Entrepreneurial Teams in Social Entrepreneurship: When Team Heterogeneity Facilitates Organizational Hybridity

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Introduction

More than its conventional counterpart, the literature on social entrepreneurship has traditionally acknowledged a collective dynamic inherent in the entrepreneurial process (Defourny and Develtere, 1999). This collective dimension is argued to stem from the structure of the social enterprise on the one hand (for instance, cooperative legal form, involvement of stakeholders in the governance structure) (Shaw and Carter, 2007), or alternatively from the ambition to create social value together with, and for the benefit of, a variety of actors (Corner and Ho, 2010). Indeed, social entrepreneurship is often the result of a collective process undertaken by a coalition of individuals forming a team (Dufays and Huybrechts, 2014; Schieb-Bienfait et al., 2009). Therefore, social entrepreneurship constitutes an appealing setting for studying entrepreneurial teams.

Social entrepreneurship is typically characterized as relying on a combination of social welfare logic and market logic (Battilana and Lee, 2014; Doherty et al., 2014). Hence, it can be considered as
an ideal-type of hybrid entrepreneurship – that is entrepreneurship which embraces two or more institutional logics rather than just one dominant logic (Fowler, 2000; Lee, 2014). A large body of literature has already explored how hybrid organizations (including social enterprises) manage this hybridity and overcome the possible tensions between the different logics (Oliver, 1991; Pache and Santos, 2010), but very few studies have explored how organizational hybridity emerges (Almandoz, 2012) and how it may be sustained throughout the entrepreneurial process (Dufays and Huybrechts, in press). While Lee and Battilana (2013) show that single founders’ characteristics such as past work experience imprint hybridity into the organizational process, they disregard the possibility of observing hybridity emerging from a team. Additionally, entrepreneurial teams’ (ETs) composition and their effect on various performance indicators (such as profit and organizational survival) feed an important stream of literature (Klotz et al., 2014), but thusfar team composition has been analysed in terms of demographic homogeneity rather than in terms of values. Because of its inherent tension between social and economic dimensions, social entrepreneurship appears as an ideal setting to discuss the impact of value heterogeneity in an ET. This chapter will investigate social entrepreneurship undertaken by teams as a way to (1) enhance distinct institutional logics enacted by individual team members embedded in heterogeneous social networks, and (2) integrate them in the intra-team interactions (moderator) throughout the entrepreneurial process.

Theoretical Background

Building on the premise that founder characteristics have a sustained influence on the characteristics of the created organization (Hoang and Gimeno, 2010; Johnson, 2007; Lee and Battilana, 2013; Nelson, 2003), studies have paid much attention to the imprint of founding team characteristics on the organization with research finding that team size and composition appear to affect subsequent organizational behaviour (Eisenhardt and Schoonhoven, 1990). For instance, heterogeneity or homogeneity of the founding team with regard to demographic characteristics (Steffens et al., 2012), past organizational affiliation (Beckman, 2006), and functions and competences (Beckman et al., 2007) have each been demonstrated to impact upon a new venture’s long-term performance, growth and ability to attract venture capital. However, evidence remains rather mixed,
suggesting that the effects of team heterogeneity are highly dependent on contextual factors (Klotz et al., 2014).

This debate on the potential benefits and pitfalls of heterogeneity in teams echoes the discussion between the two schools of thought on entrepreneurial team composition and formation (Ben Hafaiedh-Dridi, 2010), that is the strategic and instrumental view versus the socio-psychological dynamic view (which draws on the similarity-attraction or homophily theory). Based on resource dependence theory, the former argues that teams are formed in a pragmatic way to acquire the resources and skills that are necessary (Forbes et al., 2006), whereas the latter presumes that entrepreneurs form teams with others whom they are similar with because they hire them in their close social network (Ruef et al., 2003). So far, the imprint of ET composition has mostly been examined through demographic, status, and education or work experience heterogeneity and rarely through value or ‘logic’ heterogeneity (Klotz et al., 2014; McPherson et al., 2001). To address this gap, this chapter aims to explore the implications of logic heterogeneity within the founding team; that is distinct institutional logics borne by team members as has been typically observed in the context of social entrepreneurship.

