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

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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 that not only such coexistence is possible in general terms. Also, under certain conditions, such coexistence is not a coexistence any more, but an hybridization. This is possible leveraging processes 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 becomes possible and fruitful. We use this analogy to claim that in organization 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 coexistence of different logics and indeed creating a new hybridization between them.

A straightforward settings to observe how such a coexistence of diverging logics through "common tone" may be created is social entrepreneurship. Social ventures are characterized by the conflict of profit-seeking and social-impact-seeking logics. The former is related to business development, economic sustainability and economic value creation. The latter relates to social impact and social activities carried on by the organization. In the literature several authors have recognized how this makes social ventures a perfect setting to apply institutional theory and investigate how conflicting logics are managed (Battilana & Dorado, 2010; M. T. Dacin, Dacin, & Tracey, 2011; P. A. Dacin, Dacin, & Matear, 2010; Pache & Santos, 2010). At the same time nobody has tried to see the two main conflicting logics, profit-seeking and social-impact-seeking logics, as the two faces of the same coin jointly linked by one main common tone.

In the first part of the paper, we use social entrepreneurship to describe how a common tone may be created between the two conflicting logics (profit-seeking and social-impact-seeking) and substantiate it with some illustrative examples. More in detail, we claim that social enterprises are based on processes aimed at creating economic value coupled with processes aimed at creating a positive social impact. In the most advanced social ventures, some processes do both at the same time. This happens when the social venture has a business model able to place the beneficiaries of the social action of the firm at the center of the economic process. If economic value creation is undertaken *by means* of the social beneficiaries' actions, their production of economic value has both the effect of producing profits (part of which can be appropriated by the firm that empowered the beneficiaries) and positively impacting on the living conditions of the beneficiaries (now able to use the economic value they produce to gain a role in the production system, and thus in the social system of their societies). Business models that "unblock" the productivity of the beneficiaries of the firm's social action are based on processes producing profits and at the same time elevating the social condition of the beneficiaries. These processes are the common tone melting together profit-seeking and social-impact-seeking logics in social enterprises, allowing thus the coexistence of conflicting logics. In sum, we define the "common tone" as the process that allows the unification/coexistence of two or more conflicting logics. this process may take different forms depending on the characteristics of the hybrid organizations and, most of all, on the conflicting logics inside them. To sustain this claim we use the exaple of the hybrid organization social enteprise, where the unifying process is the unblocking of potential value in disadvantaged people. This kind of process allows the reconcilition of for-profit and nonprofit logics, as it simultaneously satisfies them both.

In the last section of the paper we offer some illustrative examples to substantiate our claim.

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; P. Thornton & Ocasio, 1999) made institutional logics a defining element of institutions' content and meaning (P.H. 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 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, the field of investigation of the present paper (P.H. Thornton & Ocasio, 2008) 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 faces 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, which are linked by targeted integration mechanisms and teams, and through senior executive behaviors" (Smith, Binns, & Tushman, 2010, p.451). Another example is the Learning organization, 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 last remarkable example is that of 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 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 development of the experts of market investment, entered in competition with the *classical conservative and long-term oriented* founds, generated different organizational practices in terms of propensity to run some activities in outsourcing rather than in outsourcing (Lounsbury, 2007).

In the health care system, the battle between *medical professionalism logic* and *business-like health care logic*, have been conducted for many years. According to the *medical professionalism logic,* physicians were the key decision makers within the field determining what services needs 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 form 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 make conflicting logics have room in the organization, finding a flexible equilibrium between the two. An equilibrium that is, however, unstable, because it is based on an dynamics unstable equilibrium between logic A and logic 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, within a certain organization field, institutional logics that clash may also create institutional change. The specific change is then determined by which Institutional Logics comes out as the winner in 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 as a short-term situation, a passage between two states with one 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 another. 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 process can be found in the history of the U.S. Academic Health Centres. In the '90es, new governmental policies aimed Academic Health Centres toward 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 in order to make them more efficient 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 it led to inefficiency, in some cases (i.e. Stanford Academic Health Centre; Kitchener, 2002).

Another instance of institutional transformation due to logics striving for dominance is provided by 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 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 logics based on the established structure of the music industry, 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). This battle is still ongoing.

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 together 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 logics and the consequent competing actions may 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 on this has mainly focused on how to manage such conflicts, 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/organizational field is not a desirable situation. Rival logics determine an intrinsically unstable situation and brings considerable risks for the organization. In this context the managerial actions are all addressed to prevent such potential risks of inefficiency, paralysis or even breakdown.

