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Hybridization of diverging institutional logics through the "common tone": the case of social entrepreneurship.

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INTRODUCTION

Social enterprises are **hybrid organizations**:

- ☐ Entrepreneurial nature VS social-oriented nature
- ☐ Entrepreneurial means VS social objectives

Hybrid org.s are characterized by **conflict between the different natures**:

- ☐ Internal institutional conflict must be managed
- ☐ Extant literature does not explain how integration happens

We argue this happens through **specific processes**:

- ☐ Common tones
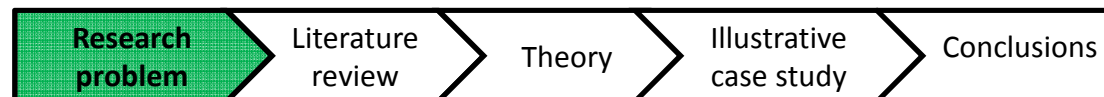- ☐ Value unblocking in social enterprises

Research problem → Literature review → Theory → Illustrative case study → Conclusions
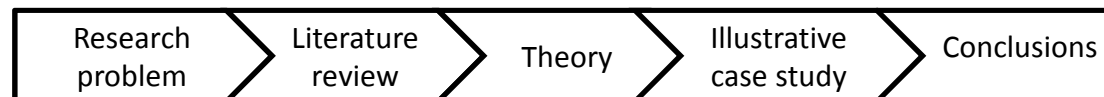
RESEARCH PROBLEM

Each field of action is defined by **specific Institutional Logics**

☐ "Patterns of material practices assumptions, values, beliefs and rules" (Thornton & Ocasio, 1999, p. 804)

☐ "The taken for granted social prescriptions that represent shared understandings of what constitutes legitimate goals and how they may be pursued" (Battilana & Dorado, 2010, p. 1420)

Different/conflicting logics occuring in a particular context
(Greenwood et al, 2011)

☐ Divergent pressures and influences on organizations
☐ Internal institutional conflict between different logics

| Research problem | Literature review | Theory | Illustrative case study | Conclusions |

RESEARCH PROBLEM

Hybrid org.s embrace **different/conflicting institutional logics** at the same time
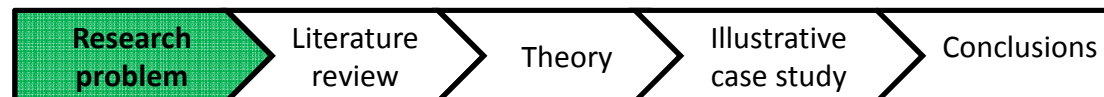(Pache & Santos, 2013)

- ☐ Eg. Social enterprises
- ☐ Social value creation logic VS Economic value creation logic

Conflicting logics inside org. create **tensions that must be managed**:

- ☐ Worse performance (Pache & Santos, 2010)
- ☐ Less likely to survive (Glynn, 2000)

Research question:

- ☐ "How do social enterprises (and hybrid org.s in general) manage **internal** conflicting institutional logics?

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LITERATURE REVIEW

Organizational responses:

Insulation strategies
- ☐ Decoupling (Kraatz & Block, 2008)
- ☐ Structural differentiation (Simsek, 2009)

Balancing strategies
- ☐ Compromising (Pache & Santos, 2010)
- ☐ Selective coupling (Pache & Santos, 2013)

Integration strategies (indirect evidence)
- ☐ Common identity creation (Battilana & Dorado, 2010)
- ☐ Usage of boundary spanners (Villani & Philips, 2013)   **?**
- ☐ Usage of integrated resources (Lee, 2013)

Increasing integration

| Research problem | Literature review | Theory | Illustrative case study | Conclusions |
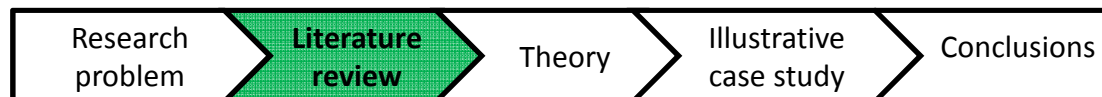
THEORY

