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Social Entrepreneurship and Institutional Logics

How Social Entrepreneurs use a Non-Profit/For
-Profit-Organizational Mix to Deal with Multiple
Institutional Logics

EGOS Conference Version



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ABSTRACT

This paper presents a key finding of an exploratory empirical study on social entrepreneurship and takes it as a starting point to further discuss and investigate linkages between the field of social entrepreneurship and new institutional theory. Our study finds that there are a significant number of social entrepreneurship ventures who pursue their *single* overarching organizational mission by using a *multiple* organizational form. These social entrepreneurship organizations simultaneously use both a nonprofit and a for-profit organizational arm in order to achieve their mission. We suggest that social entrepreneurs use this organizational mix to better deal with the challenges of multiple institutional logics. Based on a discussion of this phenomenon with regard to institutional logics, organizational forms, and institutional entrepreneurship, we derive ten hypotheses that elaborate this claim. We then conclude by delineating avenues for further empirical research.

1. Introduction

This paper presents a key finding of an exploratory empirical study on social entrepreneurship and takes it as a starting point to further discuss and investigate linkages between the field of social entrepreneurship and new institutional theory. Social entrepreneurship aims at creating social change through entrepreneurial (innovative) means with the objective to reduce or alleviate social grievances such as poverty or disintegration of minorities (Douglas, 2007; Elkington & Hartigan, 2008). As a fairly young field of research, social entrepreneurship has invited scholarship from diverse academic disciplines and theories. In recent years, (social) entrepreneurship scholars have started to apply the vast body of knowledge on institutional theory to an entrepreneurship context (e.g. Bruton, Ahlstrom, & Li, 2010; Townsend and Hart, 2008; Veciana & Urbano, 2008).

The empirical phenomenon, our research directs attention to is that there are a significant number of social entrepreneurship ventures who pursue their *single* overarching organizational mission by using a *multiple* organizational form. These social entrepreneurship organizations simultaneously use both a nonprofit and a for-profit organizational arm in order to achieve their mission. In light of this finding, we hold that this paper will also be of great interest to organization study scholars. Despite first conceptual works on organizational forms in the social entrepreneurship context (Townsend & Hart, 2008), so far, to the knowledge of the authors, there has been no empirical or conceptual work on a nonprofit-for-profit organizational mix. Therefore, the purpose of this paper is to discuss potential explanations by using institutional theory, particularly institutional logic, organizational forms and institutional entrepreneurship with the aim to develop a research framework for further investigation.

We build our argument in five steps. The first three steps outline the background in regards to the conducted study whereas the final two establish the link to institutional theory and develop a framework for future empirical research.

In a first step, we will give a brief overview on the status quo of social entrepreneurship research focusing on its pre-paradigmatic stage and the consequential lack of theorization. In a second step, we will use this as a starting point to explain the necessity of an exploratory study in order to find areas in which theorization would be of use. This part also illustrates the methodology of this exploratory study into 40 social entrepreneurship organizations. In a third step, we will present our selected finding on mixed organizational forms which constitutes the thematic basis for the following discussion. The fourth step then discusses this finding based on previous work on institutional theory and social entrepreneurship. Coming to the conclusion that these works are not sufficient to explain the found phenomenon, we go on to drawing upon institutional logics, organizational forms and institutional entrepreneurship as a source of potential explanation. Based on these linkages, we derive preliminary hypotheses for further research. In the fifth and final step, we develop a comprehensive research framework designed to test the identified hypothesis. We conclude our paper with some final remarks.

2. Literature Overview on Social Entrepreneurship

This section will give a brief overview of the literature on social entrepreneurship paying particular attention to the stage of research as well as on current research streams.

In academic time, social entrepreneurship is still in its infancy (Nicholls, 2006; Dees, 1998) and as such still very phenomena-driven (Mair & Marti, 2006) or in other words in a pre-paradigmatic state (Nicholls, 2010).

Consequently, many authors are focusing on the challenge of defining social entrepreneurship, thereby emphasizing both the need and difficulty of getting hold of the field and its scope (Brooks, 2008; Carto & Miller, 2008; Defourney & Nyssens, 2010; Martin & Osberg, 2007; Nicholls, 2010; Weerawarden & Mort 2006). Moreover, as a result of the debate on definitions, certain schools of thought are starting to emerge. Dees and Anderson (2006) suggested the following two: the *Social Innovation School* in which the focal point is the innovative process creating social change regardless of the type of organizational embeddedness, and the *Social Enterprise School* according to which social entrepreneurship refers to those organizations who pursue a “normal” business model and then invest their profits for the social good. European researchers (e.g. Defourney & Nyssens, 2010) added a third understanding which takes the prevailing European welfare state systems into consideration.

In this paper, we will follow a perspective on social entrepreneurship ventures as highlighted in the Social Innovation School according to Dees and Anderson (2006) for two main reasons. First, we focus on mission-driven ventures with a social purpose that try to affect social change. Building upon a more general notion in entrepreneurship research, we thus focus on a Schumpeterian process of “creative destruction” (Schumpeter, 1942; 2008) that highlights the importance of innovation. Secondly, the Social Enterprise School is based on a specific organizational form. Yet, pre-defining social entrepreneurship in terms of a specific organizational form does not permit to look at the phenomenon of non-profit/for-profit organizational mixes. As this, however, is the point of interest in our research, this School’s understanding of social entrepreneurship is unsuitable for our purposes. In this paper, we therefore follow a Social Innovation School perspective and define social entrepreneurship as the entrepreneurial process of tackling social grievances by reducing or alleviating their causes. Here, “entrepreneurial” refers to, from a Schumpeterian perspective, combining resources in a new way to create more efficient and/or effective means of operation.

In addition to focusing on defining the scope of social entrepreneurship, current social entrepreneurship research is mirroring general entrepreneurship literature by emphasizing the role of the social entrepreneur as an individual. The aim is to understand their motivation, beliefs, skills and competencies (e.g. Bornstein, 2008; Ryzin, Grossman, DiPadova-Stocks, & Bergrud, 2009). In some cases, this even results in a „heroization“ effect where social entrepreneurs are no longer seen as an object of study but as heroes thus, leading to a loss of reflective perspectives on the social entrepreneurs’ operation’s effectiveness.

Another stream of research tries to analyze the effects of social entrepreneurship on society. Their research objective is to be able to measure the output (direct consequences of action) and impact (consequences of action adjusted to what would have occurred anyway) of social ventures (e.g. Achleitner, Bassen, & Röder, 2009; Ashoka, 2006; nef, 2004; Nicholls, 2009).

Yet another stream of research deals with the special circumstances social entrepreneurs face. One such approach is to use insights from institutional theory (Mair & Martí, 2006). Institutionalism is then used to describe and explain how social entrepreneurs often operate on unchartered territory where they occupy spaces between governmental institutions and private actors that have previously been vacant (Mair & Martí, 2009). Other authors have, therefore, argued that social entrepreneurs are frequently embedded in environments with institutional ambiguities (Townsend & Hart, 2008). Yet, the analysis of institutional theory and its potential learnings for social entrepreneurship are almost limited to the examples above.

The early stage of social entrepreneurship as a field of academic scholarship is also mirrored by the predominant methodological approaches to empirical research. So far, most contributions are still very much phenomenon-driven and based on single cases or small samples which are mostly narrative or descriptive (e.g. Mair & Martí, 2009a; Tracey & Javis, 2006).

