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~ SUMMARY ~

AN INVESTIGATION OF THE CENTRALITY OF COMPETING INSTITUTIONAL LOGICS FOR SOCIAL ENTERPRISES

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Principal Topic

Since social enterprises differ from both traditional for-profit and non-profit organizations with regard to their pursuit of dual mission: social mission and commercial mission, the question of “why some social enterprises are more likely to incorporate these competing missions than others” has attracted the attention of scholars in past several years (Dacin, Dacin, Matear, 2010; Doherty, Haugh, & Lyon, 2014). Nonetheless, the research addressing the conditions under which social enterprises are likely to achieve dual missions is relatively young and, as such, is still establishing its basic tenets. With the recognition of that understanding the variations in social enterprises’ dual mission achievement requires consideration of the organizational or individual factors that can impact on the centrality, the degree of which multiple logics are relevant for organizational functioning (Besharov & Smith, 2014, 375), this research attempts to specify some of conditions under which social enterprises’ centrality of competing logics rises and falls.

I proposed that social enterprises with the investor stakeholder group (or shareholder group) rich in ethical investors (H1), customer stakeholder group rich in impure altruistic buyers (H2), and employee stakeholder group rich in cross-sector workers (H3) will enhance their centrality of competing logics to a greater extent than those with each stakeholder groups lacking in ethical investors, impure altruistic buyers, and cross-sector workers.

Method

The sample was used from the Korean Social Enterprises using Korea Social Enterprise Promotion Agency (KSEPA)’s directory, which has tracked 1,012 certified social enterprises by February of 2014. In total, 203 social enterprises have completed two sets of survey and I deleted 13 responding firms due to missing data, resulting in a total of 190 usable responses (for a total usable response rate of rate of 18.96%). Hypotheses were tested using OLS hierarchical regression.

Results and Implications

The empirical results indicated that the higher portion of investors without financial return expectation is negatively associated with the unequal weights to competing issues. It means the greater portion of ethical investors positively influence the centrality of competing logics, which supports my first hypothesis. Similar result was generated from the test of third hypothesis. I found social enterprises high in cross-sector workers percentage are more likely to have relatively equal weights to competing issues. However, the results do not support for the effects of impure altruistic customers on centrality of competing logics. A possible explanation of this insignificant result would be that consumption itself might not be the important factor in social entrepreneurship. According to Coase (1960), social problems with which social entrepreneurs can play a role in dealing might be the results of negative externalities – negative side effects – of production processes, not the results of consumption.

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