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hybridization of diverging institutional logics through the ?common tone?: the case of social entrepreneurship

Luca Mongelli
LUISS University of Rome
Management
lmongelli@luiss.it

Francesco Rullani
LUISS Guido Carli
Management
frullani@luiss.it

Pietro Versari
LUISS Guido Carli
Management
pversari@luiss.it

Abstract

An insghtfull evidence coming form several studies which have largely focused on the phenomena of conflicting institutional logics (e.g. Purdy & Gray 2009; Marquis & Lounsbury 2007; Lounsbury 2007; Rao & Giorgi 2006; Thornton 2002) is that, inside a certain organization field, institutional logics clash and relate in ways that may or may not create institutional conflicts, depending on which Institutional logic comes out as dominant (Kitchener 2002; Hensman 2003; Scott et al. 2000). In other words, literature seems to suggest that organizations are doomed to manage conflicting institutional logics by enacting strategical choices that favor one logic rather than other and that can be broadly defined as AorB choices.

Rather, we argue that managing, by combination and hybridization, conflicting institutional logics to foster new organizational forms can happen through inclusive strategies that do not choose one logics over another, but somehow manage to include both logics, although conflicting, in a sort of A&B decision strategy. Many organizations alleviate the problem of managing these conflict ?juggling? between the components of the two logics. However, in our perspective inclusion is not supposed to be based on mixing and blurring heterogenic elements of conflicting logics. We propose, inspired by a technique used from musicians to compose music, that such hybridization may be achieved by leveraging

the common elements existing in both conflicting logics: we call this the ?common tone?.
In order to illustrate how hybrid organizations deal with such organizational issue we present some cases coming from social entrepreneurship field.

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INTRO

In organizations, conflicts due to the presence of different logics defining individuals' identities and guiding individuals' behaviors have been at the center of a fruitful and wide debate. As shown by this literature (Lounsbury, 2007; Marquis & Lounsbury, 2007; Reay & Hinings, 2005, 2009), organizations characterized by conflicting logics need to strike a balance between actions and identities consistent with one logic and those related to the other. Such balance is however difficult to sustain in the long run. Stakeholders sensitive to one logic react positively to the organization's effort to fulfill their expectations, but stakeholders closer to the other logic are at least puzzled by a behavior they do not legitimate. Over time the organization will inevitably face the need to reassure the second group of stakeholders by altering its original behavior, priorities, and messages. This at the expenses of the relation with the first group of stakeholders. The organization "juggles" using the components of the two logics, moving back and forth and unable to merge them.

This is an inevitable outcome if we believe that within an organization conflicting logics cannot coexist. The literature has shown that coexistence of conflicting logics is indeed very difficult to achieve (Glynn, 2000; Pache & Santos, 2010; Reay & Hinings, 2009; Vallaeys, 2004). Most empirical articles (Hensmans, 2003; Kitchener, 2002; Lounsbury, 2007; Reay & Hinings, 2009) able to detect such coexistence do not provide a compelling theoretical argument allowing the generalization of the finding, and mainly focus on the heuristics used by the actors to cope with the frictions between the conflicting logics under scrutiny.

In this paper we claim –and to the best of our knowledge we are the first doing it - that not only such coexistence is possible in general terms but -under certain conditions- such coexistence is not a coexistence any more: it is a fusion reached by means of a process able to satisfy both logics at the same time. To put forward this idea we use the analogy with music composition. In music, different pieces built on different harmonies can be merged exploiting the "Common Tones" of their scales. If such tones are used carefully, and if they are stressed enough, the coexistence of different harmonies makes sense and assumes consistency, becoming instrumental in the development of the melody. We use this analogy to claim that in organizations experiencing conflicting logics it is possible to generate value-creation processes that have the same bridging function as the common tone in music, fostering the fusion of different logics into a coherent business model.

As the "common tone" is a process allowing the fusion of two conflicting logics, its nature is contingent on the characteristics of the organization and, most of all, on the merged conflicting logics. Thus, a general theory about it needs to be developed starting from one fix point, that can be easily recognized as central for the purpose of the discussion, and then it may be enlarged to other situations with different contingent factors. For the purpose of the present study, we will limit our insight on this to the example of social enterprises and leave the extension of the concept to other instances for the future research. We use this example because it is a setting wherein the literature has clearly identified the clash between the two main logics at work (the social-impact-seeking logic coming from the volunteering world and the profit-seeking logic coming from the economic world, (Battilana & Dorado, 2010; Tracey, Philips, & Jarvis, 2011), and because the presence of the two logics is what makes social enterprises what they are: the conflict is the connatural to such organizations (Battilana & Dorado, 2010; M. T. Dacin, Dacin, & Tracey, 2011; P. A. Dacin, Dacin, & Matear, 2010; Pache & Santos, 2010). In this context, the common tone is the process whose outcomes allow the social enterprise to fulfill the requirements of both the social-impact-seeking and the profit-seeking logics, satisfying both sets of stakeholders. This is made possible by the fact that social enterprises are built around a process (the common tone) unfolding along the following phases: 1) the identification of socially marginalized individuals 2) the "reading" of the situation of the marginalized individuals not in social terms, i.e., identifying their (lack of) human, social and civil rights, but in using the lenses of profit-seeking logic, creatively defining their value-producing capabilities 3) identification of what factors of processes are currently blocking this productive potential 4) the construction of a production process unblocking such potential and centered around the marginalized individual's capabilities to create value 5) the recognition not only of the economic value produced, but also of the fact that -using the lenses of social impact- such value production has a clear meaning in social terms, allowing the individual to re-gain a role in the society and the human, social and civil rights associated to it 6) social impact appears clearly when comparing the human, social and civil rights associated to the individual's situation in phase 5 and 1.