The concept of institutional logics denotes the assumptions, beliefs, and rules by which individuals confer meaning to their social reality (Friedland and Alford, 1991; Thornton and Ocasio, 2008). It implies a two-way relationship between agents and institutions because institutional logics guide individual behaviour in shaping the agent’s cognition and rational behaviour, and agents contribute to constructing and/or transforming institutional logics by mobilizing one logic or another to make sense of particular situations in their social world (Powell and Colyvas, 2008; Thornton et al., 2012). Depending on their socialization, individuals take some rules, meanings, and assumptions for granted (Berger and Luckmann, 1991, 1966; Meyer and Rowan, 1977). In other words, they enact institutional logics (Friedland and Alford, 1991) through their education and professional experience (Pache and Chowdhury, 2012) as well as the social ties they maintain in their social network (Greenwood and Suddaby, 2006). Thus, individuals are likely to face a plurality of logics and therefore may embrace one or several institutional logics to varying degrees (Pache and Santos, 2013).
The latter situation is likely to occur when they evolve within several social spheres and embody compound identities.

When individuals face distinct and possibly conflicting logics, individuals may respond in five different ways: ignorance, compliance, defiance, compartmentalization, and combination (Pache and Santos, 2013). While the three first strategies result in the prevalence of one logic over the other, the latter two involve the articulation of distinct logics and therefore constitute the core of hybrid entrepreneurship. Compartmentalization indicates that an individual segments across time and/or space compliance and ignorance/defiance with competing logics to find consistency in the prescribed values and practices. In contrast, a combination suggests an individual’s attempt at bringing together, and eventually hybridizing, some of the values and practices of the competing logics in any situation (Pache and Santos, 2013). So far, the question of distinct institutional logics has given rise to a series of research studies at the organizational level (Greenwood et al., 2011), or at the level of one single individual. This chapter aims to extend this discussion by theorizing about logic combinations at the inter-individual level in the context of heterogeneous ETs.

Model Development

Prior to the construction of the model, two elements need to be clarified. First, it should be noted that the model presented here shows only one possible path directing ETs to embrace hybrid entrepreneurship. Therefore, it does not imply that all ETs undertake hybrid entrepreneurship, nor that hybrid entrepreneurship is necessarily conducted by teams. Second, for the purposes of this chapter, an entrepreneurial team is understood as being composed of two or more individuals who have a significant interest and engagement in the development of an entrepreneurial project, and who recognize each other as being part of the team. The interest of team members is broadened from financial (Cooney, 2005) to include other forms of interest. For example, social entrepreneurs often have an interest that the future venture will tackle a social need that they experience personally or someone in their close environment (Germak and Robinson, 2013). A mutual recognition criterion is
also included to take stock of the mutual inclusion decision that is needed in the team formation process (Ben-Hafaïedh, 2014).

As a starting point (upper part of Figure 13.1), it is acknowledged that individuals are embedded in a network of interpersonal relations (Granovetter, 1985) from which they enact institutional logics (Berger and Luckmann, 1991, 1966; Friedland and Alford, 1991). This social network evolves over time and depends on various socialization sources: family, education, professional experience, religion, and so on. Because people prefer cognitive consonance, they tend to keep in touch with others who share similar meanings and values (McPherson et al., 2001) and so distinct networks may embody distinct institutional logics (Breiger and Mohr, 2004; Mohr and White, 2008). Consequently, heterogeneity of social networks and socialization trajectories among individuals are likely to be sources of distinctiveness of the logics enacted by them.

**INSERT FIGURE 13.1 ABOUT HERE**

For a team to exist there must be a meeting of two or more individuals. Arguably this meeting can potentially trigger the generation of entrepreneurial opportunities. Indeed, drawing on the structural-hole argument, ‘good ideas’ for entrepreneurship have been shown to be found in bridging distinct social networks thanks to the informational advantage it provides (Burt, 2004). Brokering between or binding distinct homogeneous groups may offer the possibility to select or generate ideas and innovations that are valued by all groups (Obstfeld, 2005; Tortoriello and Krackhardt, 2010). This brokerage/binding function is usually assumed in the literature to be done by a single individual. However, it may happen that individuals representing the various groups form a team to collectively act as a broker, which is the case studied in this chapter.

