When Competing Logics Enter Organizations:

The Politics of Organizational Responses to Conflicting Institutional Demands

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ABSTRACT

Organizational scholars are increasingly focusing on the phenomenon of conflicting institutional demands and their impact on organizations. Drawing on an inductive comparative case study of eight social integration enterprises in France, I explore the extent to which intraorganizational dynamics influence organizational responses to conflicting institutional demands. In line with the hypotheses developed by Pache and Santos (2010b), I confirm the relationship between the degree of internal representation by organizational leaders of the conflicting institutional demands and the corresponding strategic responses mobilized. I then extend the model by highlighting the positive consequences (in terms of resource mobilization), as well as the negative consequences (in terms of internal conflict) of the responses mobilized by organizations. In particular, I highlight the value and limitations of co-optation as a response strategy for dealing with competing institutional demands.
In the last decade, the field of institutional theory, which has traditionally focused on the constraining influence of homogeneous institutional environments on organizations, has witnessed an upsurge in studies exploring the phenomenon of conflicting institutional demands. Building upon early formulations of institutional theory which recognize that institutional environments exert pluralistic and potentially contradictory demands on organizations (Friedland & Alford, 1991; Meyer & Rowan, 1977; Oliver, 1991; Scott, 1987), various studies describe and explain the emergence (Rao, Monin & Durand, 2003; Thornton, 2002; Zilber, 2002) and persistence (Cooper, Hinings, Greenwood & Brown, 1996; Purdy & Gray, 2009) of competing institutional logics.

In particular, a set of studies has explored fields where logics compete on a permanent basis (Dunn & Jones, 2010; Greenwood, Diaz, Li & Lorente, 2010; Reay & Hinings, 2009; Thornton, Jones & Kury, 2005; Voronov, De Clercq & Hinings, 2010), contrasting these with fields where logics temporarily compete as they shift from one dominant logic to another (Kim, Shin, Oh & Jeong, 2007; Lounsbury, 2002; Thornton, 2002). An important contribution of this stream of research on permanently competing logics is the recognition that, when embedded in such fields, organizations cannot easily comply with what is expected from them (DiMaggio & Powell, 1983; Palmer & Biggart, 2002; Tolbert & Zucker, 1983) because complying with one set of demands requires them to defy a competing set (Pfeffer & Salancik, 1978). This stream further argues that competing institutional demands, by making organizational members aware of alternative courses of actions, create latitude for them to exercise some level of strategic choice (Clemens & Cook, 1999; Dorado, 2005; Greenwood et al., 2010; Tracey, Phillips & Jarvis, 2010).
By emphasizing cognitive awareness and strategic action (Hirsch & Lounsbury, 1997), these studies imply that organizational members play an important role in shaping organizational responses to permanently conflicting institutional demands. Previous research (Greenwood & Hinings, 1996; Kim et al., 2007) has explored the impact of organizational members’ interests in shaping responses to institutional pressures for change. Yet by emphasizing member’s reactions to temporarily changing field-level institutional demands, the studies do not properly account for situations where organizational members face institutional contradictions on an ongoing basis. The extent and implications of the role of organizational members’ interests in shaping responses to conflicting institutional demands thus remains poorly understood (Jarzabkowski, Matthiesen & Van De Ven, 2009; Kraatz & Block, 2008; Kraatz & Moore, 2002). The objective of this paper is to address this gap.

What role do organizational members play in shaping organizational responses to competing institutional demands? To address this question, I build on Scott’s conception of organizational members as carriers of institutionalized templates (Scott, 1995) which they have been socialized into through training or experience (DiMaggio et al., 1983). In any field, organizations are thus composed of individuals who adhere to specific institutional templates and who hold, as a result, specific views about what goal the organization should pursue and how it should be appropriately organized. I contend that organizational member’s institutional attachments shape how organizations respond to institutional pressures for compliance (Fiss & Zajac, 2004; Greenwood et al., 1996; Kim et al., 2007). A few empirical studies do indeed suggest that organizational members’ commitments to institutional logics play an important role in shaping the strategies mobilized by organizations as they face conflicting institutional pressures for conformity (Alexander, 1996; Battilana & Dorado, 2010; Mars & Lounsbury, 2009;
Reay et al., 2009; Tracey et al., 2010). Alexander (1996), for instance, showed that museum curators, when facing competing funders’ conceptions of what constitutes an appropriate exhibition, strategically protected what their profession viewed as core, while allowing changes in the format of exhibitions that they viewed as peripheral.

Understanding how organizations respond to conflicting institutional demands thus requires understanding how actors within organizations experience and react to the competing templates that they have been exposed to. In a recent conceptual model, Pache and Santos (2010b) point to the degree of internal representation of the demands as an important determinant of organizational responses to conflicting institutional demands. They argue, in particular, that organizational members are socialized into specific institutional templates that they are likely to promote and defend when encountering conflicting templates. According to their model, organizational responses are the outcome of intra-organizational politics, where groups adhering to specific institutional templates take strategic action to ensure that their own template prevails. Specifically, they distinguish between instances where only one of the conflicting demands is represented internally (which they refer to as instances of single representation), with instances where the multiple external demands are internally represented (which they refer to as instances of multiple representation). In cases of single representation, organizational members adhere to the same logic and are likely to take action to promote and defend it against external conflicting pressures. In cases of multiple representation, different organizational members exhibit competitive commitment patterns (Greenwood et al., 1996) that lead them to engage in competitive behavior to ensure that the template that they favor prevails. Overall, they argue that organizations that exhibit single representation patterns are likely to respond to conflicting institutional demands in a way that protects the interests of the internal
coalition. In contrast, organizations which show evidence of multiple representations are likely to experience internal negotiations – peaceful or forceful, depending on the internal power balance - between competing internal coalitions as they craft their responses.

In this paper, I test and extend this model in an attempt to refine our understanding of the role of organizational members’ commitments to competing institutional templates in shaping organizational responses to conflicting institutional demands. Given the state of extant theory, I use theory-building (Eisenhardt, 1989) and theory-elaboration methods (Lee, 1998). In particular, I explore the organizational outcomes of these internal dynamics, highlighting their consequences in terms of resource mobilization and conflict. Using an inductive comparative case study design, I compare how eight social integration enterprises - which aim to reintegrate long-term unemployed people into the job market by hiring them to produce goods and services that are sold on the commercial market – responded to competing social welfare and commercial demands as a function of the degree of internal representation of these conflicting demands inside the organizations.

By highlighting the purposive actions of individuals within organizations as they juggle between competing institutional demands, this study contributes to the emergent stream of research on institutional work (Lawrence & Suddaby, 2006; Lawrence, Suddaby & Leca, 2009). In particular, it emphasizes the important role played by organizational leaders in filtering, interpreting and acting upon competing institutional demands. It further highlights the role of power in shaping these intra-organizational dynamics, thus building upon and complementing early institutional research (Selznick, 1949) and studies on power and politics (Hickson, Hinings, Lee, Schneck & Pennings, 1971; Pfeffer, 1978; , 1981; Wamsley & Zald, 1973; Zald, 1970).
Not only does this empirical study confirm the propositions of Pache and Santos’ (2010b) model relating the degree of internal representation in the founding team to specific response strategies, it also extends it in two different directions. First, it suggests that organizations that exhibited multiple representation in their founding team were able to mobilize more resources from their institutional environments, suggesting that they were better equipped for engaging in symbolic exchanges with key constituencies. Second, it shows that, over time, these same organizations were more likely to experience intense internal conflicts between competing coalitions unless they had designed a formal governance structure that allowed them to avoid a balanced power structure (Kraatz, 2009). Overall, this study suggests that hybrid organizations, as organizations which integrate competing logics in unprecedented ways (Scott, 1995) are in a favorable yet risky position to thrive in the midst of such competing institutional demands.

METHODS

The research is based around a comparative multiple-case study (Eisenhardt, 1989) that enables a replication logic, with each case confirming or infirming the inferences drawn from the others (Yin, 1994).