The balance stuck 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 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 critical and dangerous situations can be exemplified by the conflicts that took place within the Atlanta Symphony Orchestra (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 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). This polarization exacerbated the conflict 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 faced, 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.

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. This happens when instead of stressing the heterogeneous and diverging elements of conflicting logics, the organization strengthens their homogenous and common elements.

We argue that managing conflicting institutional logics by hybridization is possible, and that the organization does not need to choose 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. In this perspective hybridization is not supposed to be based on mixing and blurring heterogenic elements of conflicting logics. Rather, in our perspective, this aim should be achieved

by pursuing 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 part of it. Obviously several techniques may be adopted for modulating. In particular Common-tone modulation uses to sustain or repeat 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. We contend that in order to make this particularly complex mechanism work, organizations should leverage those processes that are perceived as legitimate in both institutional logics. As we see it, the common tone is the process that allow the coexistence of conflicting logics in the hybrid organization: then, what this process precisely consist in it depends on the type of hybrid organization we are observing. Different hybrid organizations implement different common tones, obviously depending on which the conflicting logics characterizing them are. It is not within the scope of this article to providing an extensive classification of the different process that may form the common tone, so we will limit to the study of one specific type of hybrid organization (social enterprises) with the aim of showing what the common tone is in general.

SOCIAL ENTREPRENEURSHIP

In order to discuss more in depth how this process could work and identify the characteristics of the processes able to gain legitimization on both sides of a battle between two conflicting logics, we can rely on the studies investigating social entrepreneurship, a field where conflicts between diverging logics are the norm. Social ventures need in fact to balance the profit-seeking logic with the social-impact-seeking logic, whose requirements are most of the times diverging.

As a first step, we have to distinguish two main types of social enterprises. The first type are quite close to the many “classical” 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, very well captured by the initial literature on Corporate Social Responsibility, there is no other interference of one process on the other.

Besides the first set of social ventures, a second group of social enterprises do not juggle: the processes they adopt to generate value are 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.

To be able to see how this can happen 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 deals with the process of reintegrating those marginalized by the economic system. Some individuals are considered unable to produce any value, or very small value, of any kind, especially economic. Handicapped, mentally-ill, or non-educated are often considered only a loss for the welfare state. The same can be said for prisoners, poor or non-bankable people with no collaterals. They have usually no role in the economic system, they consume very little, do not produce much, and are generally unable to enter any kind of market. We conceive social impact as the reintegration of these typologies of individuals into the economic system, giving them access to the markets, making them productive, and allowing them to consume. Their economic reintegration generates economic independence, and with that comes a set of freedoms that they could not experience before because of their inability to escape their condition. In sum, social impact is obtained by recognizing the value-production capabilities owned by a marginalized individual and removing the factors that prevent this capability to fully express its potential. The direct consequences of such removal is the acquisition by that the previously marginalized individual of an active role in the society, of autonomy and access, broadly intended. Given this definition of social impact, the firm reaches a positive social impact if it is able to remove the factor blocking the value-creation capabilities of a group of marginalized individuals.

A business model that produces such "unblocking" effect is based on processes that generate value of two kinds at the same time. Social value, because it allows marginalized individuals to enter again the economic system and gain a role in economy and society. Economic value, because, when the firm unblocks the productivity of marginalized individuals, they generate economic value, part of which can be appropriated by the firm to generate profits. The same processes –unblocking the marginalized individuals' productivity- is producing outcomes consistent with both logics: profit-seeking and social-impact-seeking.

In the most advanced social enterprise the two processes thus coincident, that is to say, the same process that produces economic value produces also the positive social impact. The two processes are not insulated or artificially connected, there is only one set of processes generating two outcomes, one on the economic and the other on the social side. The process is consistent both with the profit-seeking logic and the social-impact-seeking logic, because in both cases it leads to results that are consistent with each logic.