By analogy, bridging institutional logics gives an informational advantage that may be transformed into an entrepreneurial opportunity. Indeed, a meeting between individuals carrying
distinct and eventually competing institutional logics may be a source of entrepreneurial opportunity through the complementarity between these logics (Marquis and Lounsbury, 2007). In social entrepreneurship more particularly, the bridging of (at least) a social-welfare logic and a commercial logic may bring upfront entrepreneurial opportunities. For such hybridity to be sustained throughout the entrepreneurial process of opportunity evaluation and exploitation by the team, then structural, individual, and interpersonal factors are likely to play a role. First, the structure of the network in which each team member is embedded is likely to influence the way in which logic conflict can be managed. The network structure will determine the degree of freedom of individual team members with regard to the expected conformity to the institutional logic borne by their network. In particular, network density is likely to play a role on the ability of an individual team member to deal with different institutional logics. Indeed, a denser network (Individual B in Figure 13.1) will allow for less deviation from the established norms and values because of the more numerous interconnections between nodes which create more trust and enforcement (Degene and Forsé, 1999). If the focal individual takes distance from the norms and values that are carried by the network by conforming to another institutional logic, they are likely to face punishment from this dense network (Granovetter, 2005). In contrast, centrality (Individual A on Figure 13.1) of a social network is likely to push the focal individual to face contradicting institutional values. For instance, Greenwood and Suddaby (2006) disclosed that elites have very central networks (bridging organizational fields) and therefore need to deal with distinct institutional logics.

The second set of factors lies at the individual level. Education and socialization are presumed to have an impact on the way an individual manages situations in which they face conflicting logics because the strategy they are likely to adopt depends on the extent to which an individual has previously been familiarized to this other logic (Pache and Santos, 2013). Familiarity with different institutional logics is acquired through the social interactions an individual has throughout their whole life (Bukowski et al., 2007; Morrison, 2002). Education has a special role in familiarizing an individual to several logics, as argued by Pache and Chowdhury (2012) who plea for social entrepreneurship education programs that would help students to be able to bridge social-welfare and
commercial (and eventually public-sector) institutional logics. Hence, it is suggested that individuals who have been exposed to different institutional logics are more likely to develop practices that are consistent with these various logics and to embrace hybridity in an entrepreneurial setting. In his study of local community banks establishment, Almandoz (2012) observed that the institutional logics espoused by ET members and the interaction between them have an influence on the odds of hybrid organization creation. Therefore, how each team member is acquainted to the logics carried by other team members determines the sustainability of hybridity in the entrepreneurial process. Indeed, although logic distinctiveness may be a source of opportunity through the complementarity of institutional logics, it may also be a cause of conflict between team members that impedes the exploitation of a hybrid entrepreneurial opportunity. This type of conflict is likely to arise when team members are ignoring or denying the relevance of other logics. According to Pache and Santos (2013), those behaviours are most likely to occur when individuals are identified with one logic and have little or no familiarity with the other logic. The competing logics are likely to be subject to power plays within the team (Vigoda-Gadot and Vashdi, 2012), as well as causing leadership issues (Somech, 2006). Consequently, conflict between logics during the entrepreneurial process may end up in marginalizing or squeezing out one of the logics present and result in the domination of one logic only. Specific combinations in the team composition may also engender this situation. If one team member has been socialized to a single logic, they are therefore identified with this logic and will be completely novice at other logics, and so they are likely to adopt a mix of compliance and defiance attitudes towards the enacted logic and the other logic (Pache and Santos, 2013). In the presently-modelled two-person team case, if the other member is socialized to the logic enacted by the first team member, that logic is likely to dominate over the other. Thus, familiarity with other logics may reduce pressure in the conflict and in power struggles, and favour the construction of a unifying frame for the team, although hindering hybridity in the entrepreneurial process.