As this brief overview shows, research on social entrepreneurship has two main shortcomings. (1) Social entrepreneurship research is still beginning to explore the application of 'broader theories' i.e. attempts to relate well-established theoretical knowledge to the phenomenon that is social entrepreneurship. (2) Social entrepreneurship research is still in need of broad empirical studies as it is currently mainly phenomena-driven, with a strong focus on descriptive single case studies.

In order to address these shortcomings, particularly the first, a valuable research avenue is to conduct broad exploratory studies. Such exploratory studies can be used to identify empirical patterns needed to start applying theories, thus starting the theorization process. The following two sections shortly present the methodology and selected findings of such exploratory work.

3. Methodology

This section will present the main points of the methodology of our conducted exploratory study. It will, first, outline the research design. Following, we describe our research sample and the method of data collection analysis. In a final step, we will address limitations inherent to our chosen research design and method of data collection.

3.1. Research Design

As outlined in the previous section, the field of social entrepreneurship is still very much uncharted. As of now, there is no widely accepted theory or emerging set of accepted theories of social entrepreneurship, despite efforts of various authors (e.g. Dees & Anderson, 2006). Consequently, there is no clear theory to derive hypotheses from. A deductive approach is thus not applicable in this case (Creswell & Clark, 2010), creating the need to follow an inductive approach. One means of inductive research are exploratory studies. In general, exploratory studies are used when a researcher has identified an area of interest but is still unsure what the findings might be (Stebbins, 2011). As the number of academic articles on social entrepreneurship has significantly increased over the past 18 years, it can be argued that social entrepreneurship clearly presents a field of interest (Short, Moss, & Lumpkin, 2009). Yet, as mentioned earlier, we are still at an early stage of identifying relevant empirical patterns. As a result, an additional “exploration for discovery” (Stebbins, 2011, pg. 8) is needed, we decided to conduct an exploratory study through which we intend to generate testable hypothesis for further research.

Even though, exploratory studies can be done both qualitatively and quantitatively (Stebbins, 2011), we decided to do a qualitative interview study. By allowing social entrepreneurs to answer openly, we were able to identify topics worth of further investigation which otherwise might have been lost.

3.2. Research Sample

During our study which took place between December 2009 and January 2011, we interviewed 40 of the 235 social entrepreneurs that have been awarded in Europe by Ashoka (also called: Ashoka Fellows).

Before elaborating on the reasons for choosing Ashoka Fellows, we will briefly give some illustrative facts about the organization Ashoka. Ashoka was founded in 1981 by Bill Drayton, a former McKinsey consultant. Today, it is the world's first and largest organization in the field of social entrepreneurship practice (Ashoka, 2011a; Sen, 2007). The objective of Ashoka is to identify, award and support social entrepreneurs worldwide. Ashoka defines social entrepreneurs as: “... individuals with innovative solutions to society's most pressing social problems.” (Ashoka, 2011b). So far, Ashoka has awarded more than 2,500 Fellows in over 60 countries. The European division started off in 1995 with operations in East and Central Europe later followed by operations in Western Europe. Those social entrepreneurs awarded by Ashoka receive a three-year stipend covering their living expenses as well as

pro-bono consulting in business development, marketing, legal questions and many more. Additionally, there are introduced into the global Ashoka network.

Ashoka Fellows were chosen for two very closely related reasons: (1) As outlined in the literature overview on social entrepreneurship, we follow the Social innovation School which places the emphasis on *innovation* rather than other aspects such as organizational forms (Dees & Anderson, 2006). As shown above, Ashoka's definition of social entrepreneurs has innovation in its core. Moreover, Ashoka does not have any criteria that predefine any specific organizational form requirements. (2) Due to the lack of a clear-cut understanding of social entrepreneurship (Brooks, 2008; Carto & Miller, 2008; Weerawandera & Mort, 2006), no mutually exclusive criteria can be determined enabling researchers to identify those social entrepreneurship organizations that can be agreed upon. This fact strongly exacerbates sampling. To resolve this issue, we chose to interview Ashoka Fellows as they all have gone through the same one-year rigorous selection process (Ashoka, 2011a) and therefore fulfil the same base requirements (including innovativeness). As Ashoka is probably the most established and most widely recognized program, it can be argued that those individuals and organizations identified by Ashoka provide a useful reference group in the still fragmented scholarly debate about social entrepreneurship. Also, since all Ashoka Fellows need to fulfil the same rigorous selection criteria, the sample offers a certain degree of comparability despite the fact that the Fellows stem from diverse sectors and different national backgrounds.

In order to additionally increase comparability of data, a geographical focus on Europe was chosen. All Ashoka Fellows interviewed operate in either EU countries (Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Poland, Spain, Sweden and the UK) or countries closely linked to the EU (Iceland, Norway & Switzerland). Ashoka Fellows from Hungary and Lithuania were also contacted but did not respond. Given this sample, all 40 organizations thus operate in welfare state systems.

3.3. Data Collection and Analysis

All 235 European Ashoka Fellows were included in the sample and tried to be contacted. However, this was impossible in 52 of the cases where contact information were either obsolete or could not be found despite intensive searches. However, the remaining 183 social entrepreneurs were requested to participate in an interview of which 40 agreed.

During the telephone interview, we capitalized on a semi-structured interview in which open questions were asked to give interviewees the possibility to respond freely and without guidance (Silvermann, 2008). The topics covered during the interview included a self-description, success and success factors, barriers and supports, method of expansion, and wishes for the future. All interviews were done by the first author thereby ensuring comparability of the interview process. Interviews were conducted in English, French and German in accordance with the linguistic abilities of the interviewer. All quotes cited in this paper that come from interviews conducted in French or German were translated by the interviewer and carefully checked by the second author.

Once the interviews were completed, they were transcribed and analysed using the software Atlas.TI (Lewins & Silver, 2007). During the analysis, we used a thematic approach by capitalizing on open and emergent coding (Saldana, 2009). This process was repeated during several intervals with both authors discussing the emerging codes in order to control for a single person coding bias.

3.4. Limitations

This study has three main research limitations. (1) Since interviews were conducted in English, French and German, some interviewees could not respond in their Native language which could have led to certain inaccuracies in their responses. (2) We only interviewed Ashoka Fellows. Therefore the results could be biased for that reason. (3) Financial and time restraints made it impractical to travel to the interviewees across Europe. We therefore conducted telephone interviews. Yet, there might have been slightly different results in face-to-face interviews.

4. Findings

The most striking finding we want to single out in this paper was that a significant number of social entrepreneurs have split their activities in two branches and now operate multiple organizations with at least one operating as a non-profit and at least one operating as a for-profit organization. We will present this finding by first giving an overview on the descriptive statistical facts about the organizations in the selected sample. Then, we will outline the spontaneous non-prompted responses by the interviewees.