Research Setting

The research setting is the field of “social integration enterprises” (enterprises d’insertion) in France. Social integration enterprises are private commercial companies with a social mission: their goal is to provide long-term unemployed people with two-year work contracts in order to train or retrain them in work practices and behavior. They do so by hiring them to produce goods and services that are sold on the commercial market. They operate in a
wide range of sectors, including gardening, catering, construction, recycling or temporary work. Through caring supervision, tailored training programs and individual social counseling, these enterprises help long-term unemployed people readapt to the world of work and regain individual pride and confidence. The State plays an important role of gatekeeper in this field as it grants accreditations at département¹ level to operate as “social integration enterprises”. This in turn entitles such organizations to a public subsidy intended to offset the opportunity cost of employing less productive people who require extra supervision². On average, social integration enterprises generate 20 percent of their revenues from grants and subsidies and 80 percent from sales.

The field of social integration enterprises developed in France at the end of the 70’s as a few social workers recognized, in the context of an emerging economic crisis, the need to create “intermediary enterprises” (as social integration enterprises were initially called) to help youths at risks and long term unemployed people learn – or relearn - the skills of work. Going beyond their traditional interventions based on administrative, health or housing support, these pioneer social workers developed activities that were simple enough to be accessible to people with no qualification. They organized a close and indulgent supervision to accompany these “social employees” in the learning process, with the goal to reintegrate them in “regular” companies.

The first organizations received the label of “social integration enterprises” from the State in 1986 and were progressively legitimized through various laws (in 1979, 1985, 1991, 1998 and 2006) which granted them the right and duty to operate as economic entities (for instance, by

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¹ The French three-tier local government structure consists of communes, départements and régions (in increasing order of importance).
² They receive 9681 euros for each social employee hired, except temp work social integration enterprises which receive 51 000 euros to hire a social and professional counselor to coach 12 FTE social employees.
paying employees at minimum wage and complying with legal and fiscal requirements). Interestingly, these laws also restricted public financial support to organizations committing to primarily serve their social mission, monitored by the “rate of positive graduation” (measured by the proportion of social employees who find a regular job upon graduation).

The scattered initiatives that had spontaneously flourished across France felt a growing need to join efforts and collaborate, as they grew more and more separate from the social organizations which had founded them. The first regional union of social integration enterprises was created in 1983, soon followed by other regional unions, which led to the creation of the national federation of social integration enterprises (CNEI) in 1988 and the formalization of the first charter of social integration enterprises. In turn, the growing visibility of the field led to the emergence of tensions with the commercial sector, which started to perceive these new enterprises as unfair competitors, due to the public subsidies that they received and the tax exemptions from which the social integration enterprises operating as nonprofit entities could benefit.

Since the 90’s, in the face of the aggravation of the economic crisis, social integration enterprises consolidated their position as both social and economic actors. With unemployment rate reaching new heights (up to 14 percent between 1994 and 1998), social integration enterprises developed strong partnerships with local governments, which were eager to rely on them to address the needs of their growing unemployed constituencies. Yet under pressure to sustain their economic activities, social integration entrepreneurs progressively adopted “business entrepreneurs” practices (Hugues & Gasse, 2004). This trend consolidated in the years 2000, as more and more organizations in the field voiced their identity as “real companies”, started to join employers unions, and partnered with capitalist businesses to develop business
opportunities. In the middle of the years 2000, social integration enterprises had solidified their identity as commercial companies with a social mission. In 2007, 1098 social integration enterprises existed in France. On average, they mobilized 80% of their revenues from sales.

I chose this research setting because of its embeddedness in conflicting institutional demands. As organizations that combine a social mission with a commercial business model, social integration enterprises are permanently embedded in competing social welfare and commercial logics which promote contradictory goals as well as contradictory means for achieving these goals. The social welfare logic is built around the notion that an organization’s appropriate purpose is to address social needs while the commercial logic views the distribution of profits as a legitimate mission. Interestingly, in the field of social integration enterprises, this conflict concerning goals is resolved, at the field level, by the State, which vets new organizations and assesses older ones every year to decide which should remain in the field or be excluded from it, based on their achievement of social welfare goals. As a result of this close monitoring process, organizations in the field display a very high level of agreement around the fact that reintegrating social employees into the job market is their primary goal (Pache & Santos, 2010a).

However, there is constant conflict concerning what means organizations should put in place to best achieve this goal. In particular, the two competing logics promote different conceptions of what organizational structure to adopt. The social welfare logic promotes nonprofit legal status as the sole legitimate protection against mission drift. The non-redistribution constraint, which is tied to nonprofit status under French regulations, prevents nonprofit organizations from distributing surpluses to private interests, thus keeping the

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3 Source: Ministry of Work Data 2007
organization focused on collective rather than private interests. The only legitimate use of surpluses, according to the social welfare logic, is their reinvestment in the social mission. In contrast, the commercial logic promotes a for-profit legal status as the most appropriate form for operating on the market. Conceived as more “efficient” and more “professional”, for-profit legal entities are viewed as the most legitimate vehicles for developing commercial activities. According to the commercial logic, surpluses are not only considered legitimate, but they are also legitimately appropriated by private shareholders who have invested their capital in the company (see Pache & Santos, 2010 for a detailed description of these logics). These competing conceptions of appropriate organizational structures are reflected in the field level incorporation patterns: in 2007, 44% of enterprises operated under a non-profit status and 56% operated under a for-profit status. Importantly, the State, as the main central actor in the field able to adjudicate this conflict, has always been agnostic about the issue of organizational structure: individual social integration enterprises receive no instruction from the State about what structure to favor. They are thus free to adopt the organizational structure that they perceive as the most appropriate. Table 1 summarizes the competing goals and structural practices that characterize the social welfare and commercial logics.

Insert Table 1 about here

In the context of this study, I explore how eight social integration enterprises responded to the conflicting demands related to what legal and ownership structure they should adopt as well as the role played in this process by the degree to which organizational leaders represented either the social welfare logic or the commercial logic, or both.

4 Source: National Federation of Social Integration Enterprises Data 2007
Sampling strategy

The eight social integration enterprises in my sample were selected using a theoretical sampling strategy. I sampled organizations on the basis of their legal status, in an attempt to explore the drivers of these choices as well as their consequences for organizations. I thus selected four cases which had adopted a nonprofit status (GREEN, CHARITY, WORK SERVICES and SOCYCLE) and four cases which had adopted a for-profit status (ZEROWASTE, BUSITECH, TEMPORG and WORK&CO). I selected the cases in two separate sectors (recycling and temporary work) as well as organizations operating on different scales (single site and multisite) in order to generate diversity in the observations and produce a richer and more generally applicable theory. Table 2 describes the eight cases analyzed in the paper.

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Insert Table 2 about here
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Data collection

My study draws on several sources of data collected at both the organizational and field levels. These include (1) qualitative data collected from semi-structured interviews with field experts and organizational members, (2) archival data including industry analyses, corporate documents, annual reports and newspaper articles, (3) observations, including visits to the headquarters of each organization as well as visits to local sites of the four multi-site organizations, (4) emails, phone calls and follow up interviews to fill gaps in accounts.

I started the data collection process by gathering general information about the field of social integration enterprises in France through semi-structured interviews with fourteen field experts as well as through various archival sources (French Ministry of Work, social integration enterprises federation, social entrepreneurship websites, books and articles etc.). Next, in 2007-
2008, I conducted 81 semi-structured interviews with case protagonists which lasted between 30 and 180 minutes. For each case, I interviewed one or two board members, the executive director, the founder (if different from the first two) and middle managers (usually a technical supervisor, and a social worker). In some cases, I also interviewed financial backers, partners and clients. In total, I conducted between six and seventeen on site interviews per case in the course of two- to five-day site visits. Semi-structured interviews with board members, executive directors and founders were organized around the following themes: founding and growth, organizational structure and governance, human resources, commercial strategy, financial strategy, performance, environment and stakeholders. Interviews with middle managers focused on the nature of their work and on their perceptions of their own and other people’s roles in the organization. All interviews were taped and transcribed. Follow-up phone calls and emails as well as informal interactions were conducted through 2010 in order to track any major changes in the organizations. Given the relatively small size of these organizations, the interviews and on-site observations have given me a very good grasp of intra-organizational culture and dynamics.
Data Analysis

I began the data analysis process by summarizing the data for each organization in individual case reports. These reports describe how the organization was founded and how it evolved over time, its goals and values, its human resources, its organizational structure and governance, its business model and business strategy, its social integration strategy, its performance as well as its relationships with key stakeholders.