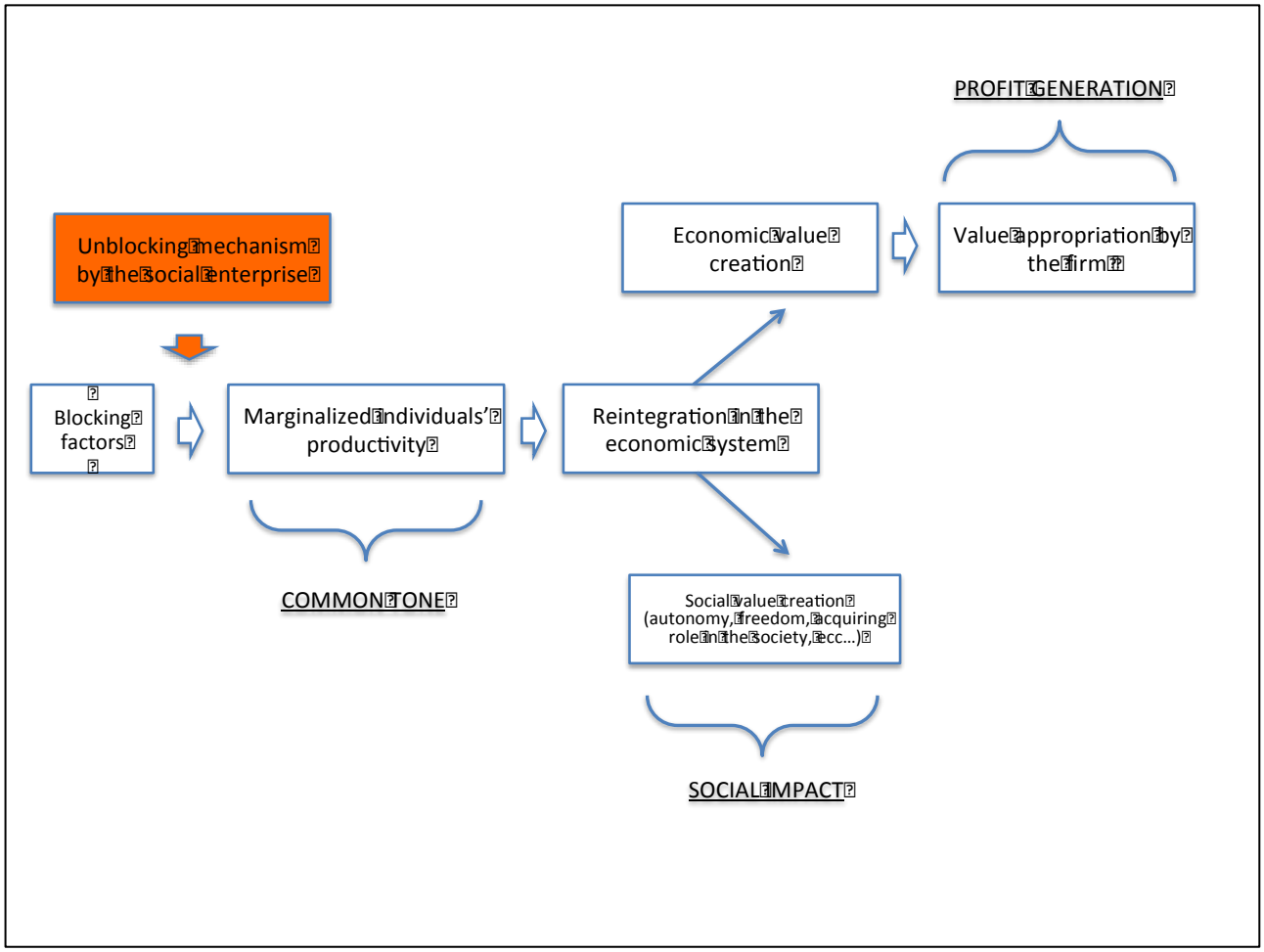

FIGURE 1: The process of aligning a common tone between conflicting logics: the case of social enterprise

GROUNDING SOCIAL ENTERPRISES IN THE REALITY

In order to ground these ideas in the reality, we critically analyze four instances where we can clearly recognize the mechanism 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

Grameen Bank, built by Muhammad Yunus, is perhaps the best example we can give to explain how common tone allows the creation of processes generating both economic and social value, hybridizing different logics. Yunus recognized that each person he was willing to lend money to had the potential capability to produce economic value, a potential "blocked" by her or his alleged "non-bankability". Beyond

the people's property of any resource or collateral , which prevented them to the access the market for credit, he saw the potential of people's labor force and their capabilities to produce goods and services to be sold on the market. 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. Starting from this insight, he decide that the better way to remove such obstacle, i.e. marginalized people's un-bankability preventing them to access the market for credit, was to "bet" on people's capabilities. Of course, microcredit is more than such a vision. Is also a complex business model, a series of processes that organize borrowers into the 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. These individuals were then able to enter the economic system producing economic value for the costumers and thus generating a surplus. Part of the surplus was then appropriated by the Grameen Bank itself via the interest rate, generating a profit. Thus, the microcredit business model has a positive social impact to the extent it is able to reintegrate borrowers in the economic system, with all the social gains connected to it, and at the same time it also has the capability to generate economic sustainability of the lending bank. It is easy to see that the process producing the economic outcome is the same granting the positive social impact, and that the business model of this hybrid organization, Grameen Bank, was develop by *merging* profit-seeking and social-impact-seeking logics by building on the common tone of marginalized individuals' labor capabilities.