4.1. Young to middle-aged, small and diverse: the non-profit-for-profit mix organizations

More specifically, eight of the 40 organizations operate with multiple organizations, while one is planning to and another one switched from non-profit to for-profit. This is an astonishing finding. Although the interviewees were not specifically asked about organizational forms, almost one fourth of the sample highlighted that they have come to operate with more than one entity in order to achieve the social venture's mission. Generally speaking, these organizations tend to be older than the average organization in the overall sample. While the second largest group in the overall sample is the group of organizations between 0 and 5 years of age, none of this group reported to use two organizational forms. Among the latter, the youngest organization was founded in 2004 and the oldest in 1989. The sample is about divided with half of the organizations aged between 6 and 10 and the other half above 11 years of age with two organizations older than 20 years (out of 3 such organizations in the general sample). Figure 1 gives an overview of the founding years of the identified multiple-organization-ventures.¹

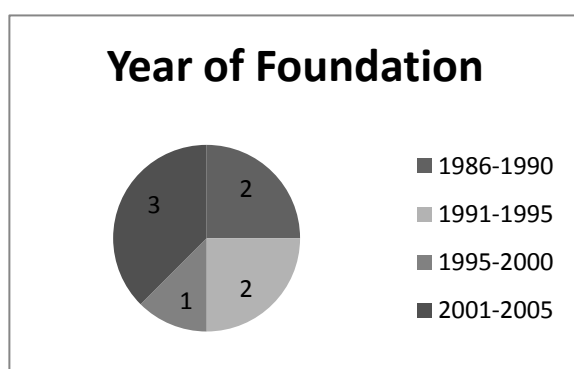


Figure 1: Distribution of Year of Foundation in the selected sample

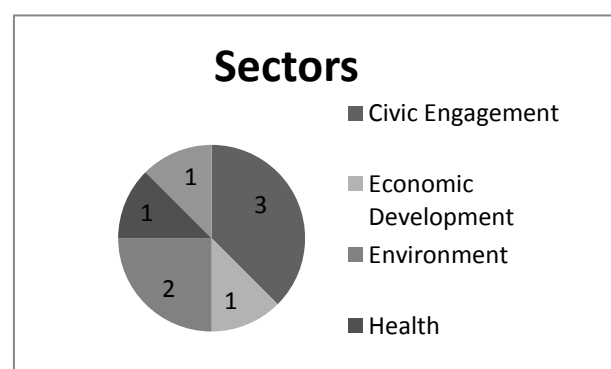


Figure 2: Sector² of organization

¹ Due to the online accessibility to the Ashoka database and the small sample, data needs to be presented as such to preserve anonymity. If putting age of organization and sector into one graph, it is very easy to deduce which organization is meant.

² Sector denomination were taken from the Ashoka website (www.ashoka.org)

From a sector perspective, there are no clear tendencies recognizable. Despite the fact that there are only nine organizations, five of the six sectors as distinguished by Ashoka are found here (Human rights is missing).

Moreover, this behaviour does not seem to depend upon organizational size either as the organizations' size ranges from three to over 90 employees with a slight tendency towards organizations which exceed 30 employees. However, there are no organizations which would be considered large as they do not exceed the necessary 250 employees required by the European Union definition (TCEC, 2003)

The country of origin also does not give a clear picture on the background of those organizations operating in a non-profit-for-profit mix. Here five of the nine organizations were founded in Germany. All other countries were only represented once each. However, in order to qualify this, it is necessary to say that 18 of the 40 interviews were conducted with German Ashoka Fellows. This has two main reasons. First, the German Ashoka Fellow group is larger than all other Western European groups.³ Second, while some of the Central and Eastern European countries do have larger groups of Fellows (e.g. 69 in Poland), they also represent the largest group of those Fellows that could not be found or contacted.⁴

A clearer picture can be drawn for the order of founding the two organizations. In seven of the nine organizations who have already got two organizations or are planning to do so, the non-profit organization was founded first. However, there is also the group of the remaining two organizations in whose cases the for-profit organization was founded before the non-profit arm or simultaneously, respectively

4.2. Self-reported reasons for the non-profit/for-profit mix

First of all, it is of great importance to repeat that none of the interviewees were asked about various organizational forms. They themselves brought this theme up when responding to various aspects of the interview by raising the question from which organizations' perspective the answer was supposed to be made from.

The reported reasons why they decided to found an additional organization were plentiful, yet seem to revolve around the issue of barriers encountered during their years of operation.

One of the interviewees explained that his non-profit organization was not able to demand normal prices when offering professional products and services on the market. Or, and even more significantly, that the NGO and its product portfolio was not taken seriously in the first place:

³ For example, Ireland only has eight, the UK eleven, and Belgium four, Sweden three and Denmark one Ashoka Fellow while there are 35 Ashoka Fellows in Germany as of December 2010.

⁴ One reason might be that many of them were awarded in the second half of the 1990s and might have stopped their operation or changed their organizations' name, thus the links provided on the website are dead ends. Moreover, in some cases no links were provided. Here, the authors did an extensive search by using both the organizations' names (if only provided in an English translation, they asked people with Native or fluent language competencies in the respective language) as well as for the Ashoka Fellows' names, yet in many cases this was unsuccessful. To resolve these issues, we tried to contact the local Ashoka offices but did not receive any responses. Third, of those who could be contacted (in English), not many responded which is most likely due to language barriers.

“Well, part of the enterprise can do things that can help the NGO in the sense that we can create [...] materials, digital materials, advanced technological materials. I tried to [do] this with the NGO; my personal clients didn’t believe me. The prices an NGO can get were lower than being an enterprise and competing in the market like any other enterprises.” F2

This statement indicates that there seem to be problems when nonprofit organizations try to sell specific products which are otherwise offered by the commercial sector despite the fact that they might be highly competitive in terms of price and quality.

However, this does not only hold true when nonprofit organizations deal with commercial organizations but also the other way around. The statement given by another interviewee explains in detail why they decided to found a nonprofit organization after having successfully run a for-profit for many years.

“I think I have proven now within the first many years that I am not in this to earn a lot of money, then I should have chosen some other [venture] but, actually I could, if it was a for profit company, I could decide to cash-in and sell some of the company to investors and become a rich man. And everyone, that has helped me on a voluntarily basis, may find it not so good, that they give a lot of their time and expertise on the pro-bono basis to see me cash-in and become a rich man after a while. So I think it is not my intention to cash-in, but the only thing I can really prove that and make it transparent to all the stakeholders was to found a not for profit entity” F4

Another interesting fact about F4’s account is that nowadays the nonprofit organization is the parent organization of the for-profit despite its founding has taken place many years later.

One interviewee related their own situation back to, from their perspective, inherent difficulties in the general NGO sector. They referred clearly to the difficulty of operating as an NGO and trying to be flexible and innovative (which is a core feature of social entrepreneurship) due to from the social entrepreneur’s standpoint, inherent problems of the NGO movement.