The **"Common tone"**:
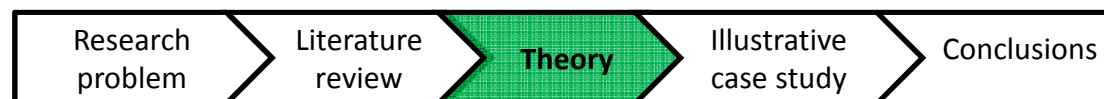Processes/elements that fully satisfy at the same time the **demands of both conflicting logics**:

 In music

- ☐ Different harmonies in a composition
- ☐ Bridged by stressing the common tones between them
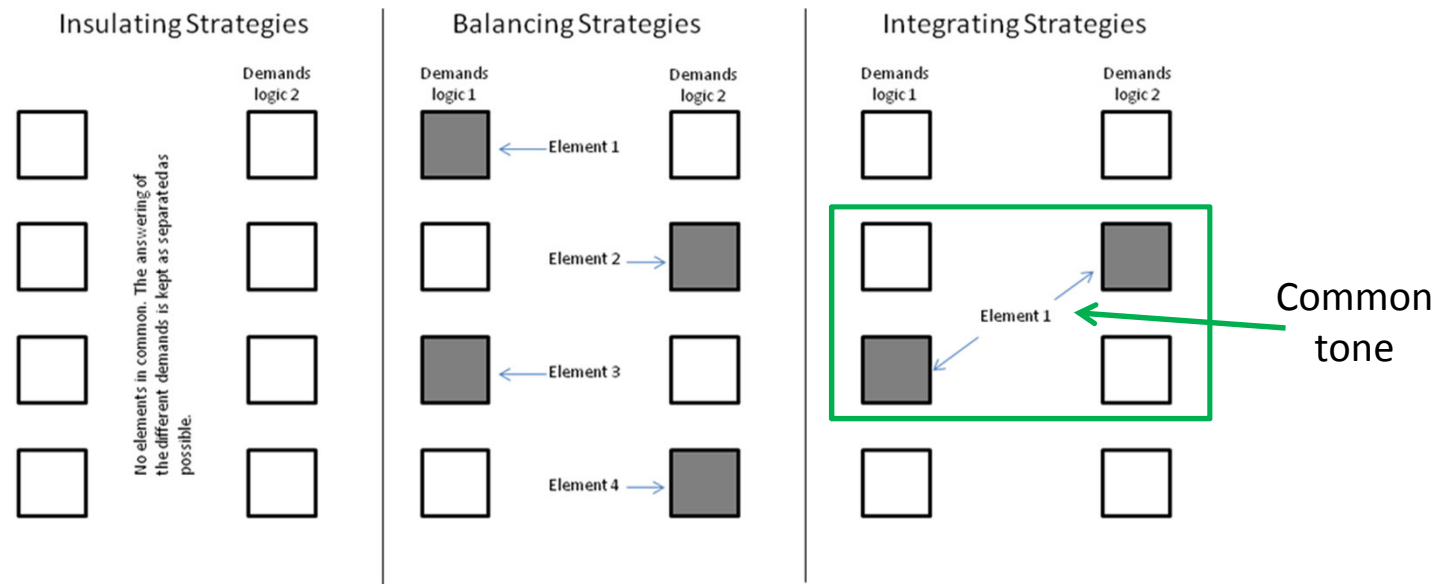
In hybrid organizations:

- ☐ Different logics inside the organization
- ☐ Bridged by leveraging the common elements between them

NB. the further/more conflicting the logics, the less the potential elements in common.
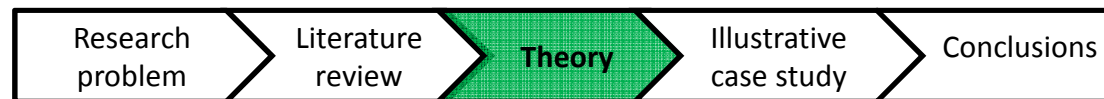
| Research problem | Literature review | **Theory** | Illustrative case study | Conclusions |

THEORY

Organizational responses

Insulating Strategies — Demands logic 1, Demands logic 2. No elements in common. The answering of the different demands is kept as separated as possible.

Balancing Strategies — Demands logic 1, Demands logic 2. Element 1, Element 2, Element 3, Element 4.