Given my focus on the degree of internal representation as an independent variable, I then evaluated, for each organization, the degree to which the competing social welfare and commercial logics where internally represented by organizational members. My focus on organizational structure decisions taken at the time of founding and only modified exceptionally, led me to code all cases for their level of internal representation at the time of founding and to track major changes in this representation over time. In order to code internal representation at the time of founding, I focused on the institutional commitments of the founding team. To assess the evolution of this representation over time, I analyzed the commitment of the board members as well as the executive directors (ED) since they are the decision makers in these small organizations. Building upon the work of DiMaggio and Powell (1983), I assessed the degree of socialization of a given member in a given logic on the basis of her professional training and her experience. A member with training and professional experience in one professional sphere only (for example, in the social sector) was coded as representing the logic of that institutional sphere. If they combined training and/or experience in two fields embedded in two distinct logics, I coded them as representing both logics. In some cases, when my data contained clear evidence that a member had rejected a logic that they had been socialized into, I inferred that they would not represent that logic internally. For instance, the executive director of GREEN, who was
trained as an engineer and worked for six years in a large chemical multinational, explained that she decided to leave the commercial world because she did not adhere to its values: “I saw things in regular companies that I abhorred. (...) For me, the capital of a company is people. My CEO made a different choice. He squeezed people like lemons. And I saw the teams lose motivation. And I thought: "this is horrible". She subsequently decided to participate in an executive education program to become a “coordinator of social institutions”. She joined GREEN when she was still participating in this training. I coded that person as representing the social welfare logic only. Finally, I also took into account certain personal characteristics (such as religious commitments or family cultures) when data in the case suggested that these were important.

Drawing upon the distinction made by Pache and Santos (2010b) concerning balanced and unbalanced power between the internal groups representing the competing logics, I measured the power balance by assessing the number of people representing a given logic, however I also took account of their formal authority and their degree of influence within the organization. Table 3 reports the detailed coding for all eight cases.

Building upon this categorization of cases as displaying either “single representation”, “multiple representation with unbalanced power” or “multiple representation with balanced power”, I conducted a within-case analysis to examine how each organization within each category responded to conflicting institutional demands. Following Pache and Santos (2010b), I used Oliver’s (1991) typology of strategic responses to institutional demands to categorize the responses mobilized. I thus differentiated between 1) instances of compromise, where organizations attempt to achieve partial conformity with all institutional expectations through mild alteration of the demands, through a mild alteration of the responses or through a
combination of the two, 2) instances of *avoidance* where organizations attempt to preclude the necessity to conform or to circumvent the conditions that make this conformity necessary, 3) instance of *defiance* where organizations explicitly reject at least one of the institutional demands and 4) instance of *manipulation* where organizations actively attempt to alter the content of institutional requirements and to influence their promoters.

I then conducted a cross case analysis (Eisenhardt, 1989) both within and across categories to identify differences and similarities as well as common patterns. I developed tables and graphs in order to facilitate comparisons. I examined data in light of the predictions of Pache and Santos’ (2010b) model of responses to conflicting demands and I also looked for unexpected patterns, exploring in particular the consequences of strategies mobilized on organizations. Thus I combined theory elaboration (Lee, 1998) and theory generation (Eisenhardt, 1989). This process has resulted in the insights presented below.

**FINDINGS**

**Members’ institutional commitments determine response strategies**

Recent developments in institutional theory highlight that when facing institutional logics that promote antagonistic practices, organizations in a given field vary in the practices that they adopt (Greenwood et al., 2010; Lounsbury, 2001; Lounsbury, 2007). These differences have been explained by various factors, such as affiliation with an influential organization (Lounsbury, 2001), temporal differences (Thornton & Ocasio, 1999) or geographical differences (Greenwood et al., 2010; Lounsbury, 2007). In this study, I identify an alternative determinant of practice variation. In particular, I find that variations in the responses to conflicting institutional
demands are driven by the degree to which organizational members are committed to the logics that compete in the field (Greenwood et al., 1996; Pache et al., 2010b).

At the time of founding, the eight organizations in this sample exhibited two patterns of logic representation. In four firms, founding members were committed to one logic only: GREEN, CHARITY and WORKSERVICES members were socialized into the social welfare logic only, while BUSITECH members were socialized into the commercial logic only. In the four other organizations, founding members exhibited commitments to the two competing logics, however one group wielded power over the other. ZEROWASTE and TEMPORG founders represented both logics, yet the proponents of the social logic were more powerful than the others. SOCYCLE and WORK&CO’s founders were also socialized into both logics but members were more committed to the commercial logic. Interestingly, confirming the predictions from Pache and Santos (2010b), the data suggests that these representation patterns determined which responses these organizations mobilized in the face of competing expectations about how to set up their organizational structure.

GREEN, CHARITY and WORK SERVICES, whose members championed the social welfare logic only, resorted to defiance (Oliver, 1991) as a response strategy: they adopted the elements of organizational structure promoted by the social welfare logic, i.e. a nonprofit status and board composed of supporters of the mission, and fully dismissed the demands from the commercial logic to adopt a for-profit status or to mobilize capital holders in their governance structure. This finding confirms the prediction of Pache and Santos (2010b) who hypothesized that in the face of an institutional conflict over means where one side of the conflict is internally represented, organizations are more likely to resort to avoidance and defiance than to other strategies: the internal champions of the social logic, when facing external pressures to adopt
commercial practices, had no incentive to find a compromise because no competing internal group was pushing to see their own views prevail.

GREEN, for instance, was founded by a former school teacher for youths at risk who was very active in the Scout movement, and a small group of volunteers at a local community center, who realized that people did not participate in the center’s activities unless they had a job. They thus decided to launch back-to-work programs. In 1993, the co-founders, who all had a teacher, trainer or social worker background, created GREEN as a separate entity from the community center, with a nonprofit status. The Board of Directors was limited to the homogeneous group of co-founders who shared a similar adhesion to the social welfare logic. Interestingly, GREEN moderated this defiance strategy with the strategic use of signals to external referents, in an attempt to compensate for its lack of legitimacy as a commercial player: “We had, as Board of Directors, a team of people with a social background, which suddenly had to deal with waste management. So our first job was to hire someone with experience in waste management, and she became our Executive Director. She did not know how to deal with social issues, but she knew how to sort waste. The goal was to appear credible, not only as nice idealists from the social world.” CHARITY and WORK SERVICES adopted a similar approach, defying the demands of the commercial logic: both adopted a nonprofit status and mobilized boards of directors composed of champions of the social mission.

The contrast with the strategies of ZEROWASTE, SOCYCLE, TEMPORG and WORK&CO is striking. These organizations were founded by members socialized into both logics and/or by teams with a mixed representation where one group remained dominant. When setting up their legal status and the composition of their boards of directors, the four organizations mobilized similar response strategies: they resorted to manipulation, using a co-
optation tactic (Oliver, 1991; Selznick, 1949). Independently of the legal status that they chose, they invited members from the minority logic to become shareholders and/or board members in an attempt to socialize them into the dominant logic and to enhance their legitimacy. Again, this finding confirms Pache and Santos’ (2010b) contention that in the face of a conflict over means, where both sides of the conflict are internally represented yet with unbalanced power, organizations are more likely to resort to manipulation (Oliver, 1991) strategies than to other strategies. Given the presence of champions of the weaker logic inside the organization, the dominant group is unlikely to succeed in avoiding their demands. Further, the dominant group is unlikely to waste resources in defying the demands of the weaker group since it holds enough power to impose its own views. The dominant coalition is thus likely to use its power to socialize dissenting voices into its preferred template, thus resorting to manipulation strategies.

A good example of this pattern is WORK&CO. The enterprise was founded by managers specializing in training as well as research and development issues at MULTIWORK, a multinational temp services group. Their background in vocational training and their experience as trainers for youths at risk had socialized them into the social welfare logic. Yet, their embeddedness in a multinational group and their mandate to create WORK&CO as a branch of MULTIWORK had socialized them into the commercial logic as their dominant institutional attachment, thus leading to an unbalanced multiple representation structure. They decided to set up the organization as a commercial entity, with commercial subsidiaries for each site. In terms of ownership structure, however, they decided to systematically invite legitimate social actors to become shareholders in these subsidiaries. The co-founder of WORK&CO explains this strategy: “The first application that I submitted in the name of MULTIWORK (to the accreditation commission to become accredited as a social integration enterprise) was not even analyzed
because we were told that it would never get through. (...) So we created autonomous commercial entities where we owned either the majority or the minority of capital. And we created these weird combinations where we invited a youth shelter, a vocational training center, a social integration enterprise or an association to be shareholders along with us. And it worked.” Manipulation through co-optation was possible in this case because the co-founders had been socialized into multiple institutional logics and understood the values and interests of their social welfare constituents. They were thus able to build relationships with them and get them to accept the invitation to become shareholders in their company - a rather unusual invitation in the social sector. This strategy allowed WORK&CO to enter the field of social integration enterprises and, in the co-founder’s own words, “to reassure social actors who were afraid that we would enter the field to make money and to bother them.”