Kickstart

The same counterintuitive 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. In Kenya, the great majority of people are farmers, whose survival depends mainly on the amount of land they can farm. 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. 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. 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. 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 (this 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. 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. Again, Kickstart business model is innovative, allowing the economic-value-producing process to unblock the creation of social value.

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 water-related diseases strongly affect the population's quality of life. In developing and underdeveloped regions, and especially in some Indian areas, waterborne disease are a constant presence that hinder 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.

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. 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 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 economic system, as they are detained in prison. What Make in Carcere does is to involve female prisoners in a training program aimed at their re-integrating them in the society as free and skilled workers. To achieve this purpose Made in Carcere bases its business model on the two main factors: the prisoners, and the raw material employed in the production. The former considers the possibility to provide prisoner with a "second chance", since Delle Donne realized that the main obstacles for prisoners to create a new life after detention is the lack of a "real chance" to change life. The latter refers the to re-use of waste materials and denims for the production of the cloths. In this case the most interesting aspect for our purposes is the fact that prisoners lack access to any kind of market, and thus hinders their capability to produce any kind of economic value. Made in Carcere restores such connection by partnering with different actors in the 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. 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.

DISCUSSION

Social enterprises are a fitting example of how conflicting logics can be managed inside an organization. Generally speaking they 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, whilst, on the other hand, they try to do so whilst achieving economical sustainability, if not moderate profit. They balance the two opposite drives of creating and spreading value into society, and 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).

Extant literature offers many examples of how to manage conflicting logics. Organization 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 doomed to manage conflicting institutional logics by enacting strategic choices that tends to favour one logic over another. These 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 together in a certain organization without one of them becoming dominant, even after a long period of time, 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. Nevertheless in our paper we demonstrate that balancing and managing conflicting logics it is not only a matter of mixing heterogenic way of framing, thinking and behave. Inspired by a musician technique to compose and music we demonstrate that it is also possible to reconcile logics on what we call common tone. By Common Tone, differences in logics can be leverage to create innovative hybrid organization, as in case of social entrepreneurship. However, we also saw in the paper that the need of doing that is much more frequent then the specific case of social entrepreneurship, since it involves the broader field of hybrid organization and which actually spans across several research settings.

CONCLUSION

The goal of this article was to show how conflicting logics can be managed inside organisations avoiding structural tensions among them. This happens thanks to a mechanic that we defined the "common tone" that allows two conflicting logics to be united together coherently and harmoniously without conflicts. As shown by our examples, in the case of social enterprises this "common tone" happens to be the value-creating process typically enacted by this kind of organisations: social enterprises obtain the social value-creation that is their objective by unblocking the potential economic value of subjects normally excluded by the economic activities (i.e. usually disadvantaged people): the same process they use to produce social value, is 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 of economic value-creation and social value creation (and all the related conflicting activities) are kept together without remarkable tensions because they come from the same process.

From the managerial point of view, the capability to enact such economic and social value-producing process depends from the business model adopted by the social enterprise: such business model must be able to effectively enact the combined values-creation process and the main tool to implement this is through business model Innovation. As a composer carefully designing and crafting its composition around a common tone that allows two distant melodies to be tuned together, the Manager of social enterprises with competing logics has to give extreme attention to all the devices that allow to bring together the two conflicting logics. Translated in the management of organizations, The main way to obtain this is through the careful design and continue innovation of the business model, which must enact the "common tone" to bring together the two conflicting logics. The implications are that, for the management of organization based on conflicting logics, the business model design is the most important aspect, as the peaceful

coexistence of conflicting logics depends mainly from it, and it should require greater attention than other aspects typical of managerial disciplines, which are in such case not as much critical.

The main limitations to our study stems from the fact that we focus only on few empirical cases having an illustrative aim. much more effort should be put on developing a more structured multiple case (Yin, 1993), to better investigate and verifying the mechanism under the business model of cases analysed and the functioning the common tone. Finally the article is particularly focused toward social entrepreneurship, and since the very same nature of social entrepreneurship is still an emergent context, an interesting line of research could concern the testing of the common tone also in other empirical settings.

Regarding the more immediate contributions to the field of social entrepreneurship, we stand by Short et al 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" (Short, Moss, & Lumpkin, 2009, p.173). Thus, we hope our work will help in doing so 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.

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