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SUMMARY

INSTITUTIONAL CONTRADICTIONS AS A RESOURCE: THE EFFECTUATION PROCESS IN BALANCING MULTIPLE LOGICS IN A SOCIAL ENTERPRISE

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Principal Topic

Social entrepreneurship has gained substantial traction in recent years, yet research is still in a pre-paradigmatic state (Nicholls, 2010). Few studies have examined how a social enterprise emerges and gains legitimacy, or the institutional and organizational factors that make it work (Dacin, Dacin & Matear, 2010; Gras, Mosakowski & Lumpkin, 2011; Hill, Kothari & Shea, 2010).

A social enterprise features multiple “bottom lines”, each driven by a different set of institutional logics, which can generate substantial tension (Battilana & Dorado, 2010). The successful emergence and growth of a social enterprise may lie in its ability to embrace, leverage, and integrate competing logics, which may be resources as well as constraints. We investigate the mechanisms, structures and practices by which a social enterprise uses and benefits from divergent logics during their emergence and growth through a historical case study of the Seikatsu Club, an internationally recognized social enterprise of middle-class housewives in Japan with $1 billion US in annual sales.

Methods

Analyzing multiple sources of archival and interview data, we found that effectuation (Savasvathy, 2001) was the key process through which those social entrepreneurs confronted, exploited and embraced divergent logics, working with available means and effecting change through constantly evolving structures and practices. While prior studies have proposed various approaches to reconcile multiple institutional logics (Battilana & Dorado, 2010; Seo & Creed, 2002; Suddaby & Greenwood, 2005), the Seikatsu Club case study illuminates an effectual path of turning what seem to be institutional contradictions into complementary resources for flexibility and legitimation. The effectual use of these resources enabled the Seikatsu Club to building a successful social enterprise that is politically active, socially responsible, economically viable, and functioning within the legitimate boundaries of a very rigid social structure.

Results and Implications

In proposing the perspective of “institutional contradiction’ as a resource”, we push existing theories to a new terrain within the context of social entrepreneurship. Our study also contributes to the practice of social entrepreneurship by illuminating the process through which social entrepreneurs can navigate through multiple, divergent logics in building up a social enterprise. Rather than being hampered by the tensions, social entrepreneurs can embrace the challenge of balancing what seem to be competing logics in building up social ventures.

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