ZEROWASTE developed a similar strategy in reverse. The organization was founded by the co-founder and Executive Director of NOTRASH, an activist nonprofit association fighting against waste. Inspired by the Emmaus movement, NOTRASH members were fierce advocates of social values and strong opponents of commercial values, as illustrated by this quote from the first chair of the organization: “We can fight against capitalist processes which are generating exclusion with more human processes that recognize the value and dignity of all. (...) The activists who work with NOTRASH believe in universal human values that they want to share and disseminate.” They had identified the opportunities that waste management could offer in terms of work integration for people without qualifications and knew that their city was looking for a company to manage its waste sorting facilities. Socialized into the commercial logic through an executive management training course, the Executive Director of NOTRASH decided to participate in the call for tenders. “NOTRASH was too local, too stuck in nonprofit rigidity and
inertia, employing people with too many social difficulties, so we were suspected of being too weak for this mission,” reports NOTRASH’s twenty year anniversary booklet. So, under the leadership of its Executive Director, its members decided to create ZEROWASTE as a for profit entity owned by NOTRASH. In addition, he invited three major clients, large capitalist waste management groups, to acquire 30% of the company. This strategy served two purposes: on the one hand, it projected a professional image for the local government which was issuing local calls for tender. And on the other hand, it familiarized important ZEROWASTE clients with the objectives of the organization: “When one of these clients won a contract for a large waste sorting facility, (...) it needed manpower. And of course, they thought about subcontracting to ZEROWASTE, the company in which they were shareholders,” reads the anniversary booklet. The manipulation apparently succeeded. SOCYCLE AND TEMPORG, the two other organizations with unbalanced multiple representation also resorted to manipulation when designing their organizational structure. Both invited champions of the minority logic to join their boards as volunteer members or as shareholders.

Interestingly, one organization in the sample did not confirm the predictions of Pache and Santos’ (2010b) model. As an organization with members socialized into the commercial logic only, BUSITECH would be expected to avoid or defy the social welfare logic. However, what I found was that organizational members actually struck a compromise between the commercial and the social logics: they created a national nonprofit organization as well as a network of local nonprofits that created for-profit structures as subsidiaries to operate their activities locally: the local BUSITECH non profits were majority owners of the local BUSITECH for profits. The nonprofits, which were instrumental in mobilizing volunteers, helped to project social fitness vis-à-vis social sector stakeholders. Their commercial subsidiaries, which were in close contact with
clients, projected the expected symbol of commercial professionalism. The reason why BUSITECH did not defy social expectations, in the same way as their social counterparts defied commercial expectations, might be related to its initial legitimacy capital (Pache et al., 2010a). Given the powerful commercial image of its parent company, COMPUTER, BUSITECH entered the field of social integration where the social goal is clearly dominant, with a legitimacy deficit, which did not allow them to ignore social welfare imperatives: they had to comply with at least part of these, which they did by creating local non profits. In contrast, GREEN, CHARITY and WORKSERVICES initially benefitted from a sufficiently large stock of legitimacy given their clear integration within the social sector to enable them to defy the commercial logic without risking serious legitimacy threats. The overall pattern of responses mobilized by the organizations in my sample is presented in Table 4.

| Insert Table 4 about here |

These findings confirm the important role played by intra-organizational dynamics in predicting organizational responses to conflicting institutional demands and generally validate the predictions of Pache and Santos (2010b): organizational responses, in the context of a conflict over means, are determined by the degree to which conflicting demands penetrate organizations and mobilize internal champions. In addition, these findings elaborate upon this model by highlighting the role played by the initial legitimacy capital in moderating the impact of internal representation on the choice of the responses: while organizations benefiting from an initial stock of legitimacy are likely to follow Pache and Santos (2010b) predictions, organizations suffering from legitimacy deficit are generally more likely to resort to compromise.
or manipulation strategies in order to build up their legitimacy capital, either through cooperative (compromise) or through more controlling (manipulation) approaches.

More broadly, these findings suggest that, in the context of pluralistic environments, organizational leaders’ institutional commitments shape the structure of the organization as well as its identity and character in relation to the other stakeholders in the field. On the one hand, leaders committed to one logic appear to make the “character defining” decision (Kraatz, 2009; Selznick, 1957) of remaining faithful to prescriptions of this logic while ignoring the demands of the competing logic. My data suggests that these leaders may not be cognitively aware of other options, as reflected by this quote from the founder of GREEN: “I told you I was raised in the nonprofit world. For sure, what I have learned, what I have done in my life always happened in non profits. So this is what I know well. (...) My training as a school teacher did not allow me to learn about other statuses.” In addition, these choices may reflect the leader’s ideological attachment to the logic’s goals and values in opposition to the goals and values that underpin the conflicting logic. The chair of WORKSERVICES explains: “Our founders are stuck on the nonprofit status for ethical reasons. For them, it is the only status that can keep us focused on our social goals. That can prevent the problematic deviances of the for-profit status.” On the other hand, founding teams composed of champions of both logics appear to be willing and able to build bridges to both institutional worlds in an attempt to neutralize opposition and generate support. These leaders are aware of the existence of multiple demands and understand the value systems underlying them as well as the interests of the stakeholders promoting them. Consequently, they are able to employ the appropriate rhetoric (Suddaby & Greenwood, 2005) to address all of them and gain their social support through cooptation. Interestingly, my findings suggest that the ability of leadership teams with multiple institutional commitments to reach out
to multiple constituencies goes beyond the mere mobilization of social support through cooptation. The following section explores how.

**Multiple representation, cooptation and resource mobilization**

Previous research on responses to conflicting demands emphasizes the impact of the responses mobilized on organizational legitimacy (Kraatz et al., 2008; Oliver, 1991; Selznick, 1949) and survival (Battilana et al., 2010). While this study confirms that the response strategies developed in the eight cases allowed them to gain or sustain legitimacy and to survive for more than fifteen years, it goes a step further in suggesting a causal relationship between the responses chosen by organizations with a given pattern of internal representation and the level of resources that these organizations were able to mobilize. Indeed, my findings suggest that organizations led by leaders committed to one logic only, resorting to compromise or defiance response strategies, are likely to mobilize low or medium levels of resources when compared to organizations led by leaders representing both competing logics and mobilizing co-optation strategies, which appear to be able to mobilize higher levels of resources.

By resources, I mean here the social and material support that organizations need to survive and thrive (Pfeffer et al., 1978). In the context of social integration enterprises, they comprise, for instance, endorsement by public officials, sourcing of social employees, strategic partnerships with industrial partners, or grants and subsidies from local government. In the context of this study, relying on the resources that informants recurrently mentioned as key to their success, I measured the level of resource mobilization for each case by counting the existence of partnerships with three key types of stakeholders through which material resources are exchanged: public sector actors (local government, state agencies, etc.), social sector actors
and private sector actors (clients, suppliers and industrial partners). I rated as “low” in resource mobilization the cases that developed partnerships with one type of stakeholder only, as “medium” the cases that developed partnerships with two types of stakeholders and as “high” the cases that built partnerships with all three types of stakeholder. Table 5 reports on the level of resource mobilization for the eight cases in the research sample.