The whole process has its center in the recognition –by means of economic lenses- of the economic capabilities of socially marginalized individuals, and in the reading –by means of social lenses- of the economic outcome also in terms of social impact. In the first passage (phase 2) a situation usually read using the terms of a social-impact-seeking logic is instead read using the perspective of the profit-seeking logic: socially marginalized people become potentially productive agents to activate to create value. In the second passage (phase 5) a situation usually read in profit-seeking terms is interpreted using the a social-impact-seeking logic: the profit created by the (previously) marginalized individual is the economic expression of a process of self-determination, achievement and fulfillment, and expansion of human, social and civil rights in general. Both logics are active in this processes, and it is their application outside their domain and in their opposite domain that allows the common tone process to reach its goal of melting them into a unicum.

BACKGROUND THEORY

The term "institutional logics" refers to practices and beliefs typical of the institutions that define modern western societies (Alford & Friedland, 1985). The development of the concept during the '90es (Friedland & Alford, 1991; Haveman & Rao, 1997; Scott, Ruef, Mendel, & Caronna, 2000; Thornton & Ocasio, 1999) made institutional logics a defining element of institutions' content and meaning (Thornton & Ocasio, 2008). According to Thornton & Ocasio (1999, p. 804): "*institutional logics are the socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality*".

More recently, institutional logics have been used to study how institutional change often brings to life different types of organizations. The stress on "creation" is divergent from the isomorphic dynamics postulated by neo-institutionalism (Di Maggio & Powell, 1983), and provides a link between institutions and the actions that change them. In doing so, the literature on institutional logics also creates a bridge with the organizational field (Thornton & Ocasio, 2008), which is the field of investigation of the present paper, and discuss how such change may be induced, how it unfolds, and with what results.

One of the most interesting dynamics of this kind is the process of confrontation of different, possibly conflicting, institutional logics within the same organization. For example, ambidextrous organizations face the challenge to pursue the contrasting processes of both exploring and exploiting (March, 1991): clearly two contradictory logics; they achieve so by "hosting paradoxical strategies through differentiated subunits for each revenue stream" (Smith, Binns, & Tushman, 2010, p.451). More in general is the example of learning organizations, which are in need for a constant look at the present as well as at the future, in order to achieve learning, change and flexibility on the one hand, and assure performance, stability and control on the other hand (Itami & Nishino, 2010; Smith et al., 2010). One remarkable case is the Oticon's Spaghetti organization which, albeit unsuccessful in the end, managed for about a decade to pursue the two organizationally inconsistent aims of a) extreme skills' flexibility through hierarchies free decision making and b) coherence between independently taken decisions (Foss, 2003).

The empirical literature provides several more examples of such dynamics from a series of different sectors. For example, in mutual funds, the emergence of a new *short-term performance logic*, driven by the increasingly importance of the experts in market investment, entered in competition with the *classical conservative and long-term oriented* funds, generating different organizational practices in terms of propensity to run some activities in outsourcing rather than in-house (Lounsbury, 2007).

In Canadian health care system, the battle between *medical professionalism logic* and *business-like health care logic* has been conducted for many years. According to the *medical professionalism logic,* physicians were the key decision makers within the field determining what services needed to be provided for the patient. In the *business-like health care logic*, instead, the government relying on its authority and control over financial resources transferred this mandate to an external authority in order to reduce inefficiency and integrate services. Thus, in order to cope with different claims coming from the different actors involved in the process and finally provide the medical services, specific organizational solutions have been developed (Reay and Hinings, 2005).

In all these instances the literature was able to detect the heuristics through which complex organizations where able to give conflicting logics space in the organization, finding a flexible equilibrium between the two. An equilibrium that is, however, unstable, because it is based on the "juggling" of logic A and B.

In the following steps we provide a classification of these dynamic situations distinguishing the case in which the conflict is conceived in terms of "logic A instead of logic B", "A parallel to B" and "A joined to B".

A instead of B: the choice

Evidence coming from studies focused on conflicting Institutional Logics (e.g. Marquis & Lounsbury, 2007; Purdy & Gray, 2009; Rao & Giorgi, 2006; Thornton, 2002) shows that institutional logics that clash may also create institutional change. The specific outcome of the change is determined by the Institutional Logic that wins the battle. Empirical studies have shown how a new institutional logic may enter an organization, thus becoming a competitor of the pre-existing logic, and finally overcome it and become dominant (Kitchener 2002; Hensman 2003; Scott et al. 2000). In this case, the co-existence of competing institutional logics is considered only a short-term situation: a passage between two states with a different dominant logic each. The conflict is a temporary situation, doomed to disappear. This stream of literature suggests that organizations are doomed to manage conflicting institutional logics by enacting strategic choices that favor one logic over the other. These approach sees the impossibility of a long-run coexistence of the conflicting logics, and can be broadly defined as the "A instead of B" approach.

An Instance of this process is reported by Kitchener, regarding the history of the U.S. Academic Health Centres. In the '90es, new governmental policies aimed Academic Health Centres toward a new logic, different from the logic applied since then, and based on the adoption of managerial innovations such as mergers and downsizing (Kitchener, 2002). In particular the idea of "merging" centres (to increase efficiency) gained a lot of momentum, becoming the distinctive element of this logic. Such logic became accepted widely almost uncritically in the field of Academic Health centres, to the point of being wrongly used in cases where it was not needed. The dominance was so extreme that in some cases it led to inefficiency (i.e. Stanford Academic Health Centre; Kitchener, 2002).

Another instance of institutional transformation due to logics striving for dominance is provided by Hensmans with the Napster case (Hensmans, 2003). In the '90es the music industry witnessed the birth and growth of a new institutional logic, based on the peer-to-peer practice of file sharing. This logic was enacted mainly via Napster's web site. Napster provided users the opportunity to freely exchange music for free, clearly and strongly challenging the incumbent actors in the music industry. The new model of file sharing "showed new potential for justice and claims because of its democratic connotations of information access and free speech, and its consequent promise of being able to mobilize a revolutionary user base" (Hensmans, 2003, p. 367). The incumbents, whose actions were guided by a different logic based on the established structure of Intellectual Property Rights, developed strategic actions aimed at contrasting the emerging logic, trying to differentiate the traits of the established logic as much as possible from those of the emerging logic (Hensmans, 2003).