“The conflict of interest that’s innate in all NGOS, I think has been a major barrier [for our work]. In that the NGO movement has this fundamental conflict. Where they raise [a] venture their reason to exist is to benefit poor people but they also exist as organizations and they therefore have to make sure that they fund themselves and because of the NGO the charity model, it requires them to have high profile. Often their activities are geared more toward raising their profile than they are to their fundamental mission of helping people. And this impedes change. Because if your whole fundraising and financial model is based on your profile, to embrace a new idea that is fundamentally better than the previous idea requires that you admit that what you were doing before was suboptimal and not that effective. And of course that damages their PR: and so in the initial uptake of the community-based model for [solving a specific problem] many of the major NGOs were opposed because they saw it as a threat because it threatened their image of always doing everything perfectly.” F1

Regardless of the difficulties that lead to the observed two-organization-mix, interviewees also referred to benefits they have so far encountered from choosing this method:

“The NGO can benefit from the technological potential of the enterprise of the quality of the content created by the enterprise. And the enterprise can also benefit from the ideas projects something connected. What I have in my mind which is not reality yet, but I am a working on it, is the “flux” between both organizations [he or she then explained that “flux” means that something grows in both directions]” F8

In addition to these indications on why social entrepreneurs choose to operate in multiple legal entities, our findings also suggest that the operation of the two different entities is done very differently. This is particularly apparent in the interviewee's responses to how they define success and the respective success meters. When referring to their for-profit organizations, most of them named financial meters such as profit, sales or achieved prices. In contrast, when speaking of their nonprofit organization the same interviewees mentioned success meters such as addressing everyone who is in need of help, maximum global impact or job satisfaction of their employees. Similar logics were found in the responses to their success factors which varied between very professional executive boards (for the for-profit) to very enthusiastic people (nonprofit). Given these significant differences, it is important to recall that *both* organizational legs do not engage in separated areas but are used to simultaneously advance the same overarching social mission.

5. Discussion

Social entrepreneurship is a young field of research and still at an early stage of getting embedded into broader theoretical discourses. In this discussion, we draw on one theoretical approach to try to gain insights into the identified specificities: neo-institutionalism. We will first briefly present existing usage of institutional theory on social entrepreneurship and will then go on to discussing other potential linkages paying particular attention to institutional logics, organizational forms, and institutional entrepreneurship. Particularly, in the latter, we will draw upon the outlined findings described earlier, thereby generating testable hypothesis that are then used as a basis for developing the research framework described in the final section of this paper. First, however, we will discuss in-depth theory-based explanations of why social entrepreneurs decide to operate multiple forms of organizations.

5.1. Existing work on linking social entrepreneurship and institutional theory

Before going into the detail of some of the studies or conceptual works on social entrepreneurship and institutional theory, it is essential to briefly state what is meant by *institutions* as this varies between academic disciplines. From an institutional theory perspective, institutions are understood as sets of rules that guide the behavior of individuals and groups (e.g. Berger & Luckmann, 1967; Friedland & Alford, 1991; Havemann & Rao, 1997; Scott, 2011).

One of the earlier works on social entrepreneurship and institutional theory was done by Dart (2004) who used Suchmann's (1995) typology of legitimacy to identify which form of legitimization is most suitable for social enterprises. It is important to note that Dart specifically names social enterprises rather than social entrepreneurship by which he excludes some of the nonprofit forms of social entrepreneurship. Put differently, Dart follows the perspective of the Social Enterprise School of thought (Dees & Anderson, 2006), thus identifying social entrepreneurship by a specific organizational form. As a consequence, his conceptual work is of limited use for explaining the identified nonprofit-for-profit-mix of organizations.

In other works, social entrepreneurship and institutional voids (Mair & Marti, 2009b) were the focus of attention. Institutional voids are understood as areas in which organizations can operate and are not faced with existing institutions or established rules of operation. This often occurs in emerging markets or in fields that are so far uncharted. The idea of uncharted institutional territories is used to focus on how social entrepreneurs operate in areas where there are no rules as of now (Mair & Martí, 2006). Similar work has been done on social entrepreneurship and institutional ambiguity (Townsend & Hart, 2008). This line of literature, again, focuses on the uncertainty deriving from the absence of well-established markets or other governance schemes to tackle social needs. It is important that "market" here does not necessarily refer to economic concepts of markets for monetarily priced goods and services but can also refer to a market for beneficiaries or similar.

While these contributions have provided important insights about the institutional embeddedness of social entrepreneurship, they do not explain why social entrepreneurs

decide to operate two separate organizations. This literature does not look at multiple organizational forms and thus offers no clear conceptual account for how operating two organizations might decrease, or increase for that matter, the effects of institutional ambiguity or voids.

5.2. Institutional Logics, Organizational Forms, and Institutional Entrepreneurship

Before going into the discussion on social entrepreneurship and its potential linkages to new institutional theory, we will briefly address an important objection that might question the benefit or even relevance of taking a neo-institutional perspective on the observed phenomenon of multiple organizational forms in social entrepreneurship ventures. In fact, this objection helps to raise a highly relevant point.⁵ Social entrepreneurs do not operate in vacuum. Rather, their strategy options are highly contingent upon their regulatory environment. This is particularly true with regard to the choice between a for-profit or a non-profit organizational form. Many of the specific advantages of both legal entities are largely defined by regulatory provisions. The probably most obvious one is tax law. For-profits have to pay taxes while non-profits are typically tax-exempt. Also, non-profits are often allowed to accept tax-deductible donations. For-profits, on the other hand, can spend money more easily and fully engage in income-generating activities when non-profits might risk their special tax status.

Given these regulatory effects, a quick explanation for the observed phenomenon of multiple organizational forms might be that these multiple entities are simply the product of easily observable legal necessities. While such regulatory influences are certainly an important factor, we argue, however, that a too simplistic explanation leaves out as much as it elucidates. Most importantly, a too narrow perspective on, say, tax law fails to account for the significance of other factors beyond mere tax considerations that impact the diverse interactions of a social entrepreneurship venture with its different stakeholders. Social entrepreneurs need to recruit talented staff, they often rely on the work of volunteers, their ventures regularly cooperates with other partners, and their organizations often offer products and services to customers in the market. Tax regulations might influence these interactions somehow but they are certainly not the only influence. Rather, there are other highly important factors including different expectations, competing concepts of legitimacy or belief and value systems.

“I tried to [do] this with the NGO; my personal clients didn’t believe me.” (F2) This part of a quote outlined in the findings section illustrates that there is more to the phenomenon of multiple organizational forms than merely two different legal necessities. In other words, the effects of the regulatory framework are an important element of the story but not the whole story itself. For this reason, we turn our discussion to new institution theory perspectives which we believe useful for theorizing this broader story. To this end, we first turn our discussion to a strand of new institutional theory that deals explicitly with beliefs and values:

⁵ These arguments came up in various discussions with scholars focusing on traditional charity organizations. After asking for specific literature on this, we were informed that this constitutes empirical knowledge in the field but there has not yet been any work done on it.

institutional logics. In the subsequent sections, we will then integrate the discussion on organizational forms and institutional entrepreneurship in order to gain even deeper understanding of what is potentially happening.

5.3. Social Entrepreneurship and Multiple Institutional Logics

Institutional logics are sets of values and beliefs that guide individual behavior (Friedland & Alford, 1991; Greenwood, Diaz, Li, & Lorente, 2010; Thornton, 2004; Thornton & Ocasio, 1999; Thornton & Ocasio, 2008). They enable individuals to create meaning (Friedland, 2002; Greenwood, et al, 2010). One important aspect here is that institutional logics have both a material and a symbolic component (Friedland & Alford, 1991; Thornton & Ocasio, 2008).