GREEN, CHARITY, and WORKSERVICES, the three organizations with organizational members adhering to the social logic at the time of founding, and which dismissed the demands from the commercial logic, exhibited medium levels of resource mobilization. The three organizations developed strong partnerships with public and social partners. Yet they did not build partnerships with private sector actors. CHARITY members, for instance, were able to work very closely with elected officials and public servants from the city to help introduce specific social integration clauses into government procurement contracts: in public law, these clauses require bidders to commit to contributing to the social integration of long-term unemployed people and to allow local governments to favor bidders whose offer is particularly good in terms of social integration. A CHARITY member explains how he convinced elected officials of the city: “I used to tell them “If you give me business, I won’t ask for subsidies anymore. Give me business and I’ll stop asking you for money.” So the city of X listened to us very carefully. Then, the Chair of the local housing board, who knew us because we had worked on integration clauses with him, became a very important supporter, because at the time, he became the city’s Minister for Finance. We repeated that same message to the city, to the metropolitan area, and to the region.” CHARITY members, in addition, developed partnerships
with other important local social actors, in particular with Church-based associations. Socialized into the social welfare logic through their religious commitments, board members reached out easily to other local religious charitable organizations and religious organizations in general. The Executive Director explains: “For a majority of our board members, religious motivation is important. (...) And so the consequence is that we work with a good number of religious institutions, mostly Catholic. (...) And if we want to work with them, it is better to know whether it is this congregation or that one. So you’d better have well informed members. This is where we are good at creating these connections.” In contrast, CHARITY, despite a substantial client base in the private sector, did not develop specific partnerships with commercial stakeholders.

GREEN and WORK SERVICES developed similar partnership patterns. Both were able to mobilize strong support from local political actors: the French Minister of Labor in person came to sign WORK SERVICES’ first accreditation convention while GREEN was awarded the contract for managing communal waste sorting facilities in its hometown. Both organizations were also embedded in a solid network of local social actors, such as the community center for GREEN, or other local social integration actors for WORK SERVICES, from whom they obtained important resources for their social employees (support, jobs, training, etc.). In both cases, these partnerships were built by board members who had affinities with these different groups. Despite repeated interaction with commercial clients, neither GREEN nor WORK SERVICES developed close partnerships with private commercial partners.

These findings contrast with the resource mobilization patterns of the organizations exhibiting multiple unbalanced representation at the time of founding. ZEROWASTE, SOCYCLE, TEMPORG and WORK&CO were all able to mobilize key resources from the three types of stakeholders. SOCYCLE, for instance, was built in partnership with COMMUNITY, a
large international charitable organization. In addition, one co-founder who was socialized into the white goods retail sector through his father, was able to mobilize the support of WHITEGOODS, France’s #1 white goods retailer. Very early on, key strategic partnerships were developed with these organizations both at local and national level which allowed SOCYCLE to access key resources: social legitimacy and funds from COMMUNITY, good quality used white goods from WHITE GOODS. But SOCYCLE did not limit these partnerships to these two types of actors. Following a co-optation strategy, it invited strategic social and political actors onto local boards to secure local support. Its Executive Director recalls: “Local sites were built on strong local roots, with strong political support. (...) It worked because the social project was strong, and because the individuals promoting it were strong too.” SOCYCLE was even able to go a step further in developing strategic relationships with national political decision makers. In 2005, its Executive Director managed to be invited to sit on the national commission which selected the three operators (eco-organisms) in charge of managing the Waste Electrical and Electronic Equipment market at national level. He explains: “How did I manage that? How do you call that? Lobbying I guess? Through plain and solid friendships (...). So we clearly fought to make sure the social economy is recognized as a legitimate actor in the management of the WEEE sector, not because of its nice social mission, but because of its economic and industrial relevance. And we voted for the eco-organisms which convinced us that they would take the issue of social integration seriously.” Among the three organisms selected, two were seriously committed to social integration and ready to contract out recycling activities to SOCYCLE. In 2007, contracts with these eco-organisms allowed the organization to double both its activity and the number of social employees recruited per year.
TEMPORG is another good example of a high level of resource mobilization. TEMPORG co-founders were working as social workers for the city when they launched their enterprise. Their connections with both city officials and local social actors played an important role in allowing them to start their operations with strong local support. They replicated this approach at the local level by requiring each local branch to create a local advisory board composed of local social and public actors. In addition to these partnerships to social and public actors, TEMPORG developed strategic partnerships with a few capitalist groups which were invited as shareholders. In 1996, PROWORK, WORK&CO’s parent organization, was invited to acquire 30% of TEMPWORK’s shares with the idea of developing a strategic industrial partnership. While the partnership did not take off immediately, it nevertheless provided interesting opportunities for both partners to learn from each other. ZEROWASTE and WORK&CO also experienced high levels of resource mobilization and developed important partnerships with a combination of public, social and business partners.

My findings suggest that, when embedded in multiple and conflicting institutional environments, organizations whose members are socialized into one logic only are likely to reach only moderate level of resource mobilization. This pattern can be explained by two factors. First, since organizational members are likely to defy competing institutional demands, they are likely to alienate one category of institutional referents, which are in turn unlikely to provide support. Second, actors who are not socialized into the logic of a field are poorly equipped to understand its rules, values and norms, and so may not be aware of potential synergies across fields. They may thus find it difficult to develop an intelligible conversation with members of this field. In my sample, by dismissing commercial demands, GREEN, CHARITY and WORK SERVICES failed to display the signs of appropriateness (for profit legal status and private capital holders).
required to mobilize support from commercial partners. In addition, in the absence of members socialized into the commercial logic, none of these organizations could efficiently reach out to commercial stakeholders: their members were neither fully aware of the scope, opportunities and idiosyncrasies of the sector, nor culturally equipped to develop a conversation with potential commercial partners. As a result, they did not mobilize strategic resources from them.

My findings further suggest that organizations with members socialized into multiple competing logics are likely to achieve high levels of resource mobilization. Again, this can be explained by two factors. First, the co-optation strategies favored by these organizations are likely to socialize external stakeholders around the organization’s interests, and thus to rally them as potential supporters. In addition, the presence within the organization of members socialized into two different logics allows the organization to reach out to a wider audience: the cultural toolkit (Swidler, 1986) of the organization is thus enhanced, allowing it to build bridges across multiple stakeholders and thus to leverage a larger range of resources. In my sample, ZERO WASTE, SOCYCLE, TEMPORG and WORK&CO founders were socialized into both the social welfare and commercial logic. They thus understood the values and norms of other important stakeholders, they were able to envisage potential interactions and to sustain these interactions over time, by sending the right symbols to the right constituents (Kraatz, 2009; Suddaby et al., 2005). As a result, the four organizations were able to mobilize high levels of resources which they transformed into larger levels of economic activity as well as larger numbers of social employees mobilized.

However, this came at a cost. The same organizations which exhibited multiple internal representation and high levels of resource mobilization also exhibited high levels of internal conflict. Pache and Santos’ (2010b) model predicts that internal conflict is limited to situations
where demands compete around what goals the organization should pursue. The following section thus explores the unexpected outcome of internal conflict when logics compete over what means should be implemented to achieve a consensual goal.

**The negative consequences of multiple representation and cooptation**

Previous research suggests that the purpose of cooptation by organizations that are embedded in conflicting institutional demands is to “avoid threats to its stability or existence” (Oliver, 1991; Selznick, 1949). By absorbing dissenting elements into the leadership of an organization, cooptation is viewed as a way to socialize these actors into the organization’s “way of doing things”, to appease their potential hostility towards the organization and thus to enhance the organization’s legitimacy and social worthiness. As such, cooptation is expected to contribute to organizations’ stability and survival. The data, however, suggests a different outcome and shows how, over time, organizations that resorted to cooptation experienced a shift in their internal balance of power. This led in turn to serious internal conflicts that threatened their continuity.