A parallel to B: insulation and attrition

The "A instead of B" choice, however, is not the only possible outcome. Indeed, more recent studies have put forward a different perspective. Conflicting logics may continue to coexist in a certain organization without one of them becoming dominant, even after a long period of time. It is what we can call an "A parallel to B" situation (Reay & Hinings 2009; Marquis & Lounsbury 2007; Lounsbury 2007; Reay & Hinings 2005). In such situations the logics coexist, but only because –and to extent at which- they are insulated from one another. Attrition occurs every time the two logics are enacted in the same process or in the same part of the organization. In these situations rivalry between logics may easily escalate to the point of unsustainability, leading to organizational paralysis or breakups (Pache & Santos 2010, Glynn 2000, and Vallaeys 2004). For this reason, the literature applying this perspective has mainly focused on how to manage such attritions, indicating possible heuristics able to avoid or lessen the negative consequences of conflicting logics (Marquis & Lounsbury 2007; Reay & Hinings 2005). The underlying assumption in these streams of literature is that having conflicting logics in an organization is not a desirable situation. Rival logics determine an intrinsically unstable situation and bring considerable risks for the organization. In this context managerial actions are all addressed to keep one logic separated and insulated from the other, preventing potential risks of contamination, and thus decreasing the probability of experiences inefficiencies, paralysis or even breakdown.

The balance between the medical logic and the business logic in the healthcare system (Reay & Hinings, 2005) or between the logic of performance and that of the trustee in mutual funds (Lounsbury 2007) mentioned at the beginning do this article, is arguably reached via specific heuristics, continually re-tuned over time to diminish occurring attritions. It is worth to see more in detail how this empirical evidence speaks to our argument.

Lounsbury (2007) discusses the diffusion of conflicting practices in mutual funds in New York and Boston. During the 50es a new logic of performance emerged within the field of mutual funds, creating tensions with the old more conservative actors. More specifically "this tension between the long standing conservatism of the industry, enforced and exemplified by Boston-based mutual funds, and the upstart New York funds that sought to gain a foothold in the industry with a more speculative approach to investing, was a key dimension of conflict over the nature of the industry" (Lounsbury, 2007, p. 290). In 1930, 85 percent of all assets in the industry were controlled by mutual funds located in Boston, but, since the emergence of the new "performance logic" in the '50es, in 1960 "funds located in Boston controlled only 30 percent of industry assets" (Lounsbury, 2007, p. 292). However, the old "trustee logic" did not disappear and it even witnessed a moderate renewal in the '70es. Indeed the two conflicting logics both remained in the field and remained clearly differentiated and insulated, as proved by the fact that independent management firms who serviced both types mutual funds tended to specialize and differentiate their services depending whether they were serving "growth funds" or "more conservative funds".

The fact that the coexistence of conflicting logics for long periods of times can lead to even more critical and dangerous situations that can be exemplified by the conflicts that took place within the Atlanta Symphony Orchestra as described by Glynn (2000). As most cultural institutions, Orchestras are composed of many different elements, each one with its own specificities. This may generate contrasts, as the organization contains actors coming from different professions, with different standards, norms and incentives. Thus "different groups of actors cherish and promote different aspects of the organization's identity" (Glynn, 2000, p. 285). These different identity-related logics may cause tensions and conflicts and this can bring to harmful results for the organization. The conflict that arose inside the Atlanta Symphony Orchestra between musicians and managers had particularly negative results, as it led to the strike of musicians in 1996: a fact that completely paralyzed the organization. In this context the conflicting logics remained separated as "several musicians opined that, over the last 30 years, they had witnessed increasing polarization between management and musicians" (Glynn 2000, p. 288). Each logic could work in its field, but as the occasion of encounters increased, the conflicts exploded till the point of organizational paralysis.

The coexistence over time of conflicting logics, as seen above, implies that organizations must find ways to manage such conflicts, balancing the elements of the two logics in a ever-changing and unstable equilibrium. Despite the importance of this process for organizational survival, only few studies in the literature focused specifically on the practices that make this possible. The A parallel to B scenario - as already noted by Reay & Hinings (2009) - is largely unexplored. Some authors have focused on hiring strategies (Battilana and Dorado 2010), workforce downsizing (Greenwood, Diaz, Li, & Lorente, 2010) or contracting strategies (Lounsbury 2010). However they are mainly aimed at singling out the context-specific heuristics used by the actors in the organization to solve the specific contradictions they face, without a theoretical and generalizable account of how this happens. Also the institutional entrepreneurship perspective (Dacin et al., 2011; Dacin et al., 2010) has exposed the success of hybrid organization, and mainly related it to the strategic decisions and personal characteristic of the entrepreneur. The individual capabilities to develop solutions to manage different logics, not only in the start-up phases, but in a long term and in a sustainable way, are however left under research. This is the gap we are going to explore, and possibly fill, in the next section.

A joined to B : the common tone

A closer look to the cases and to the literature allows however an observation that possibly extends the boundaries of what we know on managing conflicting logics in organizations. There are instances where competing logics continue to coexist for longer periods of times, where their rivalry is not perceived as harmful or treated as such. On this basis, we argue that managing conflicting institutional logics is possible without choosing one logic over the other, or be threatened by the unstable equilibrium between the two insulated logics. It possible to include both logics, although conflicting, in a unique set of processes. This happens when instead of stressing the heterogeneous and diverging elements of conflicting logics, the organization strengthens their homogenous and common elements. In this perspective, hybridization is not supposed to be based on mixing and blurring heterogeneous elements of conflicting logics. Rather, in our perspective, this is achieved by stressing and leveraging the common elements existing in both conflicting logics. We mutated this intuition from music, and we call this common elements the "common tone".