Overarching institutional logics that have been identified are: the capitalist markets, the bureaucratic state, families, democracy, professions, and religion (Thornton & Ocasio, 2008). However, there has been additional work identifying institutional logics at a smaller scale. Examples include logics of “small economies” (Ornì, 1991), “lone founders” (Miller, LeBreton-Miller, & Lester, 2011) as well as “nations” (Lou, 2007; Tan & Wang, 2011). While these examples all draw upon Thornton & Ocasio’s main institutional logics, the authors’ aim is to either show how a combination of these logics leads to a new one or how institutional logics can differ depending on the context.

Most of these and other conceptual or empirical work in the context of institutional logics deals either with changes in institutional logics over time (e.g. Lounsbury & Pollack, 2001; Thornton & Ocasio, 1999) or with the conflict that arises when more than one institutional logic occurs in a specific context (e.g. Currie & Guah, 2007; Greenwood, et al, 2010; Reay & Hinings, 2009; Thornton & Ocasio, 2008). According to the literature, there might be multiple logics existing at the same time (Greenwood, et al, 2010) and there is no need for a dominant logic (Greenwood, et al, 2010) as often searched for by many authors (e.g. Tracey, Phillips, & Jarvis, 2011; Obloj, Obloj, & Paratt, 2010).

Following this argument, we will first go on to discussing the linkages between social entrepreneurship in general before shedding light on the nonprofit-for-profit mix.

When pursuing their specific mission, social entrepreneurs are typically driven by a strong intrinsic motivation to alleviate or solve a social issue. In fact, as other findings of our exploratory study have shown empirically (Zeyen & Beckmann, 2011), for many social entrepreneurs it therefore is not important if their organization will sustain as long as the social problem is resolved. To achieve such a solution, social entrepreneurs, as highlighted by the Social Innovation School, seek to devise, implement and diffuse a social innovation.

Taking such a social innovation perspective helps to highlight that social entrepreneurs often address issues that the conventional players in the existing governance schemes of the state and the market have so far failed to solve or even to notice. These more established players often follow somehow well-defined and settled institutional logics. Social entrepreneurs, then, focus on social issues that arise at the blind spots of existing problem-solving arrangements. In order to address these issues, they mobilize resources from diverse backgrounds and

different sectors and then recombine them in new ways. A social entrepreneur's social innovation is therefore prone to combine multiple institutional logics.

To illustrate this, we will make use of the arguably most well-known social entrepreneur worldwide, Muhammad Yunus, and his Grameen Bank as an example. Yunus was awarded with the Nobel Peace Prize for his work to alleviate poverty in 2006. The idea of Grameen is to provide the poorest of this planet with capital via the novel instrument of micro-credits (Yunus, 2007). Note how this social innovation combines existing elements of different background. Issuing loans is clearly an action very common if not at the core of the professional logic of finance. Yet dealing with poor people without collaterals clearly is not. At the same time, while working with the poor has been highly compatible for organizations characterized by the institutional logics of religion, family, or the bureaucratic state, the idea of making a profit with the poor was not. While it is difficult to determine which institutional logics influence and dominate the Grameen bank and its social innovation of micro-credits, it appears plausible that this story involves the interaction of multiple institutional logics.

Since social entrepreneurs typically create solutions by recombining elements in new ways where well-established problem-solving schemes have failed, we therefore derive the following hypothesis:

H0: Social entrepreneurs (devise social innovations that) operate between multiple institutional logics.

In the case of Muhammad Yunus, it seems evident that the Grameen Bank did not only follow a strict professional logic of conventional finance. It is less evident what other institutional logics played into this case. This leads to the question of whether there might even be an alternative explanation: Maybe social entrepreneurs such as Yunus do not deal with multiple institutional logics but follow a distinct "social entrepreneurship institutional logic". From a theoretical point of view, a key concept to discuss this explanation is the idea of organizational fields. An organizational field is a structure that includes all main actors in a specific context that is governed by a certain mix of institutional logics (Greenwood, et al. 2010; Thorton & Ocasio, 2008). It therefore includes individuals, groups, suppliers, buyers and many more. In the case of social entrepreneurship, such actors who might constitute an organizational field are emerging. Support organizations for social entrepreneurs are increasing in numbers and scope (e.g. Ashoka, Schwab Foundation for Social Entrepreneurship, Skoll Foundation, BonVenture and Social Impact Bonds). Scholars, journals, and special media dedicated to social entrepreneurship are emerging. Finally, more and more core actors are referred to and call themselves social entrepreneurs. Despite these trends, however, it needs to be recalled that organizational fields are powerful structures that cannot be changed by individual efforts such as Ashoka's agenda setting (DiMaggio & Powell, 1983). Moreover, in the case of a potentially evolving organizational field of social entrepreneurship, the borders to other areas are still highly vague and blurred, as illustrated, for example, by the multitude of competing understandings and definitions. Also, the community is still very small with a high volatility in terms of attention, people, and themes.

As a result, it can be argued that social entrepreneurship does not (yet) constitute a separable organizational field and, thus, does not have its own institutional logic. Consequently:

H1: Social entrepreneurship does not (yet) follow a well-defined distinct “social entrepreneurship institutional logic”.

The struggle some nonprofits faced to cooperate “eye-to-eye” with businesses shows that there might be potential difficulties in transporting the intended message from the nonprofit to the for-profit and vice versa. Moreover, it seems to show that the existing sets of values and beliefs forming the prevailing institutional logics on the customer side are not entirely compatible to those on the provider’s side. In concrete terms, the interviewed nonprofits were not taken seriously by the potential business customers’. Mirroring this, one social entrepreneur who operated his social venture with a for-profit organization only decided to start up a nonprofit organization as to convince particular stakeholders that he or she is not in it for the money but has sincere intentions in respect to the social good.

We interpret these findings as indicating that some social entrepreneurs are struggling with the fact that they are operating between at least two institutional logics e.g. between family, religion, profession and market logics.

Given multiple logics, social entrepreneurs would be expected to face problems in communicating what their objectives are. In fact, this is exactly what the results of our empirical study suggest. The vast majority of all 40 social entrepreneurs we have interviewed name as a key barrier to achieving their mission the difficulty of making people understand what they do and convincing them that it is a ‘good’ idea. Linking this finding back to the literature overview on institutional logic, it seems as if social entrepreneurs are challenged (but may succeed) to adjust to various institutional logics

Therefore, we come to the following hypothesis:

H2: Operating in multiple institutional logics presents a challenge for social entrepreneurs, both in terms of their internal organization and their external interactions.

Similar patterns have been found in other studies on institutional logics. In their study on the rivalry of institutional logics, Raey and Hinings (2009) identified four potential mechanisms to deal with conflicts between different institutional logics within one organization. Their investigation took place in a Canadian health care setting. The four mechanisms are: (1) retaining local independence of physicians while enabling collaboration on a regional level; (2) seeking informal opinions as a basis for decision-making; (3) creating a common bound by working against a third party (here: government) and (4) joint innovation creating formalized ways of operation.

Despite these insightful findings, they cannot be easily transferred to our research endeavor. For one reason, the organizations investigated here had followed one specific dominant logic for a long period of time and were then confronted with a new additional logic. In contrast, the social entrepreneurs interviewed for our study do not represent an old, well-established organization dealing with organizational change but start-ups or fairly young organizations.

Since all social entrepreneurs had founded novel organizations, there are no established logics that were disrupted over time. Secondly, as already mentioned, Raey and Hinings' study looked at a single organizational form dealing with these conflicts. However, our focus is on determining why social entrepreneurs use a multiple-organization nonprofit-for-profit mix.