SOCYCLE’s experience illustrates this dynamic. The enterprise was initiated by a small group of diverse actors (Georges, a social worker and local coordinator with COMMUNITY, a very prominent international social organization, Denis, a psychologist, and Mark, local director of HOUSEHOLDS, France’s #1 retailer in household appliances). SOCYCLE started out as an organization with multiple representation, with executive power in the hands of Mark (Chair) and Denis (Executive Director). While Mark was socialized into the commercial logic through his experience with HOUSEHOLDS, Denis was socialized into both the social logic (through his experience as a psychologist in a shelter for the homeless) as well as into the commercial logic
through his father who was a household goods retailer. The co-founders set up the organization as a network of nonprofit sites, bound together by a tightly controlled franchise agreement. The Board of the national organization was small and mixed but dominated by the commercial culture, as reflected in its choice to control and homogenize procedures at the national level, as reported in a 1990 annual report: “We decided to organize the SOCYCLE network as a tight group headed by a powerful organization to make sure we maintained the highest ethical and quality standards for our financial backers and clients.” From the beginning, diversity was sought in the Board of Directors of local sites by using a manipulation strategy. One of SOCYCLE’s board member recalls: “We always tried to balance, on our local boards of directors, people who were professionally involved in the social sector, with people who were professionally involved in the economic sector.” This cooptation strategy led to the progressive emergence, as new local sites developed, of site board chairs socialized into the social welfare logic, who resented the commercial monitoring and control practices implemented by the founders. Over the years, as the network grew, this group gained in size and power. It began by demanding and obtaining half of the seats on the national board. In 2000, fifteen years after founding, it organized as a coalition, retrospectively qualified as “the social guard”, which challenged the power and legitimacy of the co-founders. One of the members of this coalition explains: “We had become almost like a company. I am not saying that a nonprofit should not be managed as well as a company, this is not what I mean, but then, there is another way. In a company, you say “this ashtray, I want to have it there, not here.” One cannot manage like this in a nonprofit. We work with humans, not robots. So what I did not like was that at some point, sites became robots. So I said no, we are humans, so let’s work like humans.” A period of intense internal conflict ensued, which forced Denis and Mark to leave the organization. The structure of
the national board was modified to allocate eleven seats out of sixteen to local sites. By bringing champions of the social welfare logic into the organization, cooptation transformed the unbalanced power structure into a balanced power structure which proved highly unstable for the organization: the two groups with competing institutional commitments were willing to fight to see their own views prevail.

Over time, WORK SERVICES experienced a comparable pattern. Founded in 1985 by champions of the social welfare logic, WORK SERVICES started off by following a defiance strategy, with a nonprofit status and a homogeneous social Board of Directors. A few years after founding, the Board replaced the Executive Director with Richard, a former insurance salesman. Trained and socialized into the commercial logic, Richard joined WORKSERVICES, excited by the challenge to combine its personal values with its professional activities. The commercial logic suddenly became represented within the organization. Over time, as some members left the Board, Richard co-opted people from his network to join as Board members, who in turn invited other people from their own networks. From being homogeneous, the Board thus evolved into a mixed group, yet still dominated in number and influence by the social founders. By 2006, however, imbalance had turned into balance, with the commercial champions gaining influence. At this point, Richard introduced a project to change the legal status of WORKSERVICES from nonprofit to for profit (potentially owned by a nonprofit), in order to simplify its governance. The proposition led to an intense internal conflict between the two groups, crystallizing not only around the topic of legal status, but more broadly, around social versus commercial practices: “what we are experiencing today is a real clash of mentalities, a clash in cultures. We have, on the Board, two different schools of thought. This is what makes it really difficult. We are going around in circles; we can’t get out of it. The Chairs try in vain to build a consensus between the
“old school and the new school” explains Richard. The conflict, which started in 2006, was still raging in 2007 and had mobilized a lot of the staff and board energy. In 2007, an external consultant was hired to appease the tensions and facilitate discussion. The conflict had still not been resolved at the end of the data collection process.

ZEROWASTE experienced a similar evolution: starting off as an organization with a multiple and unbalanced representation in favor of the social logic, the organization co-opted capitalist groups as shareholders, grew into an effective commercial business, increasingly alienating NOTRASH, the nonprofit shareholder which had initially founded the organization. By 2006, NOTRASH decided it no longer had anything in common with ZEROWASTE and decided to sell its shares to the highest bidder leading to a major internal crisis which was only resolved when both the founder and the permanent staff of ZEROWASTE repurchased NOTRASH’s shares and transformed the company into a cooperative. Again, as cooptation changed the balance of power between the various internal coalitions, heated conflict emerged.

Interestingly, two organizations which resorted to cooptation did not experience such tensions. TEMPORG, despite cooptation of capitalist groups as shareholders, managed to retain power in the hand of the champions of the social logic. They did so by using a complex shareholding structure where 42% were owned by the founders and 20% by a nonprofit mobilizing champions of the mission. This tightly controlled majority ownership, combined with a centralized branch structure for the sites, allowed the founders to coopt commercial interests without allowing them to take control over the interests of the organization. WORK&CO also avoided conflict and tensions resulting from the co-optation process. While WORK&CO initially invited social nonprofit organizations as majority and minority shareholders into their autonomous for profit sites, the organization progressively repurchased its shares from the non
profits to secure systematic majority ownership – or even full ownership. It thus avoided the
development of competitive institutional commitments within their network of sites. The
evolution of the patterns of internal representation over time as well as their consequences in
terms of internal conflict for each case are presented in table 5.

Insert Table 5 about here

Overall, these findings suggest that cooptation, while potentially beneficial for
organizations through its impact on social and material resource mobilization, can also be
detrimental to organizations, to the extent that it destabilizes the balance of internal institutional
commitments. By bringing members who challenge the dominant institutional coalition into the
organization, cooptation can lead to intense internal conflicts that are not only resource and
energy consuming, but also potentially damaging for the organization. These findings provide a
compelling illustration of Selznick’s (1949) “cooptation dilemma”: by sharing authority, the
organizations that choose to co-opt run the risk to see the co-opted elements “take advantage of
their formal position to encroach upon the actual arena of decision (p.261).” While Pache and
Santos (2010b) hinted at that risk in instances of competing demands on goals only, the current
research extends this prediction and shows that institutional conflicts over means can also, under
specific conditions, lead to intense intra-organizational conflict. Institutionalized practices – at
least those related to organizational structure - embody values and commitments for which
organizational members are willing to fight. However, it is important to note that none of the
fights in this sample actually led to organizational breakup or death. For organizations exhibiting
multiple internal representations, managing competing demands on means may remain easier
than managing competing conflicts on goals.
In particular, the data suggest that formal structures are effective safeguards against the risk of power balance induced by co-optation. These findings provide empirical support for the conjectures of Kraatz (2009) who emphasizes the need for leaders of pluralistic organizations to play the role of “architects creating structures that grant various constituencies sufficient influence to secure their support, while simultaneously limiting their power over the organization (p.76).” Governance structures, in particular, appear as an efficient mechanism by which this fragile equilibrium can be reached (Jarzabkowski et al., 2009). Restrictive bylaws as well as tight ownership arrangements were the two governance structures mobilized by the organizations in my sample. In the case of TEMPORG, the ownership structure keeping the majority of shares in the hands of the founders and their “mission guardian” friends was set up at the time of founding. In contrast, WORK&CO evolved from a looser to a tighter ownership structure, suggesting that this process of formal structuring can also take place on an ongoing basis (Kraatz, 2009; Selznick, 1949).

**DISCUSSION**

This paper explored the role played by organizational members’ institutional commitments in shaping organizations’ responses to conflicting institutional demands. A comparative case study of eight social integration enterprises embedded in competing social welfare and commercial logics allowed us to empirically confirm Pache and Santos’ (2010b) predictions that these responses are shaped by the degree to which the conflicting logics were internally represented by the leadership team. However, it also extended Pache and Santos’ model in various ways.
First, it suggests that the initial level of legitimacy capital (Pache et al., 2010a) moderates the relationship between the internal representation patterns and the responses to conflicting institutional demands actually mobilized. In particular, it suggests that organizations which suffer from an initial legitimacy deficit are too fragile to run the risk of mobilizing avoidance or defiance strategies. My findings suggest that they are more likely to try to build their legitimacy capital through compromise or manipulation.

Second, this study proposes that the patterns of internal representation, combined with the response strategies mobilized, influence an organization’s ability to mobilize resources from key stakeholders. This finding complements the traditional prediction of institutional theory that isomorphism is what allows organizations to secure social and material support (D'Aunno, Sutton & Price, 1991; DiMaggio et al., 1983). This study shows that in fields embedded in conflicting institutional demands, organizations can generate widespread support from institutional referents even if they do not comply with all demands provided their leaders are socialized into the competing logics. The socialization of leaders into multiple logics allows them to mobilize the institutional rhetoric (Suddaby et al., 2005) that matches constituents’ values and beliefs. This allows them to interact with multiple institutional constituents and to tell them what they want to hear in order to mobilize and maintain their support (Kraatz, 2009).

Third, this study highlights the inherent political risks associated with multiple balanced representations. In particular, it refines Pache and Santos’ (2010b) argument that cooptation is a beneficial strategy for dealing with conflicting demands over the means that the organization should put in place. This study indeed suggests that, even in the case of a conflict on means, cooptation is likely to create balanced power dynamics, which in turn are likely to lead to internal conflict, unless adequate governance structures are put into place. By pointing to the
evolutionary process potentially leading from single, to multiple unbalanced to multiple balanced representation, this study offers a dynamic insight into the internal political processes of responses to conflicting institutional demands.