The Common Tone is one of the methods used by musicians for modulating among different harmonic keys. In music, Modulation is an essential part since it allows the creation of variations in the harmonic structure within a composition and among different parts of it. Obviously several techniques may be adopted for modulating. In particular Common-tone modulation usually sustains or repeats pitches that can bridge between two harmonic keys. The selected pitches, or tones, are those in common between both the harmonic keys. This implies that, during a composition, musicians can use exactly the same common tone to play different harmonic keys. Moreover, the further the two keys in the harmony, the less the number of possible common-tones available for modulation. Thus the challenging issue of coupling distant harmonic keys is to find out exactly the few specific tones which could actually be in common.

In the same fashion our insight is that combining different institutional logics is not a matter of mixing idiosyncratic and somehow conflicting practices into a new organizational forms. Rather, we contend that in order to make this particularly complex mechanism work, organizations should leverage those processes whose outcomes can be read in both institutional logics as fulfilling the requirements of each one of them. As we see it, the common tone is the process that allows the fusion of conflicting logics in the hybrid organization.

In order to be more precise than this, we need however to narrow down the enormous variety of possible instances of conflicting logics in organizations. What common tone is in practice depends on the type of organization we are observing: different organizations implement different common tones, obviously depending on which conflicting logics they need to manage. It is not within the scope of this article to providing an extensive classification of the different process that may form the common tone. In the spirit of contingency approach (Perrow, 1967), we limit our study of one specific type of hybrid organization (social enterprises), with the aim of showing what the common tone is in more detail, leaving to future research the task of defining it in contexts dominated by other contingencies.

SOCIAL ENTREPRENEURSHIP

In order to discuss more in depth how the common tone works, we can rely on the studies investigating social entrepreneurship, a field where conflicts between diverging logics arise from the nature of this type of organization and are thus connatural to it. Social ventures strive to achieve two seemingly contrasting aims: on the one hand, they have the objective of creating the highest possible amount of social value and spread it into society around them, on the other hand, they try to do so whilst achieving economical sustainability, if not profit. They balance the two opposite drives of a) creating and spreading value into society, and b) the drive to capture value for themselves (Santos, 2012) or, as it is more commonly said in literature, they try to create both economic and social value (P. A. Dacin et al., 2010; Mair & Martí, 2006; Peredo & McLean, 2006).

As a first step, we have to distinguish two main types of social enterprises. The first type identifies organizations quite close to the many “classic” organizations which usually alleviate the problem of managing conflicts between logics simply “juggling” between the components of the two logics. They apply a “A parallel to B” approach.

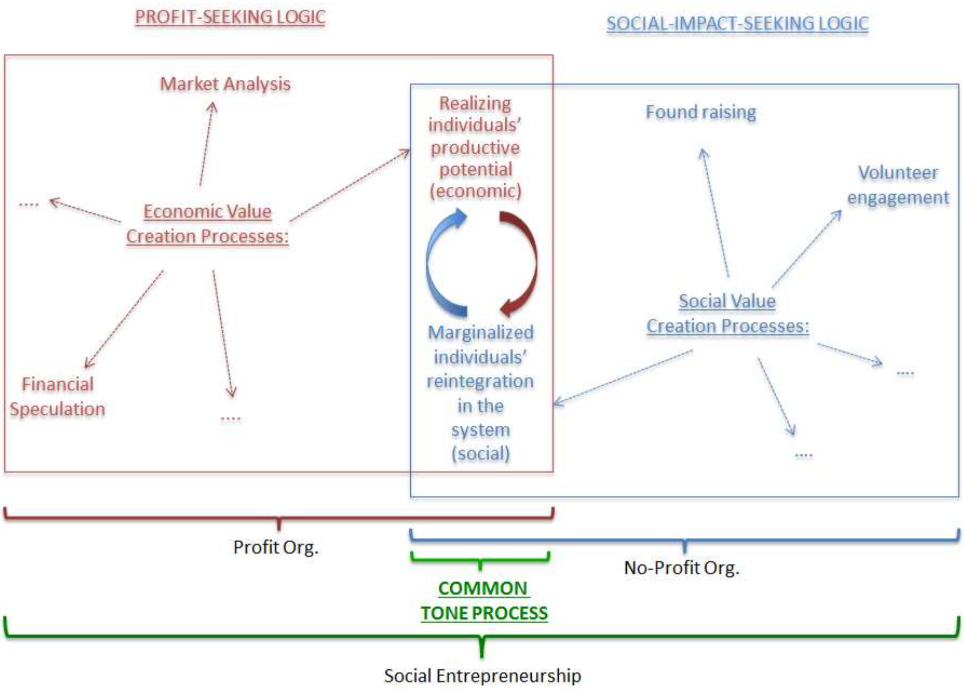
In those social enterprises, the value creation process is simply orthogonal to the process generating the social impact. The two processes do not interact, nor feed one another. If the organization produces a good that is sold on the market, and then it distributes the same good for free as charity, for example, these two processes are not interfering one another. The only two contact points between them are at the level of the economic sustainability of the firm and of its reputation. In the first case, the economic side simply creates the condition for the social side: if the firm does not produce any surplus, there is no possibility to generate enough funds to finance charity. In the second case, the social action may ameliorate the reputation of the firm among different stakeholders and benefit also the economic side. But besides these two very basic points of contact, there is no other interference of one process on the other.

Besides the first set of social ventures, a second group of social enterprises strikes a balance between the two logics, but without juggling. We can call them “pure” social enterprises. The processes they adopt to generate value are instead able to overcome the conflict between the two logics. On the one hand, each effort along the production line aimed at increasing the economic value produced by the firm is consistent with, legitimated by, the profit-seeking logic. On the other side, the very same effort also generates social value, and thus legitimacy with respect to the social-impact-seeking logic. This process is what we define the “common-tone”.

