> <p>-Demonstrating market competence, capturing value within market logics without compromising social mission</p> <p>-Challenging trade-offs between serving the target group and meeting internal competence needs</p> <p>Solving financial issues, applying finding</p> <p>Creative inclusive production process</p> <p>Building partnerships</p> <p><u>Reconfiguring</u></p> <p>Growing and scaling</p> <p>Solving problems during crisis</p> <p>Developing product portfolio</p> <p>Enablers</p> <p><u>Sensing</u></p> <p>-Market oriented and social needs and value-oriented opportunity recognition</p> <p>Organizational wide competences for sensing together</p> <p><u>Seizing</u></p> <p>-Framing offering around values and needs</p> <p>-</p> <p>Ability to learn and focus on strategic models that works</p> <p>Seizing opportunities for financial resilience and growth aligned with social mission</p>	<p>“We are doing well because we are taking care of people (with special needs).” (A)</p> <p>“We are doing well because we are doing one thing... you have to focus on main thing. And also doing it for real, you are getting economics and all of it... we are doing real work and getting real money and that is also interesting for our consultants, they are also doing real work, they are doing it on same terms than other people”. (A)</p> <p>“The status of a social entrepreneur doesn’t change anything... even though there is much talk about investors wanting to put their money into ecological and sustainable companies, these companies also need to prove that they are worth investing in... The investor counts on getting their money back and making a profit from it..” (F)</p> <p>“I have tried to integrate employees with mental disabilities. I tried to do it for a year, unfortunately, my trying was unsuccessful.” (D)</p> <p>“They (customers) know that this is a social enterprise, and it can be part of the selling point but it’s not a base that they do buying decision on.” (B)</p> <p>“It takes a little bit more time... Maybe they need some extra help or equipment. Finance is hard. But I think the mindset is more important” (B)</p> <p>“Achieving both social meaning and financial sustainability has required careful balancing.” (C)</p> <p>“The motivation to start (our social enterprise) came from recognizing both a societal challenge and a creative strength among visually impaired individuals.” (C)</p> <p>“It is both environment and the social part of it... So, we make products out of these rugs” (B)</p> <p>“We know that local consumers are more interested in buying local</p>

3 <sup>rd</sup> round themes:	2 <sup>nd</sup> round codes about dynamic capabilities	Exemplifying 1 <sup>st</sup> round codes about tensions and enablers
	<p>Combining multiple value creation mechanisms (social/environmental)</p> <p><u>Reconfiguring</u></p> <p>-Creating practices for value creation while balancing financial and social mission</p>	<p><i>products rather than it is produced as cheaply as possible” (E)</i></p>
<p><b>Dynamic capabilities related to value creation and scaling</b></p>	<p>Tensions</p> <p><u>Sensing</u></p> <p>Mission driven/inclusive processes vs. market/customer expectations</p> <p>Building partnerships takes time, detecting value alignments</p> <p>Choices between scalability vs. handicraft work</p> <p><u>Seizing</u></p> <p>-Trade-off in pricing, between limited reach (high cost) and affordability (more social impact)</p> <p>-Creating meaningful employment and aligning commercial logics</p> <p>-Balancing investment in people and need for operational efficiency</p> <p>-Innovating and keeping social focus</p> <p>-Creating value for common good while having the same rules than other enterprises</p> <p><u>Reconfiguring</u></p> <p>-Managing capacity while growing</p> <p>-Managing resources (time etc.)</p> <p>Enablers</p> <p><u>Sensing</u></p> <p>Recognizing opportunities for in social context or market</p> <p>Listening beneficiaries and stakeholders</p> <p>Building mutually beneficial partnerships</p>	<p><i>“We are talking about things that are hard (with our employees)...We are trying to be as clear as possible to explain...” (A)</i></p> <p><i>“...very much of what we produce at the moment is quite exclusive, and perhaps if it were more affordable then more would be bought and facilitate more social impact if more could be produced. So, yes, the biggest challenge right now is that the cost of this product is quite high.” (C)</i></p> <p><i>“We get a lot of help from the public employment service.” (A)</i></p> <p><i>“It is an online store from which we aimed to seek growth...we can't grow capacity without limit but we can grow revenue by excluding one retailer.” (E)</i></p> <p><i>“We have to play with same rules than any other enterprise... Benefits that we create they are for municipalities and for national level...” (F)</i></p> <p><i>“There's an ongoing challenge in integrating visually impaired individuals into product creation while also ensuring the end products are competitive in the market.” (C)</i></p> <p><i>“Involving visually impaired children in designing the first product...helped establish a meaningful, participatory creative process.” (C)</i></p> <p><i>“We have to play with same rules than any other enterprise” (F)</i></p>