This study is consistent with resource dependence theory (Pfeffer et al., 1978) to the extent that the organizations in the sample where influenced by – and thus responded to - the institutional referents on which they depended for the provision of key resources. However, it suggests that institutional attachments moderate this relationship (Ocasio, 2002). Despite their reliance for a large majority of their resources on sales to clients, some organizations in my sample did not hesitate to ignore the demands of these institutional constituents because of their strong institutional commitments to the social welfare logic. This study is also congruent with structural contingency perspectives (Hickson et al., 1971) that view organizations as systems of interdependent coalitions. Yet again, this study complements this approach by highlighting the role of institutional attachments in addition to control over key resources as a determinant of political struggles inside organizations. Overall, this study complements previous work on power in organizations by highlighting the role of institutional logics in shaping interests, power and politics (Davis & Greve, 1997; Friedland et al., 1991; Thornton et al., 1999) in addition to dependencies and contingencies. In particular, it shows that when institutional conflict is not resolved at the field level, this conflict permeates organizations and requires conflict management at the organization level. Consequently, this research highlights the specific political hurdles experienced by organizations combining competing logics: while previous research shows that changes in the dominant logic at the field level lead to changes in the profile and focus of attention of organizational leaders (Thornton et al., 1999), this study shows that the
enduring embeddedness of organizations in competing logics is likely to bring leaders adhering to competing logics into the organization.

This research thus informs, in important ways, the management of hybrid organizations. The increasing prevalence of the phenomenon of competing institutional logics (Pache et al., 2010b) leads to the increasing prevalence of hybrid organizations which combine multiple institutional logics (Battilana et al., 2010; Pache et al., 2010a; Scott, 1995). As illustrated here, hybrid organizations face specific challenges related to the competing institutional attachments of its members and their resulting internal political tensions. This comparative case study suggests that hybrid organizations are in a better position to mobilize the various resources that they need to survive and thrive in pluralistic environments if they are composed of leaders that represent the various logics in which the organization is embedded. This multiple representation allows them to more effectively comprehend and read the competing expectations of key institutional referents, and to develop, along with them, the dialogue required to build and sustain confidence (Meyer et al., 1977) and support (DiMaggio et al., 1983). Future research, building on the work of Battilana and Dorado (2010) could build on this finding in order to explore the respective impact of different patterns of multiple representation (a single individual socialized into multiple logics vs. a team of multiple individuals each socialized into one logic) on resource mobilization. This study further emphasizes the important role played by governance structures in protecting hybrid organizations from the risks and strains of internal value conflicts. Further research could explore in more detail the specific governance structures that would allow for a fruitful representation of competing logics inside hybrid organizations, while avoiding the risks associated with a balanced power structure.
REFERENCES


# TABLE 1
Conflicting social welfare and commercial logics in the field of social integration

<table>
<thead>
<tr>
<th>Social Welfare Logic</th>
<th>Commercial Logic</th>
<th>Conflicting demands?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The overall goal is to address social needs (i.e. contribute to the work integration of long-term unemployed people).</td>
<td>The overall goal is to generate and redistribute profits</td>
<td>No Conflict between competing goals is adjudicated at the field level by the state</td>
</tr>
<tr>
<td><strong>Means</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Legal status</strong></td>
<td>Organizations should form as nonprofit entities because the corresponding legal status is the best safeguard against mission drift.</td>
<td>Organizations should form as for profit entities because they are professional commercial entities.</td>
</tr>
<tr>
<td><strong>Ownership</strong></td>
<td>The legitimate owners of organizations are those who define, promote and protect the social mission of the organization.</td>
<td>The legitimate owners of organizations are those who have invested capital in the sites.</td>
</tr>
<tr>
<td>Sector</td>
<td>Activities</td>
<td># of sites</td>
</tr>
<tr>
<td>---------------</td>
<td>-----------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>ZERO WASTE</td>
<td>Recycling</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Manage waste sorting facility and recycle electrical and electronic waste</td>
<td></td>
</tr>
<tr>
<td>GREEN</td>
<td>Recycling</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Manage waste collection facilities and a community second hand shop</td>
<td></td>
</tr>
<tr>
<td>SOCYCLE</td>
<td>Recycling</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td>Recycle used white goods</td>
<td></td>
</tr>
<tr>
<td>BUSITECH</td>
<td>Recycling</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Recycle used computers</td>
<td></td>
</tr>
<tr>
<td>CHARITY</td>
<td>Temp work</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Offer temps work services to private companies</td>
<td></td>
</tr>
<tr>
<td>WORK SERVICES</td>
<td>Temp work</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Offer temps work services to private companies</td>
<td></td>
</tr>
<tr>
<td>TEMPORG</td>
<td>Temp work</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Offer temps work services to private companies</td>
<td></td>
</tr>
<tr>
<td>WORK&amp;CO</td>
<td>Temp work</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Offer temps work services to private companies</td>
<td></td>
</tr>
</tbody>
</table>

\(^5\) The number of social employees (in parenthesis) is also included in the total number of employees
\(^6\) Total resources include sales and subsidies
\(^7\) Sales ratio = sales / total resources
<table>
<thead>
<tr>
<th>Founders and their logic representation</th>
<th>Representative quote</th>
<th>Power balance</th>
<th>Internal representation</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREEN</td>
<td>“I told you I was born in the nonprofit world. For sure, what I have learned, what I have done with my life always happened in non profits. So this is what I know well.”</td>
<td>Power is concentrated in the hands of these founders, who make up the Board and represent the social welfare logic.</td>
<td>Single (Social)</td>
</tr>
<tr>
<td>CHARITY</td>
<td>“This religious, humanist dimension counted a lot in the founders’ motivation. (...) Their companies had laid off a lot of people, so they were motivated to repair what they had destroyed ... It was also a way for them to contribute to society.”</td>
<td>Power is concentrated in the hands of these founders, who make up the Board and represent the social welfare logic.</td>
<td>Single (Social)</td>
</tr>
<tr>
<td>BUSITECH</td>
<td>“When we started BUSITECH, we were confident that we knew how to manage a business, but what we lacked was knowledge of the social world.”</td>
<td>Power is concentrated in the hands of a subgroup of these founders (who make up the Board), all of who represent the commercial logic</td>
<td>Single (Commercial)</td>
</tr>
<tr>
<td>WORK SERVICES</td>
<td>“The enterprise was founded by people who were representing institutions: we had the National Employment Agency, the Delegation for Women’s rights and the direction for social affairs, which were all concerned about work integration.”</td>
<td>Power is concentrated in the hands of these founders, who make up the board, all of who represent the social welfare logic</td>
<td>Single (Social)</td>
</tr>
<tr>
<td>Organization</td>
<td>Description</td>
<td>Founder's Perspective</td>
<td>Logic Dominance</td>
</tr>
<tr>
<td>--------------</td>
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<td>-----------------</td>
</tr>
<tr>
<td>ZERO WASTE</td>
<td>NOTRASH, a nonprofit acting against waste, under the leadership of its Executive Director, a social activist, trained as a social worker, who participated in an executive education program in business. NOTRASH’s 10 board members represent the social welfare logic. Its Executive Director (ED) represents both social welfare and commercial logics.</td>
<td>“I graduated from ICG which is a reference in the business world. It allows me to start discussions with business leaders saying “Don’t try to bluff me with management, I know what managing means.” Conversely, when I meet people from the social sector, who tell me: “Anyway, you don’t have a clue, meaning, you are not a social worker” I tell them: “It’s OK, I graduated with a masters in social work, so you just pipe down, OK? (...) It gives me legitimacy with my colleagues.”</td>
<td>Multiple unbalanced (Social)</td>
</tr>
<tr>
<td>SOCYCLE</td>
<td>A small team under the leadership of a psychologist, socialized into the business world by his father (a white goods retailer), and composed of a local manager of COMMUNITY (large international charitable organization), a social worker and a business manager. 1 co-founder represents the social logic, 1 represents the commercial logic, the leading founder represents both logics.</td>
<td>“So how could a psychologist manage a white goods business? Because his father had a household appliances business. So things came together. He had knowledge of this.”</td>
<td>While the leading founder (who became executive director) promotes both logics, the coalition that he forms with the chair, a co-founder representing the commercial logic, ultimately makes the commercial logic dominant.</td>
</tr>
<tr>
<td>TEMPORG</td>
<td>Two senior social workers, who socialized themselves into the commercial logic through their vision of integration based around situations that are as close as possible to the real business world. 2 co-founders represent both the social welfare and commercial logics.</td>
<td>“If we want to train our social employees to work in real companies, we need to be as close as possible to a real company. So we need to look like a real company, we need to taste like a real company, we need to smell like a real company. This is our training philosophy. And our only way to achieve our mission.”</td>
<td>The majority ownership of the nonprofit shareholder, together with the strong social culture of the founders make the social welfare logic dominant.</td>
</tr>
<tr>
<td>WORK&amp;CO</td>
<td>2 R&amp;D managers from PROWORK, a temp work multinational, who started their careers as trainers for youths at risks, but who then joined PROWORK 19 years ago. The 2 co-founders represent both the social and the commercial logic.</td>
<td>“I was working in a temp work agency and I started with “homers”. You say no 10 times to a guy because he does not look good or because he does not introduce himself properly, and the 11th time, you don’t know why, but you say, come in, let’s talk. Then you understand that he had a minor setback but that he is not that bad at all. And you are moved by his courage and you are fed up being treated as an exploiter when you talk about your job in parties. So you pick up your phone and you say “I have someone for you” and you try.”</td>
<td>The majority ownership of PROWORK, together with the long professional experience of the co-founders working with PROWORK makes the commercial logic dominant.</td>
</tr>
<tr>
<td></td>
<td>Degree of internal representation</td>
<td>Power Balance</td>
<td>Predicted response (Pache &amp; Santos 2010)</td>
</tr>
<tr>
<td>-------------</td>
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<td>----------------------------------------</td>
</tr>
<tr>
<td>GREEN</td>
<td>Single representation (social)</td>
<td></td>
<td>Defiance</td>
</tr>
<tr>
<td>CHARITY</td>
<td>Single representation (social)</td>
<td></td>
<td>Defiance</td>
</tr>
<tr>
<td>BUSITECH</td>
<td>Single representation (commercial)</td>
<td></td>
<td>Defiance</td>
</tr>
<tr>
<td>WORK SERVICES</td>
<td>Single representation (social)</td>
<td></td>
<td>Defiance</td>
</tr>
<tr>
<td>ZEROWASTE</td>
<td>Multiple representation (social)</td>
<td>Unbalanced</td>
<td>Manipulation</td>
</tr>
<tr>
<td>SOCYCLE</td>
<td>Multiple representation (commercial)</td>
<td>Unbalanced</td>
<td>Manipulation</td>
</tr>
<tr>
<td>TEMPORG</td>
<td>Multiple representation (social)</td>
<td>Unbalanced</td>
<td>Manipulation</td>
</tr>
<tr>
<td>WORK&amp;CO</td>
<td>Multiple representation (commercial)</td>
<td>Unbalanced</td>
<td>Manipulation</td>
</tr>
</tbody>
</table>