To be able to see how this can happen, and thus what the common tone really is in the social entrepreneurship context, we need to give a more precise definition of “economic value” and “social impact”. We conceive the former as the production of a sellable good or a service (whose definition must be very broadly intended) that increases the utility of those consumers who can afford to buy it. If value is produced, i.e., if the activities of the firm produce something whose consumption increases the utility of anyone, then economic value becomes visible when the underpinning goods or services are sold on the market. Social value, in our conception, instead focuses on the concept of social marginalization, every activity reducing marginalization of individuals has a positive social impact. In this sense, our idea of social value deals with the process of reintegrating those that live at the margins of the society, considered unable to participate in the social life of human organizations. Broadly speaking, we define marginalized individuals as those that live in situations lacking the recognition of the same human, social or civil rights of the other citizens in the society. For example, handicapped, mentally-ill, or non-educated people are often left aside by common organizations and considered only as recipients of social services. The same, mutatis mutandis, can be said for prisoners, poors or non-bankable people with no collaterals. Reintegrating these typologies of individuals into the society, giving them the rights they could not experience before because of their marginal condition, is what we mean by social impact.

Following this line of reasoning, **Figure 1** shows that profit-seeking organizations have goals that deal mainly with economic-value creation, and are expected to apply a profit-seeking logics. Social-impact-seeking organizations, instead, have goals related to reintegration of marginalized individuals, and their activities are expected to be related to this logic. In both the case there are processes that are pretty specific to the relative logics. In the former case, financial speculation, for example, is an activity they may consider to undertake under certain circumstances but only with the purpose of maximizing profit. In the latter, gathering and mobilizing volunteers is something that concern exclusively social organizations. On both sides, however, there are activities that are less radically rooted than financial speculation or voluntary services in the structure of the logic they belong to. Producing economic value on one side and assisting marginalized individuals on the other also imply the carrying on of activities which may be certainly closer one another, even if they original comes from opposite logics. Being close here means opening the possibility that an intersection between those processes can actually exist. That intersection, outside the scope of "classical" profit as well as non-profit organization, is what instead characterizes "pure" social enterprises. Such a processes may be so close that to some extent they can be seen as the two face of same coin. In other words, we argue that based on the logic we are going to assume we can see the same process, which we call "common-tone", in two different way, tough being the process actually the same.

Fig 1. The Common Tone at the intersection of two conflicting logics



The execution of the common-tone process

The main criticalities here is to understand how this process, namely the common-tone, actually works in a social enterprise. We assume that economic and social value will stem from the execution of this common-tone which are centered around the individual's potential value and the blocking factors enable its realization.

This common-tone process which is placed at that intersection of the profit-seeking and social-impact-seeking logics, develops along 6 phases, as shown in **Figure 2**:

1) *targeting*: the identification using the lenses of the social-impact-seeking logic, of socially marginalized individuals.

2) *the first change in the perspective*: application of a profit-seeking logic to the socially marginalized individuals and identification of what are their capabilities and resources allowing the production of economic value. In this phase the marginalized individual is seen from an economic perspective as a productive individual, able to generate economic value.

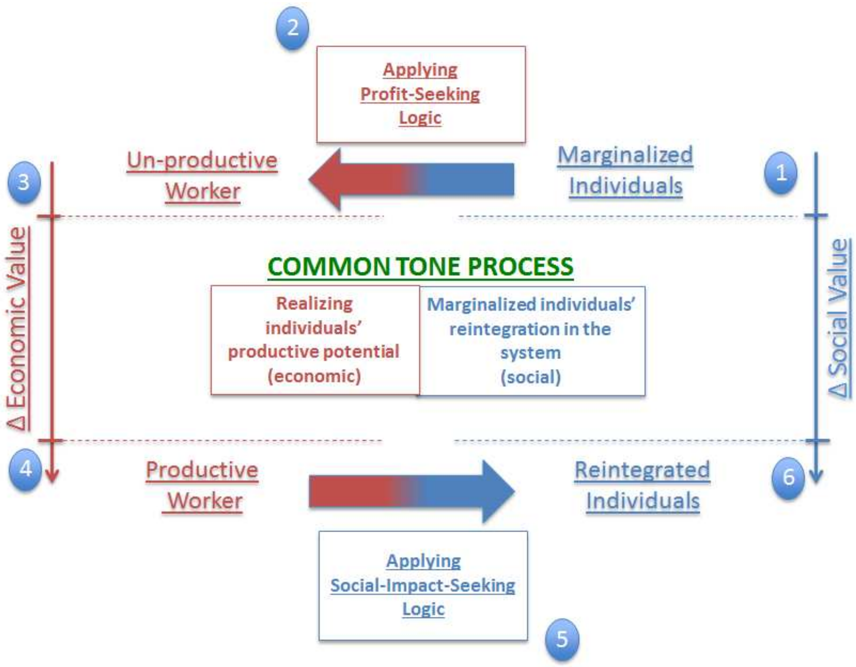
3) *see the blockage*: Identification of the blocking factors that impede individual from the actual production of that economic value

4) *remove the blockage*: identification of the strategies (from simple technologies to complex business models) to remove those blocking factors, and their implementation through specific process involving the productive individual (i.e. the identification and the execution of the common tone)

5) *the second change in the perspective*: application of a social-impact-seeking logic to the economic value produced by the productive individual, and thus recognition that now the productive individual does not correspond anymore to a marginalize individual, but under the social-impact-seeking lenses she looks like a reintegrated individual, able to re-gain a role in the society and the human, social and civil rights associated to it.