3 <sup>rd</sup> round themes:	2 <sup>nd</sup> round codes about dynamic capabilities	Exemplifying 1 <sup>st</sup> round codes about tensions and enablers
	<p>-Sensing alignment with policy goals and public sector collaboration opportunities</p> <p><u>Seizing</u></p> <p>Co-creation with target groups</p> <p>Adapting services to meet the needs</p> <p>Acting on shared values</p> <p>Obtaining access with the help of public sector</p> <p>Intentionally generating spillover value</p> <p><u>Reconfiguring</u></p> <p>-Reconfiguring internal practices (hiring and orientation)</p> <p>New strategies for new customer segments</p> <p>Adapting and evolving interactions, service-logics and practices</p>	<p><i>“Our employees understand that products are expected to meet a certain level of quality...” (E)</i></p>
<p><b>Dynamic capabilities related to strategy, governing and managing relationships</b></p>	<p>Tensions</p> <p><u>Sensing</u></p> <p>-Envisioning social impact</p> <p>-Lack of awareness from external stakeholders</p> <p>-Misalignments in partnership communication, expectations, values, and institutional logics</p> <p>-Sensing opportunities while ensuring key stakeholders being heard</p> <p>Sensing evolution of social need and context</p> <p>Uncertainty in support structure</p> <p><u>Seizing</u></p> <p>-Tensions in ability to assess and measure social impact</p> <p>-The capability to balance interests and constraints</p> <p>-Building inclusive governance structures and practices</p> <p>-Constraints based on legislation, statutes, labels, rules</p> <p><u>Reconfiguring</u></p> <p>Mechanisms for adapting and orienting resources timely, involving multiple stakeholders</p>	<p><i>“...to measure this social impact is very difficult. We have done it previously.” (D)</i></p> <p><i>“Unemployment agency that I get help from they are very strict with that if you are to have this kind of support system (for our beneficiaries), they cannot be part of company’s board or decision making...that’s the rules...I have to find other ways to make them be part of decision making and so on.” (B)</i></p> <p><i>“For example, I am talking about banks.... Knowledge is very low.” (B)</i></p> <p><i>“I would like to promote social enterprise as something where people make important things happen. If we would not take this textile material they would otherwise go to waste. So, it’s a good thing they are working here producing beautiful things out of these...it’s a real job...I wish policy makers would see it that way and I am not sure if they do.” (B)</i></p> <p><i>“My leadership is very inclusive and very flat organization.” (B)</i></p> <p><i>“If we don’t have a support system, who is going to help us? There need to be funding in policy system that to these kinds of organizations that are part of the support system around us.” (B)</i></p>

3 <sup>rd</sup> round themes:	2 <sup>nd</sup> round codes about dynamic capabilities	Exemplifying 1 <sup>st</sup> round codes about tensions and enablers
	<p>-Lack of legitimacy in the society and market requires competence for building legitimacy (for policy makers and society to notice social enterprises “making important things happen” and the “the real job” of social enterprises</p> <p>Enablers:</p> <p><u>Sensing</u></p> <p>Building shared mission with stakeholders</p> <p><u>Seizing (can also be reconfiguring when they create internal change)</u></p> <p>-Value-based ecosystem alignment (choosing stakeholders based on chosen ethical lens such as locality)</p> <p>-Engagement and inclusive practices</p> <p>Community support/embeddedness in local context</p> <p>Stakeholder awareness</p> <p>Legislation, statutes and labels</p> <p>-Building partnerships and practices with the public sector and other stakeholders</p>	<p><i>“We cooperate. With municipalities we wanted to cooperate very much. .... We have tried, it didn't work out. It didn't seem that municipality was very interested.” (D)</i></p> <p><i>“Social enterprises act based on ideology... .. there are actors who are not in a favor of model that we advocate because investors do not have position in it (our model)... .. if this (our business) grows, it can become market disruption” (F)</i></p> <p><i>“All of our supply chain is domestic. (Our social mission) it is localness and creating employment.” (E)</i></p> <p><i>“We are collaborating with public employment services...we...have this model... When they (employees) are starting, after a period we continue and hire them... After six months it's a regular employment.” (A)</i></p>

## 5. Discussion

This case study illustrates how dynamic capabilities, more particularly sensing, seizing, and reconfiguring processes are described to be built and used in social enterprises. This study categorizes the challenges into three groups (financial survival vs. social mission, value creation and scaling, governance and relationships). These are areas where social entrepreneurs face tensions and develop dynamic capabilities in their firms. They build organizational sensemaking, seizing and reconfiguring. In all these categories they build focus on social mission while also being attuned to the world around them, and all phases of dynamic capabilities are interactional processes with the outside world. They allow them to make strategic choices that prioritize mission-aligned innovation, such as inclusive co-creation or selective growth that maintains meaningful work. Through reconfiguring they adapt internal practices, service logics, and partnerships to better align social impact with financial sustainability. Tensions are managed through experimentation, value-driven decisions, and continuous learning. Regardless of prioritization of social value creation, social enterprises need to achieve competitive advantage, as pointed out by the original dynamic capabilities' conceptualization (Teece et al, 1997). These competences help social enterprises to balance social mission with operational needs. While social enterprises do not seek for market dominance, they still need capabilities for competitiveness as they operate in the market.