* Validation of Pache and Santos (2010) model
<table>
<thead>
<tr>
<th></th>
<th>Internal rep.</th>
<th>Partnerships developed</th>
<th>Resource flow</th>
<th>Resource flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREEN</td>
<td>Single representation (social)</td>
<td>Public: partnership with the city which contracts its waste collection facilities out to GREEN</td>
<td>+ $ (contracts)</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social: partnerships with local actors to recruit and support social employees</td>
<td>+ social employees support</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial: no specific partnership with commercial partners</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>CHARITY</td>
<td>Single representation (social)</td>
<td>Public: partnership with the city leading to tailoring calls for tender to favor social integration</td>
<td>+ $ (contracts)</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social: partnerships with local actors to recruit and support social employees</td>
<td>+ social employees support</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial: no specific partnership with commercial partners</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>BUSITECH</td>
<td>Single representation (commercial)</td>
<td>Public: no specific partnership with public actors</td>
<td>0</td>
<td>Low</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social: no systematic partnership with local social actors (except for the Paris site)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial: strategic partnership with COMPUTER</td>
<td>+ $ (contracts), computers, HR</td>
<td></td>
</tr>
<tr>
<td>WORK SERVICES</td>
<td>Single representation (social)</td>
<td>Public: partnership with the city to build specific social integration paths</td>
<td>+ $ (subsidies)</td>
<td>Medium</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social: partnerships with local actors to recruit and support social employees</td>
<td>+ social employees support</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial: no specific partnership with commercial partners</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>ZERO WASTE</td>
<td>Multiple unbalanced representation (social)</td>
<td>Public: partnership with the city which contracts its waste sorting facilities out to ZEROWASTE</td>
<td>+ $ (contracts)</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social: partnerships with local actors to recruit and support social employees</td>
<td>+ social employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>+ Commercial: strong ties with private clients who have been invited to become shareholders</td>
<td>+ $ (capital + contracts)</td>
<td></td>
</tr>
<tr>
<td>SOCYCLE</td>
<td>Multiple unbalanced representation (commercial)</td>
<td>Public: partnerships with cities at local level and ministries at national level</td>
<td>+ $ (subsidies), office space, regulations</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social: partnerships with local actors and COMMUNITY in particular</td>
<td>+ social employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial: strategic partnerships with white goods producers and retailers</td>
<td>+ used white goods, HR</td>
<td></td>
</tr>
<tr>
<td>TEMPORG</td>
<td>Multiple unbalanced representation (social)</td>
<td>Public: partnerships with local and national public institutions (national employment agency, French Labor Ministry, etc.)</td>
<td>+ support for national development</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social: partnerships with local actors to recruit and support social employees</td>
<td>+ $ + social employees</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial: strategic partnerships with private companies invited to become shareholders</td>
<td>+ $ (capital), capacity, clients</td>
<td></td>
</tr>
<tr>
<td>WORK&amp;CO</td>
<td>Multiple unbalanced representation (commercial)</td>
<td>Public: partnerships with national employment agency</td>
<td>+ $ (contracts)</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social: partnerships with local actors and with TEMPORG at national level</td>
<td>+ social employees + sites + expertise + brand</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commercial: partnership with PROWORK, the parent organization</td>
<td>+ $ (capital), RH, brand</td>
<td></td>
</tr>
</tbody>
</table>
### TABLE 6
Conflict as unexpected consequence of cooptation

<table>
<thead>
<tr>
<th>Organization</th>
<th>Phase 1 (Founding)</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREEN</td>
<td>1993 - 2007 Single (S)</td>
<td>Homogeneous and consensual leadership representing the social welfare logic.</td>
<td>1989-2006 Multiple unbalanced (S)</td>
</tr>
<tr>
<td>CHARITY</td>
<td>1996 - 2007 Single (S)</td>
<td>Homogeneous and consensual leadership representing the social welfare logic.</td>
<td>2006 - 2007 Multiple balanced (S+C)</td>
</tr>
<tr>
<td>BUSITECH</td>
<td>1995-2007 Single (C)</td>
<td>Homogeneous and consensual leadership representing the commercial logic.</td>
<td>1994 - 2005 Multiple balanced (S+C)</td>
</tr>
<tr>
<td>ZERO WASTE</td>
<td>1993 - 2006 Multiple unbalanced (S)</td>
<td>Co-optation of commercial partners as shareholders and commercial success enhance the power and visibility of commercial coalition, leading to balanced power structure.</td>
<td></td>
</tr>
<tr>
<td>SOCYCLE</td>
<td>1985 - 1994 Multiple unbalanced (C)</td>
<td>Co-optation of social champions on local boards combined with increase in number of sites contribute to emergence of powerful social coalition, challenging both Chair and ED’s (co-founders) authority.</td>
<td></td>
</tr>
<tr>
<td>TEMPORG</td>
<td>1991 - 2007 Multiple unbalanced (S)</td>
<td>Co-founders set up holding structure to remain in control of 54% of the shares, thus avoiding power balance despite cooptation.</td>
<td></td>
</tr>
<tr>
<td>WORK&amp;CO</td>
<td>1994 - 2007 Multiple unbalanced (C)</td>
<td>Co-founders quickly repurchase shares given to non profits to keep majority ownership, thus avoiding power balance despite cooptation.</td>
<td></td>
</tr>
</tbody>
</table>