Nevertheless, Raey and Hinings work illustrates that organizations seek ways to overcome the problems when faced with multiple institutional logics. Therefore, we assert:

H3: The separation of the social entrepreneurship venture into multiple organizational entities situated both in the for-profit and the nonprofit spectrum is a strategy that helps social entrepreneurs to better deal with their being exposed to competing institutional logics.

This subsection outlined the linkages between institutional logics and social entrepreneurship. The next subsection will now complement this discussion by introducing the notion of organizational forms.

5.4. Social Entrepreneurship and Two Organizational Forms – Why are they necessary?

If taking the foregone argumentation as set and thereby saying that social entrepreneurship organizations face multiple institutional logics, it is of great importance to now turn the focus to organizational forms.

Organizational forms are understood as: “archetypical configuration of structures and practices given coherence by underlying values regarded as appropriate within an institutional context.” (Greenwood & Suddaby, 2006, pg. 30) In other words, they are the practical implementation and operation of common values and norms that are agreed upon by a certain group of individuals in a given situation.

These rules or institutions can then be divided into two categories: specific and general (Havemann & Rao, 1997). General institutions are those sets of rules accepted by society at large. These may include trust and justice. Specific institutions, however, are only applicable to certain individuals or groups of individuals, e.g. culturally influenced institutions like whom to greet first, the woman or the older person.

According to DiMaggio and Powell (1983), organizational forms can be crucial for the success of an endeavor. So do social entrepreneurs combine the advantages of two distinct organizational forms when using non-profit and profit organizations simultaneously? In order to answer this question, it is necessary to first clarify if nonprofits and for-profits really constitute different organizational forms. This would be the case if nonprofits and for-profits follow different sets of rules and are not actually the same thing with just different names. The term rule is used here as a synonym of institution and thus refers to all values and norms which direct behavior. Given this focus on rules, it is now possible to briefly describe and compare the two forms based on their key characteristics.

Nonprofit Organizations (NPOs) distribute their surplus income not to shareholders or other owners of the organization but use it to advance a societal cause. Moreover, their entire

organization is structured to serve a special mission. The spectrum of nonprofit organizations covers all areas of life e.g. from environment to education and health and ranges from small privately-run organization to huge multinational conglomerates. Due to these specific objectives, most countries have adopted a separate NPO law whereby granting NPOs and their donors or sponsors special tax benefits.

In contrast, **for-profit organizations** (FPOs) focus around if not necessarily the maximization of profits but definitely around the optimization of profits (Drucker, 1985; 2006). Their goals are to serve customers and to obtain income through this process. Their surpluses are usually given to shareholders in forms of dividends. They are governed by commercial laws and can also range from one-person operations to large multinational corporations like Microsoft or Coca Cola.

Despite this, admittedly, very rudimentary distinction between FPOs and NPOs, it still becomes clear that they follow different sets of rules and can therefore be describe as two different , albeit broad types of organizational forms (see also the “station example” in DiMaggio & Powell, 1983).

The concept of organizational forms provides an additional link to the notion of institutional logics. As Tracey, Phillips, and Javis (2011) point out, institutional logics and organizational forms in fact call for each other, for “a logic without a form is simply a way of framing or conceptualizing a particular problem and its solution without any indication of how it can be operationalized; an organizational form without a logic is simply a set of practices with no rationale for why these practices are needed or why they should be adopted.” (pg. 175).

Following this idea of an interdependence between different organizational forms and different institutional logics, it might seem self-evident that organizations dealing with multiple institutional logics simply split into distinct organizational forms for each dominant logic, e.g. a for-profit to comfort the market logic and a NPO to deal with family, religion or social service profession logics.

When taking this argument seriously, it seems striking that the vast body of knowledge on institutional logics has so far not identified similar situations. Quite the contrary, at least to our knowledge, the existing literature has exclusively focused on how a *single* organizations deals or learns to deal with the challenges of operating amongst conflicting or competing institutional logics. Some studies showed how health care organizations deal with the conflicting logic of the market and the health care profession (Raey & Hinings, 2009), how health care organizations deal with the problems arising from two conflicting professional logics, namely IT and health care, (Currie & Guah, 2007), how the higher education editorial industry moved or balanced a market and an editorial professional logics, respectively (Thornton & Ocasio, 2008), how market and family logics influence downsizing in Spanish businesses (Greenwood, et al, 2010) or how family and market logics determine how many founders an organization will have (Miller, et al, 2011).

All the organizations studied in those works as well as in others not mentioned here deal with one single organization which learns to adapt to the pressures of conflicting or competing institutional logics by changing its internal practices.

So why is it that none of the organizations studied in the aforementioned literature decided to split into multiple organizational forms just like the social entrepreneurs focused on in this paper? Our analysis suggests the following tentative explanations. We propose that not all competing logics can be equally represented by clearly distinguishable organizational forms that are—legally—available. Take the case of the study by Currie & Guah (2007) who investigate the influence of two professional logics and their effect on an organization. While the conflict between the two logics might be clear, it is far less clear what kind of organizational form could represent each logic. In the case of a market logic, it seems a given that the interactions governed by this logic could best be organized within a for-profit firm and not a non-profit organization. Yet what kind of legal entities would be adequate to separate a professional logic of, say, accountants from the professional logic of IT workers? Based on these considerations as well as on some of the statements from our interviewees (particularly those referring to actions that cannot be taken in one or the other form), we argue that some logics determine the choice of specific legal organizational forms more than others. We therefore hypothesize:

H4: Splitting the organization into multiple organizational forms in order to deal with multiple institutional logics is only an option if there are clearly separable organizational forms for the different logics available.

Since the social entrepreneurs we have highlighted in this paper *do* use multiple organizational forms covering both non-profit and for-profit entities, the follow-up question then is what the different logics are that get separated by the for-profit and non-profit distinction. While it seems clear that for-profit organizational forms such as limited or public companies may fit particularly well the capitalist market logic, it remains open what “the other side” stands for. Our data is too limited to derive a clear answer here. Is there something like a “social purpose logic” that all social entrepreneurs share in their non-profit organizational arm, or do the different non-profit organizations represent very different institutional logics, including the fundamental logics of the bureaucratic state, family, religion, or democracy (Thornton & Ocasio, 2008)? Here, further research is needed to test the following, admittedly more speculative hypothesis:

H4b: Social entrepreneurs choose non-profit organizational forms to follow a distinct “social purpose logic”.

There is an additional puzzle. If social entrepreneurs operate in multiple institutional logics and if splitting the venture into organizational arms is a way of dealing with this challenge, why did only one in four and not all social entrepreneurs report that they use a mixed-organizational? Again, the data we have collected is not sufficient to be able to give more than an indication in regards to answering this question.

As some of the interviewees use terms like “not possible”, “I could not”, or “[they] did not believe me”, it could be argued that for some social entrepreneurial ventures, the conflict between logics is so strong that they are not able to satisfy them within one organization without sacrificing goal achievement. As a solution, they divide their venture into two or more organizational forms so that each can serve a separate institutional logic.

H5: Social Entrepreneurship organizations use multiple organizational forms if the conflict between logics externally imposed on the organization is too strong.