These findings offer a perspective on dynamic capabilities within social entrepreneurship. Prior literature on social enterprises has not addressed dynamic capability perspective in governing social enterprise. The findings support the notion by Bhardwaj et al. (2022) about social enterprises shaping their business models to support beneficiaries' sustainable livelihoods by actively engaging them in co-creation and demonstrating seizing capabilities to address social needs. The findings also align with Bhardwaj & Srivastava (2024) as they demonstrate how social enterprises continuously adapt by engaging beneficiaries, shaping business models to

meet social needs, and co-creating sustainable solutions. Also, the themes of alliance building and knowledge management are present. In addition, learning and bricolage are emphasized in cases.

Consistent themes of sensing, seizing, and reconfiguring emerge, highlighting capabilities such as co-creation, alliance building, innovation, learning, and bricolage (Bhardwaj & Srivastava, 2024). These processes are evident in managing financial sustainability, balancing social mission tensions, and addressing synergies in value creation, scaling, governance, and relationships. The ongoing nature of dynamic capabilities is also supported by previous literature (Bhardwaj et al, 2022).

In summary, this study contributes to the literature on dynamic capabilities and social entrepreneurship by illustrating how dynamic capabilities are made sense of. Dynamic capabilities facilitate the identification of societal needs, the mobilization of resources through value-driven approaches, and the development of organizational capabilities that align social mission with market demands. This approach allows for a more detailed understanding of how capabilities develop and are enacted in creating social value.

Data is based on the social entrepreneur's experiences and interpretations of the interviewees. It does not represent the broader population of social enterprises. To better understand dynamic capabilities in social value creation, future studies require broader samples. Future research could explore the mechanisms of value creation in greater depth within specific contexts, considering different types of social enterprises. Additionally, the behavioural micro foundations of the dynamic capabilities should be further studied. It would be valuable for future studies to explore shared meanings and values in developing dynamic capabilities within organizations and ecosystems.

**Ethics declaration:** This study did not require ethical clearance.

**AI declaration:** AI-assisted writing was employed for grammar checking and paraphrasing in some areas. All interpretations were conducted by the authors.

## References

- Başkarada, S. (2014) "Qualitative Case Study Guidelines", *Qualitative Report*, Vol. 19, No. 40, pp. 1-
- Best, B., Miller, K., McAdam, R., & Moffett, S. (2021) "Mission or margin? Using dynamic capabilities to manage tensions in social purpose organisations' business model innovation", *Journal of Business Research*, Vol. 125, pp. 643–657.
- Bhardwaj, R., Srivastava, S., Taggar, R., & Bindra, S. (2022) "Exploring micro-foundations of dynamic capabilities for social enterprises", *Social Enterprise Journal*, Vol. 18, No. 3, pp. 451-469.
- Bhardwaj, R., & Srivastava, S. (2024) "Dynamic capabilities of social enterprises: A qualitative meta-synthesis and future agenda", *Journal of Social Entrepreneurship*, Vol. 15 No. 2, pp. 400-428.
- Ince, I., & Hahn, R. (2020) "How dynamic capabilities facilitate the survivability of social enterprises: A qualitative analysis of sensing and seizing capacities", *Journal of Small Business Management*, Vol. 58 No. 6, pp 1256-1290.
- Dacin, P. A., Dacin, M. T., & Matear, M. (2010) "Social Entrepreneurship: Why We Don't Need a New Theory and How We Move Forward from Here", *Academy of Management Perspectives*, Vol. 24 No. 3, pp. 37–57.
- Di Domenico, M., Haugh, H., & Tracey, P. (2010) "Social Bricolage: Theorizing Social Value Creation in Social Enterprises", *Entrepreneurship Theory and Practice*, Vol. 34, No. 4, pp. 681–703.
- Mair, J., & Martí, I. (2006) "Social entrepreneurship research: A source of explanation, prediction, and delight", *Journal of World Business*, Vol. 41, No. 1, pp. 36–44.
- Pret, T., & Carter, S. (2017) "The importance of "fitting in": collaboration and social value creation in response to community norms and expectations", *Entrepreneurship and Regional Development*, Vol 29 No. 7–8, pp 639–667.
- Schaefer, K., Kearins, K., & Corner, P. D. (2022) "How Social Entrepreneurs' Inner Realities Shape Value Creation", *Journal of Social Entrepreneurship*, Vol. 13, No. 1, pp. 51–70.
- Saldaña, J. (2021) *The Coding Manual for Qualitative Researchers*. SAGE, London.
- Smith, W. K., Gonin, M., & Besharov, M. L. (2013) "Managing Social-Business Tensions: A Review and Research Agenda for Social Enterprise", *Business Ethics Quarterly*, Vol. 23, No. 3, pp. 407–442.
- Teece, D. J., Pisano, G., & Shuen, A. (1997) "Dynamic capabilities and strategic management", *Strategic Management Journal*, Vol. 18, No. 7, pp. 509–533.
- Teece, D. J. (2007) "Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance", *Strategic Management Journal*, Vol. 28, No. 13, pp. 1319–1350.
- Teece, D. J. (2018) "Business models and dynamic capabilities", *Long Range Planning*, Vol. 51 No. 1, pp. 40–49.
- Weerawardena, J., Salunke, S., Haigh, N., & Sullivan Mort, G. (2021) "Business model innovation in social purpose organizations: Conceptualizing dual social-economic value creation", *Journal of Business Research*, Vol 125, pp. 762–771.