6) *outcomes*: while the economic surplus generated by the reintegrated individual is clearly the economic outcome of the process, the social impact of the social enterprise is the delta in terms of human, social and civil rights between what observed in phase 1 and the outcome observed in phase 5.

Fig 2. Focus on the Common Tone Process



There are some observations that derive directly from the theoretical model developed above.

First of all, the mechanism determining the fusion of the two logics through one process that generates outcomes on both the profit-seeking and social-impact-seeking, i.e., the "A joined to B2 strategy we described in the initial sections of the paper. In the process seen above, an individual whose situation is normally read using lenses from a certain logic is now read using the lenses from also the other logic. This change in the perspective is what allows the recognition of mechanisms of value creation (when looking at socially marginalized subject with profit-seeking eyes - phase 2) and of social inclusion (when using social-impact-seeking glasses to read the economic success of the subject - phase 5) that the original logic tended to hide because they were unfamiliar to it. A logic is a set of "*material practices, assumptions, values, beliefs and rules by which individuals ... provide meaning to their social reality*" (Thornton & Ocasio, 1999, p. 804). Each logic, thus, gives a different reading of the reality, attaching a different set of meanings to the same situation, hiding certain features of it, because unimportant or contradicting the inner structure of that logic, and magnifying other characteristics, because central or easily explainable applying the logic's set of interpretative tools. Certain situations, thus, are easily interpretable using a certain logic, particularly suited to their features. For example, when reading a situation of social marginalization due to mental-illness, drug-consumption, and discrimination the social-impact-seeking logic is usually applied. When facing situations related to value creation, such as creating a new firm or a new business model, or exploiting individual's productive capabilities, unblocking their access to markets, credit, capital, and so on, the profit-seeking logic is best suited to read the situation. When this "order" is challenged, and an unusual logic is used to read a situation typically interpreted using another logic's tools, new insight emerges, and new opportunities are opened. Jeppesen and Lakhani (2010) show that a change in material practices, assumptions, values, beliefs and rules is precisely what is needed to see new solutions to old unresolved problems, and thus create innovation. In their work on the auto-focus on the InnoCentive case, firms offered to their clients, usually R&D intensive firms, the possibility to broadcast the technical problems they are currently working on to a wide community of scientists in search for a solution. They find that "*inventions are usually made by outsiders, that is, by men who are not engaged in the occupation which is affected by them and are, therefore, not bound by professional customs and traditions" (Ben-David 1960, p. 557).... outsider solvers are not bound to the current thinking in the field of the focal problem and therefore can offer perspectives and heuristics that are novel and thus useful for generating solutions to these problems*." (Jeppesen and Lakhani, 2010, p. 1019). Applying an unusual logic allows to see a certain situation in a different perspective, and this creates the possibility to innovate, finding solutions never thought before. This is the engine behind leveraging even diverging logics through the common tone process described in the previous section.

Second, the actual transformation of the marginalized individual's situation takes place via a value creation process centered around her capabilities. This transformation leads also to social reintegration, so when comparing the initial level of human, social and civil rights of the individual to that obtained after the value production, there is a clear improvement of her social condition in terms of rights, and thus a clear social impact. This is the moment in which the common tone process produce outcomes that satisfy both the profit-seeking logic and the social-impact seeking logic. It is the process of value production that generates an economic surplus and social reintegration at the same time. Stakeholder sensitive to the first logic would read the presence of economic surplus as a positive factor, while those involved on the social side will pay attention to the capability of the process to reintegrate marginalized individuals. The requirements for both logics are fulfilled, but the process allowing this is just one: each individual has a potential value, which in the marginalized subject tend to be blocked. Removing such a block, allowing the value production by the marginalized individual, has thus both economic and social impact. This is precisely what happens in music when the set of tones connects two diverse harmonies and is consistent with both, remaining however only one.

Third, not all social enterprises are able to enact a common tone process. This depends on the business model adopted by the social enterprise: such business model must be based on an existing capability of the marginalized individual to produce value, a clear understanding of the blocking factors impeding such production in the current situation, and the creation of an effective business model able to remove those factors. This has a clear managerial implication: a social entrepreneur must be able to 1) effectively use unusual lenses to read the situation, and 2) implement business model innovation. As a composer carefully designing and crafting its composition around a common tone that allows two distant harmonies to be tuned together in one melody, the social entrepreneur has to carefully design and continually innovate the business model of her firm, leveraging the common tone process to bring together the two conflicting logics.

FOUR INSTANCES TO VISUALIZE THE COMMON TONE PROCESS IN SOCIAL ENTREPRENEURSHIP

In order to ground these ideas in the reality, we critically analyze four instances of social entrepreneurship where we can recognize the common tone process described above:

1. Grameen Bank, the first microfinance institution;
2. Kickstart, a social enterprises producing water pumps;
3. WaterHealth, a producer of disinfection machinery;
4. Made in Carcere, a social enterprise producing clothes through the involvement of prisoners.