In a way, this hypothesis can be translated into a cost-benefit argument. “Splitting oneself” into multiple organizational arms is a difficult endeavor and creates all kinds of potentially costly disadvantages, including a poorer flow of information, additional ambiguity, reduces economies of scale and scope etc. So why do it? In this situation, the conflict between institutional logics creates one of the benefits of choosing multiple organizational forms. The stronger the conflict, the higher these benefits and the more likely a social entrepreneur is to choose multiple organizations. By the same logic, one can look at the cost side of the equation. Here, some operations can be more easily—and that means less costly—separated from each other than others. As a consequence, we suggest:

H6: Social entrepreneurs create a multi-organizational mix the easier it is to separate internal operations that follow different institutional logics.

In this subsection, we have argued that the founding of a nonprofit-for-profit mix depends upon the availability of organizational forms that already exist, the sheerness of the conflict between institutional logics and the easiness to separate operations.

The following section will address the question of how the organization deals with the outside pressures of institutional logics internally. Such processes can be looked upon from an institutional entrepreneurship perspective.

5.6. Social Entrepreneurship and Institutional Entrepreneurship

The prime purpose of institutional entrepreneurship is to synchronize an organizational form to the institutions it needs to satisfy in such a way that the organization can prosper (Havemann & Rao, 1997; Swidler, 1986). This area of institutional theory is one of the three most commonly used linkages between institutional theory and entrepreneurship (Bruton, Ahlstrom, & Li, 2010).

Institutional entrepreneurship occurs when actors rearrange resources in such a way as to change, either by creation or manipulation, the settings (structures) they operate in (DiMaggio, 1988; Dorado 2005; Greenwood & Suddaby, 2006; Lawrence 1999). These institutional entrepreneurs follow their own strategic interest during this process (Maquire, Hardy, & Lawerence, 2004).

Tracey, Phillips, and Jarvis (2001) use the example of “Aspire”, a former UK based social venture, which found new ways of dealing with homelessness by employing people without a roof over their head. Despite the fact that Aspire itself failed to operate continuously, they changed the institutional landscape in the UK homeless care. According to their investigations, more than 800 social ventures are now operating, at least to some degree, in the way Aspire had created. The important aspect here is that the founders of Aspire created a model of operation that, despite their failure, led others to follow suit. However, this was not done intentionally by the Aspire founders. They rather saw a new means of dealing with homelessness and went about implementing it. Nevertheless, they were able to change

institutions i.e. norms, values and belief systems of others in the field of homeless care by showing them how it can be done differently.

This example shall merely serve to illustrate how social ventures can operate as institutional entrepreneurs thereby changing their environment in the attempt to optimize their own operations.

Coming back to our findings and the discussion so far, one important unanswered issue surfaces. If social entrepreneurs use multiple organizational forms to overcome the challenge of conflicting institutional logics, they simply move this battlefield to a different arena. The key point is that—also after the creation of separate organizational arms—the overall social venture still operates in multiple institutional logics. There are still diverse stakeholders both outside and maybe also within the organizations who confront the venture with competing value and belief systems. And even though some operations are separated into distinct organizational entities, the overall social venture is and still wants to be regarded as one actor pursuing the same social mission. In most cases, the non-profit and for-profit organizational arm still share the same name and the same logo. As a consequence, what one branch does is not without effect on the other.

To illustrate, take the case of Greenpeace and Greenpeace Energy.⁶ In this example, the non-profit organization Greenpeace seeks to save the environment and to stop global warming. To better achieve this mission, Greenpeace founded Greenpeace Energy as a for-profit company whose business is a market-based promotion of environmental friendly produced electricity and efficiency. Note how both organizational arms serve to achieve the same mission. However, when Greenpeace Energy considered promoting energy efficient lamps made by Osram, there was a conflict looming between both organizational entities: Since Osram belongs to Siemens—a company that also builds nuclear power plants—the non-profit arm of Greenpeace and its stakeholders such as its members would have considered any endorsement of Osram/Siemens products by Greenpeace Energy as inappropriate. As a result, Greenpeace Energy backed away from recommending Osram products although they would have been appropriate for promoting energy efficiency in the market model.

Put differently, the creation of multiple organizational forms cannot fully solve the challenge of multiple institutional logics. Rather, these tensions can resurface at the nexus between these organizations.

H7: By utilizing multiple organizational forms, social entrepreneurs move the conflict between competing logics from the interaction on the outside to the interaction between the multiple organizations on the inside.

Dealing with this “point of tension” is a potentially very difficult task. From an institutional entrepreneurship perspective, a non-profit/for-profit organizational mix thus creates the challenge (or opportunity) to synchronize both organizational forms by creating or changing adequate rules for connecting both organizational arms. In a way, institutional

⁶ We owe this example to the stimulating discussion with Björn Schmitz and Volker Then.

entrepreneurship can then be seen on two levels. On the first level, the social entrepreneur splits his social venture into two separate organizational forms. On the second level, institutional entrepreneurship is about devising and establishing structures that coordinate the multiple organizational branches. While these governance arrangements can be formal (like written charters) or informal (like implicit norms), they are needed to keep the different organizational arms from drifting apart and to coordinate the joint mission achievement.

H8: Nonprofit-for-profit mix organizations use some sort of governance system in order to coordinate the multiple organizational arms and to mitigate potential tensions.

Coming back to the social entrepreneurs interviewed for this study, there is one specific link between the non-profit and the for-profit organization that characterizes basically every case we have looked at. This nexus is the person of the social entrepreneur. In the examples studied here, the social entrepreneur is the founder and often director of both organizational forms. This is an interesting finding that also reflects that most of the social ventures supported by Ashoka are small organizations with about 30 employees in total ranging to a maximum of about 50 per organization. In this situation, the personality of the social entrepreneur can serve as a critical nexus between the two organizational arms. Note that in such small organizations it might occur that other employees also work for more than one legal entity. How do these individuals, including the social entrepreneur herself, then deal with the challenge of multiple institutional logics? Or, in other words, how does the creation of multiple organizations affect these people if they then operate in both organizations?

Since our data is too limited to derive an answer here, we can only hypothesize two—albeit competing—responses. On the one hand, one could argue that the existence of multiple organizations exacerbates intra-personal conflict for those individuals working in both organizational branches. If the social entrepreneur, for example, makes decisions according to the non-profit's logic in the morning and then operates in the for-profit organization an hour later, that might highlight tensions that could have otherwise been mitigated in the process. On the other hand, these competing logics would be there anyhow. The creation of two separate organizational entities then makes it possible to provide clear role definitions that make it easier for the individuals in both organizations to deal with multiple logics and to mitigate intra-personal conflicts. In sum, we therefore propose the following two preliminary hypotheses:

H9: The creation of distinct non-profit/for-profit organizational arms may highlight the conflict between different institutional logics and thus exacerbate intra-personal conflicts for the people working in both organizations.

H10: The creation of distinct non-profit/for-profit organizational arms can provide clear-cut role definitions thus solving intra-personal conflicts for the people working in both organizations.

In this section, we have shown how new institutional theory, social entrepreneurship and in particular our findings regarding the two-organization-mix are potentially linked together. We thereby suggested that social entrepreneurs are embedded in multiple institutional logics which can lead to difficulties in their goal achievement process. Additionally, we have

introduced the notion of a “social purpose” logic as a means to better embed social entrepreneurship (or potentially other charitable organizations) in the institutional logic framework. To deal with multiple institutional logics, some social entrepreneurs found two separate legal entities each one focusing on a different logic. Moreover, we suggest the idea that social entrepreneurs use institutional entrepreneurship in order to overcome potentially arising internal institutional logics conflicts.