Integrating Strategies — Demands logic 1, Demands logic 2. Element 1. Common tone

Increasing integration

Research problem → Literature review → **Theory** → Illustrative case study → Conclusions

THEORY

What **common tones** in **Social enterprises**?

ECONOMIC-IMAPCT -SEEKING LOGIC

SOCIAL-IMPACT-SEEKING LOGIC

Market Analysis

Found raising

Budgeting

Volunteer engagement

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Economic Value Creation Processes:

Production

Social Value Creation Processes:

Financial Speculation

....

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....

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....

Profit Org.

No-Profit Org.

COMMON TONE PROCESSES

Social Entrepreneurship

| Research problem | Literature review | **Theory** | Illustrative case study | Conclusions |

THEORY

What **common tones** in **Social enterprises**?

Processes that satisfy at the same time
- ☐ Social impact-seeking logic
- ☐ Entrepreneurial/economic impact-seeking logic

Unblocking the **economic value** of **disadvantaged individuals**, they also create **social value** through the reintegration of such individuals.

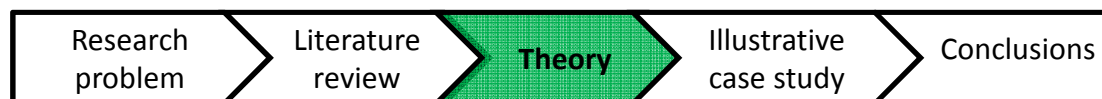These processes satisfy both logics at the same time because

- ☐ They create social value (for the social logic)
- ☐ They create economic value (for the entrepreneurial/economic logic)

Research problem ⟩ Literature review ⟩ **Theory** ⟩ Illustrative case study ⟩ Conclusions
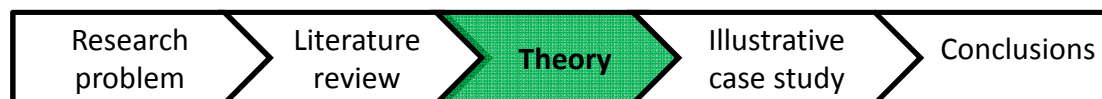
THEORY

The **unblocking process** can be further structured into six phases

- ☐ **Targeting**: approach of the situation of marginalization using social impact logic

- ☐ **Change in perspective**: to the Entrepreneurial/economic impact-seeking logic

- ☐ **Identification of the blockage** preventing marginalized individuals to produce economic value

- ☐ **Removal of the blockage:** depends on the business model of the organization (e.g. sale of a particular good, workforce of disadvantaged individuals etc.)

- ☐ **Change in perspective** to the social impact-seeking logic, allowing to see the social results of removing the blockage.

- ☐ **Outcomes:** economic impact is the economic surplus for the org.
  Social impact is the improvement in the situation of the disadvantaged individuals

Research problem ⟩ Literature review ⟩ **Theory** ⟩ Illustrative case study ⟩ Conclusions

ILLUSTRATIVE CASE STUDY

1) **Targeting**	Kickstart wants to reduce poverty in Kenya
2) **The first change in the perspective**	Around 90% of Kenya population are farmers, whose income depends on how much land they can cultivate.
3) **See the blockage**	Lack of Irrigation techonologies does not allow them to irrigate much land.
4) **Remove the blockage**	Provides them (by selling it) with easy to use and durable water pumps. (here is the economic value for the SE)
5) **The second change in the perspective**	Farmers can increase the amount of land they can farm thus increasing their productivity.
6) **Outcomes**	The increase in productivity means an increase in income of the farmers, benefitting not only himself but also the community around him and reducing widespread poverty

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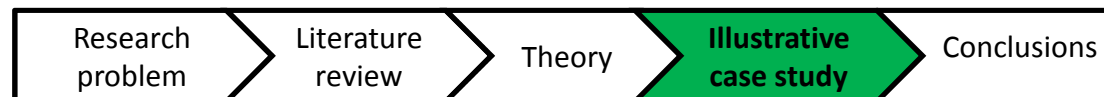
CONCLUSIONS

Contributions on two levels:

Hybrid organizations in general

- ☐ New strategy to manage conflicting institutional logics
- ☐ Integration through "common tones"

Social enterprises

- ☐ Economic value unblocking of disadvantaged people as the "common tone"

| Research problem | Literature review | Theory | Illustrative case study | **Conclusions** |