Grameen Bank

The process that led to the creation of the Grameen Bank and of the micro-credit movement can be interpreted using the insight offered in the previous sections. Muhammad Yunus, a Bangladeshi banker, economist and Nobel Peace Prize recipient is the entrepreneur around which all the story of micro-credit revolves (Yunus & Yusus, 1998). In Bangladesh, extreme poverty is widespread, and Yunus started to investigate the phenomenon (phase 1). The intuition he had was precisely given by the lenses he applied to situation of extreme poverty. He recognized that each person had the potential capability to produce economic value, a potential “blocked” by her or his alleged “non-bankability”. Non bankability was the result of the adherence of financial institutions to a logic that instead of focusing on productive capabilities focuses only on collaterals, i.e., risk reduction. Poor people were not interesting for them because their logic made them blind to the labor marginalized individuals are able to perform. On the contrary, Yunus applied an unusual logic, and beyond the people’s property of any resource or collateral he saw the potential of people’s labor force and their capabilities to produce goods and services to be sold on the market (phase 2). He recognized that access to the financial recourses was the most sever “blockage” preventing marginalized individuals to re-enter the economic system and gain a role in society (phase 3). Starting from this insight, he created a new business model based on a series of processes that organize borrowers into quite complex and innovative organizations, establishing mutual rules and giving novel roles to each one of them, offering learning opportunities and new procedures to deal with defaults. In other words, Yunus elaborated a complex business models based on processes able to make loans to marginalized people possible (phase 4). These individuals were then able to enter the economic system producing economic value for the costumers and thus generating a surplus (phase 5). Part of the surplus was then appropriated by the Grameen Bank itself via the interest rate, generating a profit. The borrowers exited the extreme poverty they were trapped in, and gained the human, social and civil rights they were excluded from before. The microcredit business model generated a positive social impact reintegrating borrowers in the social system, with all the rights connected to it. At the same time it also had the capability to generate economic sustainability of the lending bank (phase 6). It is easy to see that the process producing the economic outcome –unblocking marginalized individuals’ labor capabilities-is the same granting the positive social impact, so that the business model of Grameen Bank merges the profit-seeking and the social-impact-seeking logics.

Kickstart

The same combination of profit-seeking and social-impact-seeking logics is visible in Kickstart (Fisher, 2006; Sijali & Mwago, 2011), a Kenya-based social enterprise, that built an highly successful business model based on the provision to Kenyan farmers of affordable and reliable water pumps.

Two American entrepreneurs, Nick Moon and Martin Fisher, founded their first entrepreneurial venture, ApproTech (that would then become KickStart) with the aim of helping poor Kenyan people in developing their businesses. They wanted to tackle the problem of poverty in Africa and thought that most of it derived from the difficulty in developing profitable small businesses. Studing the Kenyan context, they realized that the great majority of Kenyan population are small scale farmers whose survival depends mainly on the amount of land they can farm (phase 1). So increasing the entrepreneurial productivity of small scale farms would have had a strong impact on a large part of the poor Kenyan population (phase 2). Studying small Kenyan farmers, the two entrepreneurs realized that the most important variable in cultivation is irrigation, which, in the traditional Kenyan agriculture is achieved with extremely inefficient methods, thus restricting the amount of land that can be productively cultivated (phase 3). Since the improvement in harvesting depends also on the technology of the water pump employed, Kickstart provides Kenyan farmers with a reliable, powerful and easy-to-use pump allowing the farming of a much greater amount of land. Also here, as for Grameen Bank, the business model is quite complex. To make sure many products are sold Kickstart needs to involve entire villages, explain how the pump work and how to maintain them, and invest in the relationship with groups of farmers. Other companies sell similar products, but the lack of a strong relationship with the villages leads to unsustainability of the business model (phase 4). Utilizing Kickstart products allows farmers to notably increase their productivity. In other words, what Kickstart achieves is to unblock the potential value embedded in Kenyan agriculture, allowing Kenyan farmers to obtain much more value from their work, thus favoring the exit from poverty of small farmers. This has a positive economic consequence not only on the farmer, but also on his family and, given the tightly knit Kenyan society, on the wider social group around the farmer (Phase 5). To achieve this, Kickstart needed to struck a balance amongst obtaining the highest social impact and at the same time running the business in profit, as both this two dimensions are equally important: achieving social impact is the final and main objective of Kickstart, so it is important to spread its products as widely as possible (meaning, low prices). However in order to keep the venture alive, it also needs a steady stream of revenues and to invest in better technologies, that can lead to more performing and cheaper products. The social impact deriving from thousands of people moving out of poverty thanks to better productivity of their work is huge and given the high number of farmers in Kenya, it has high potential impact on the whole country (phase 6).

WaterHealth

WaterHealth is a social enterprise active in the field of water sanitation in India and Africa. Its mission is to provide clean drinkable water to countries where water sanitation is difficult and wateborne diseases strongly affect the population's quality of life.

WaterHealth aim was to find a way to increase the quality of life and diminish poverty in the underdeveloped rural areas of India. In developing and underdeveloped regions, and especially in some Indian areas, waterborne diseases are a constant presence (Phase 1). WaterHealth's intuition was that this does not just affect the health of the individual, but hinders its everyday life and working activities. Such disease create inability to work, deteriorating the individuals' standard of living and thus increasing the probability to incur in other diseases. The consequence is a deteriorating situation in which the ill person keeps loosing potential opportunities of improvement (Phase 2). As waterborne diseases are the great majority of diseases in such area, finding a way to diminish their incurrence would have had a great impact on the productive potential of this region people (Phase 3). Sanitizing water was the answer to the problem, and WaterHealth devised a way to do it efficiently and with low costs (Phase 4). WaterHealth makes use of an innovative and effective UV light based disinfection technology that allows a relatively low-cost purification of water. This is achieved through a complex and innovative business model: WaterHealth purification centres and machinery are sold to the local communities and, given the high cost of the machinery, a financing program is offered alongside the sale of the of the purifier. The buyers can then repay the loan thanks to the fees collected from water sales. In the end, when loans are repaid, the purification machinery becomes an income-generating asset for the original buyers. And this is the second main driver which fosters the success of the business model: the product becomes a income-generating asset for the community that bought it. Thus, the main contribution of WaterHealth business model is that a remarkable amount of potential value, both economic and social, is unblocked thanks to, first, the higher standards of living and health conditions achievable using WaterHealth's purification systems, and, second, by the income the original buyers can enjoy once the loan is repaid (Phase 5). The improvement in the life of communities starts in the moment that WaterHealth provides them its services, and keeps growing over time, until the community can fully acquire the sanitation implant. The increase in quality of life and productive performance of the community are now clearly improved, compared to what they were before the presence of WaterHealth (phase 6). Again, the process aimed at generating positive social impact by lowering the water-based diseases, is actually the same which fuels the economic process and make sustainable the diffusion of the UV innovation.