6. Further Research

As our conducted study was of exploratory nature, it can usefully serve as a base for further investigation (Stebbins, 2011). As a result, we plan to conduct an extensive multiple case study (Yin, 2009) into those social entrepreneurship organizations already operating with two separate legal entities where one organization is a forprofit and the other one is a nonprofit. The following section will outline the intended research design based on the developed hypotheses of the previous section. In a second step, expected and potential limitations are outlined.

6.1. Research Design

As the stated hypotheses are complex and entail mindsets that need to be discovered and made explicit, we decided to use a mixed method approach thereby combining both qualitative and quantitative data (Creswell, 2009; Creswell & Clark, 2010; Mesa, 2010). By doing so, we will be able to balance out the limitations of each method therefore increasing validity of our results (Creswell, 2009). Overall, mixed method research can either be done simultaneously or sequentially (Creswell, 2009). As our aim is not to identify discrepancies between voiced responses and statistics, we will conduct a sequential methodology.

In general, institutional logic theory allows for a great variety of methods to be used. Thornton and Ocasio (2008) name many examples ranging from genealogy via ethnography, discourse analyses to rhetorical analysis.

Various studies use historical analysis (e.g. Lounsbury & Pollack, 2011; Thornton & Ocasio, 1999). By doing so these authors aim to determine how the relationship between various institutional logics has changed in regards to one specific organizational field (Schneiberg & Clemens, 2006).

Due to the very different organizational ages (between 7 and over 20 years), it will not be feasible to analyze historic data for the same time period. Nevertheless, the authors are intending to use primary (e.g. press releases, internal documents, interviews, surveys) and secondary data (e.g. media coverage, academic publications on the case studies used) in order to analyze potential shifts in institutional logics. This will be particularly interesting for the time period close to when the second organization was founded.

As we are also aiming to further investigate how various logics constitute themselves within the organization, we will first need to find out which logics are apparent in the various settings. This step will also be crucial to determine if something like a “social purpose logic” exists. As we assume that there is no overarching “social entrepreneurship logic” (H2), we want to test whether expect the identified logics will differ from social entrepreneurship organization to social entrepreneurship organization as the identified cases operate in different subsectors of the social sector.

Phase 1: Interviews and Desktop Research

To determine which institutional logics are influencing the respective cases, we plan to conduct in-depth interviews with the founder and other executives, particularly with those

who were responsible for the decision to found a “spin-off”. During these interviews, we will capitalize on semi-structured interviews using open questions so that the interviewee can answer freely (Silvermann, 1999). Moreover, non-guidance during the interview will help us to gain emergent themes we would otherwise potentially overlook. Potential themes are how the interviewees understand and perceive both the entity they work in as well as the other one, the trigger that started the process of founding the second organization, and barriers and supports in daily operations. These questions are aimed at addressing hypotheses regarding reasons behind the founding as well as potential internal conflicts. Moreover, by asking participants for their own organizational perception as well as for that of the sibling, it will help to determine the underlying institutional logics.

In addition to open questions, we are planning to use incident analysis. This particular technique allows interviewees to account specific events that shaped or made transparent their beliefs and values and, as a consequence, their decisions. These events could, for example, include conflicts with the sibling organization and their resolution. These analyses will be of great importance for H8-10. They will aim at identifying internally created rules or governance structures as well as role definitions or other mechanisms not thought of by us at this point in time.

Purely asking “both sides” (nonprofits and for-profits side) to narrate incidents will not suffice in order to see if there are indeed differences in institutional logics. Rather, we will mirror the spontaneously accounted incidents to the respective other side in a second interview. Thereby, we will be able to gain insight how interviewees report differently on the same situation.

In order to triangulate our research, we will additionally ask the social entrepreneur and the executive of both the nonprofit and the for-profit each to name important partners who will be interviewed as well using the same questionnaire (for the nonprofit partner and the for-profit partner). This will enable us to determine if competing logics at the outside encourage a multi-organizational mix as assumed in H3 and in H5.

Afterwards, we will transcribe the interviews and will analyze them using open and emergent coding (Saldana, 2009) for identifying prevailing values, norms and belief systems in order to understand which logics are at work.

Phase 2: Surveys and Desktop Research

The emergent themes and topics will then be used to develop a survey which will be distributed to all employees of both legal entities in all studied cases. The survey will contain mainly of brief situational descriptions to which the participants will be required to tick their degree of agreement. The brief situational descriptions will be linked to certain constructs of institutional logics. Moreover, other types of question will be asked in order to determine what kind of conflicts, if any, exist and how they are dealt with.

The survey will be controlled for age of person, training background, and experience in nonprofit / for-profit organization prior to entering the surveyed organization, time working in the organization, position and gender. Particularly, the control for “personal background” is essential in order to analyze if certain people’s answers are mostly influenced by their

organization's background or if their perception of prevailing institutional logics might depend on their personal background.

In a final step, the data from desk research, the interviews as well as the survey will be pulled together and triangulated in order to obtain insights into institutional logics, institutional entrepreneurship and organizational forms in the context of social entrepreneurship.

6.2. Potential Limitations

Despite the combination of both quantitative and qualitative data, this study will suffer certain limitations: (1) as in the original exploratory study, some of the interview partners might not be able to respond in their first language. As this research aims to find out certain rules, values and beliefs, language barriers can potentially alter results. (2) The sample is regionally focused with a strong bias towards Germany as most cases were identified there. (3) On the basis of our exploratory study, we identified nine potential case studies. However, if taking into account that some of these might not be willing to participate in such an extensive research process, we expect to have three case studies. However three, or also nine for that matter, constitute a small sample size. This limits generalization to other fields of research.

7. Concluding Remarks

This paper aimed at weaving together the research field of social entrepreneurship and new institutional theory. The key focus lay on social entrepreneurship organizations that simultaneously use both a nonprofit and a for-profit organizational form to achieve their overarching mission. This phenomenon is a key finding of our exploratory empirical study. As a result, we first presented this study, its background, methodology, and our key selected finding. The phenomenon that some social entrepreneurs use a nonprofit-for-profit mix was further discussed and analyzed. During the discussion, we suggested various hypotheses for further investigation. Our key assumptions were that social entrepreneurs use multiple organizational forms so as to better deal with conflicting institutional logics. In a more speculative manner, we suggested the idea of a “social purpose logic” as an addition to the existing six main logics as established in the literature. Moreover, we argued that the challenge of multiple logics is not solved by simply creating a multi-organizational mix but is merely moved from an intra-organizational challenge to an inter-organizational challenge within the same social venture. Complementing this, we suggested that managing relations would either adequate governance arrangements, including well defined roles for the employees working in these conglomerates.

In a final step, we took our developed hypotheses and outlined a suitable research framework with which we will conduct our future research into the linkages between social entrepreneurship, institutional entrepreneurship, institutional logics and organizational forms.

This paper served as a starting point for further theorizing in the field of research. However, this is merely a tiny step towards a theoretical understanding of social entrepreneurship which will have to be supported by the wider research community.

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