Made in Carcere

Finally, Made in Carcere is an Italian social enterprise run by Luciana Delle Donne, which produces simple cloths, like T-shirt, bags and accessories tailored by women who are even physically marginalized from the society, as they are actually detained in prison. What Make in Carcere does is to involve female prisoners in a training program aimed at their re-integration in the society as free and skilled workers.

Luciana Delle Donne wanted to do something to improve the life of jailed women (phase 1). She wanted for convicts women the opportunity to become part again of the society, a feat usually difficult for ex-convicts. Whilst what she wanted for them was the possibility of a "second chance", she realized that the main obstacle for prisoners in creating a new life after detention was the lack of a "real chance" to change life. Typically, Italian conviction system tries to facilitate the return of former convicts into society by giving them the skills to enter the labour market. However, this attempt's success lies on the possibility for the convicts to develop their skills, and the best way to do so would be to develop them directly on the market (phase 2). The market considered by this example is the clothing market, and the convicts were involved in the re-use of waste materials and denims for the production of the cloths. However, prisoners lacked access to any kind of market, and this hindered their capability to produce any kind of economic value (Phase 3). Made in Carcere restores such connection by partnering with different actors in need of dismissing their waste materials, on the input side, and offering the products of the prisoners on the final market, on the output side (Phase 4). These two processes are the common tone realizing economic value, because they allow the labor capabilities of the prisoners to meet the markets where they can express their potential, and at the same time generating social value, via training, rehabilitation, and reintegration of marginalized individuals. (Phase 5). The final consequence is that prisoners working with Made In Carcere during their conviction time have significantly higher likelihood to be successfully introduced into society (phase 6), because they can exploit the abilities they learned in prison.

CONCLUSION

Extant literature offers many examples of how to manage conflicting logics. Organizations may try to juggle logics looking for an equilibrium which may be, however, unstable. For that reason, a stream of literature, as we saw, suggests that organizations are bound to manage conflicting institutional logics by enacting strategic choices that tend to favour one logic over another. This approach sees the impossibility of a long-run coexistence and can be broadly defined as the "A instead of B" approach. This "A instead of B" choice, however, is not the only possible outcome. Indeed, more recent studies have put forward a different perspective. Conflicting logics may also continue to coexist in a certain organization without one of them becoming dominant, even after a long period of time; this happens when organization is able to define some specific solutions aimed at preventing critical consequences. It is what we can call an "A parallel to B" situation.

The main contribution of this paper is to demonstrate that balancing and managing conflicting logics by insulating them it is not the only way organizations use to manage conflicting logics. Indeed it does not resolve the instances we observe in reality, because there are other ways to combine heterogeneous ways of framing, thinking and behave. Inspired by a composition technique applied in music, we propose that it is also possible to reconcile conflicting logics using what we call common tone. The common tone is a process that allows the satisfaction of, being consistent with, conflicting logics. Such a particular process is required to be based on the possibility to change perspective, and by applying an usual logic to a situation, discover the new opportunities such situation allows to open.

Being the common tone very contingent on the nature of the organization, on the context, and the conflicting logics at work, we have given an illustration of how this principle works in the case of social entrepreneurship. In such case, the profit-seeking logic can be used to read situation of social marginalization to discover (and activate) the value generation potential of the marginalized individuals, and social-impact-seeking logic can be used to read the economic outcome of such production process, exposing the new human, social and civil rights re-gained by the marginalized individual during (and thanks) to her productive activity. Here the common tone process allows social enterprises to obtain the social impact by unblocking the potential economic value of subjects normally marginalized: the process they use to produce social value is thus *the same process* with which the economic value necessary to their sustainment is created. Therefore, in the case of social enterprises, the two conflicting logics (and all the related conflicting activities) can be kept together without remarkable tensions.

Indeed, as a second contribution, this argument provides a direct contribution to the field of social entrepreneurship. We stand by Short, Moss & Lumpkin statement that "if the social entrepreneurship field is to progress, the next two decades should be characterized by unity in construct definition and by examining the social entrepreneurship construct through a variety of well established theoretical lenses" (2009, p.173). Thus, we hope our work will help in this direction by strengthening the institutional theory approach to social entrepreneurship. We believe this theoretical framework is particularly suited to the setting of social entrepreneurship because of its nature based on two seemingly irreconcilable logics: one social and one entrepreneurial; indeed the tendency of scholars to propose dichotomous explanations (eg. Boschee, 1998; Dees, 2012) on the subject is based on this underlying paradox of seemingly opposite logics coexisting in the same structure. As a final contribution to the field of social entrepreneurship, we think this article can give interesting insight on the relationship between social value and economic value in social enterprises: recent work (Santos, 2012) questioned the usefulness of the mainstreaming approach of defining social entrepreneurship on the categories of social and economic value, and we would like this article to contribute to the debate.

As a managerial implication, we have shown that social entrepreneurs founding social enterprises based on the common tone are able to look at marginalized individuals with the eyes of the profit-seeking logics, and recognize their economic potential. They are also creative enough to imagine business models, technologies or networks where that economic potential can be expressed removing the obstacles that prevented that value to be created up to now, and committed enough to social impact to be able to see the social achievement the economic value production has generated. Thus, being a social entrepreneur means being able to 1) apply unusual logics to read certain situations 2) innovate at the level of the business model. Even if this finding is already contributing to help social entrepreneurs to understand their role and identify the precise capabilities they need to develop to create sustainable enterprises, we feel we can generalize the finding, and hinting that managerial can strike a balance between conflicting logics investing precisely in these two factors: a) using one logic to read the situations usually placed under the other logic, with the aim of discovering new opportunities for development b) being creative at the level of the business model, transforming the inputs received from the previous activity (point 1) into processes that can fulfill the requirements of both logics, embedding one into the other.

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