In contrast, a compartmentalization strategy may be used to avoid conflict when each member is novice at the logic of the other team member. When both individuals are familiarized to some degree to other logics, compartmentalization or hybridization strategies are more likely to happen
because team members want to be able to justify their behaviour towards their social network but are willing to compromise thanks to their former socialization towards other logics. In this case, familiarity with other logics favours hybridity in the entrepreneurial process. Therefore, the effect of familiarity with distinct logics through past socializations on hybridity in the entrepreneurial process needs to be understood taking into account the interactions between team members. For an ET in the context of social entrepreneurship, it means that the extent to which team members are acquainted with social-welfare logic when they enact a commercial logic (and inversely) is very important for sustaining the hybrid character of the entrepreneurial process. Therefore the composition of the social ET matters if the team is to succeed in balancing the social and commercial dimensions of social entrepreneurship.

Overall, hybridity is imprinted in the entrepreneurial process as a result of the heterogeneity of the ET with regard to individual team members’ familiarity with and flexibility towards other logics (which they get from their education, socialization, and social network structure, as well as from the manner in which heterogeneity is addressed within the interactions between team members). Hence, team composition is likely to play a significant role in shaping and sustaining the hybrid character of entrepreneurship. As shown in Figure 13.1, the relationship between the social networks of individual team members and the hybridity in the entrepreneurial process is reciprocal. It has been demonstrated above that the network structure and the institutional logics borne by the network influence the entrepreneurial process and its likelihood to enhance hybridity. Several studies also show an evolution of an entrepreneur’s social network due to actions undertaken during the entrepreneurial process (Hoang and Antoncic, 2003; Slote-Kock and Coviello, 2010). Indeed, entrepreneurs (in a team or individually) need to expand their network of contacts in order to get information to evaluate the opportunity and to acquire the necessary resources to exploit it. In social entrepreneurship, this is particularly true for several reasons. First, social entrepreneurs need to gain legitimacy from a wider variety of stakeholders than their commercial counterparts (Shaw and Carter, 2007) which requires regular interactions with those stakeholders to secure their support (Huybrechts et al., 2014). For instance, it is important for many social entrepreneurial projects to see the idea appropriated by the
community which necessitates exchanges with other people (Haugh, 2007). Second, social entrepreneurship is acknowledged to face greater difficulty with regard to resource acquisition, against which one possible solution is to expand the network in which resources may be found (Spear, 2006). As an illustration of some elements of the model, a real-time case study is presented in the next section. This case study has been constructed by interviewing (individually and collectively) members of a social ET engaged in the early stages of the entrepreneurial process of an organization that is not yet created.

**Illustrative Case Study: InterGen**

InterGen (anonymized name) is a social entrepreneurial project aimed at creating a day-care centre for mentally handicapped grown-ups next to an assisted-living facility for elderly people. The idea emerged in 2009 from a couple of parents, John and Mary, whose youngest daughter is mentally handicapped. At that time, she was around twelve years old and entering secondary school. This shift made the parents aware that they had to start thinking about her life after school. Hence, they started to discuss the matter with other parents facing the same situation, which they met at their daughter’s school. Realizing that the offer was almost non-existent in the area, they formed a team of 9 parents to envisage the creation of a centre that would welcome their children once grown-up. Although the education and work experience of all parents differ, they have similar status (intellectual professions, higher middle-class), living area, age and share a concern for their handicapped child.

First, the team needed to acquire some knowledge regarding the legal and financial constraints imposed on a day-care centre for mentally handicapped adults. They started to explore a few ideas, among which farm rehabilitation and organic farming were considered by a few team members as a worthy option. At the school of his eldest daughter, John met Mike, marketing manager for a bank, who was looking for new professional challenges in the area of elderly nursing homes. This meeting triggered the identification of an opportunity for a social entrepreneurial project that would meet the social need of improving the quality of life and the social integration of handicapped adults, whilst ensuring a long-term financial viability that would safeguard the handicapped against the risk of not
having enough to pay for the centre when their parents will die. The idea of building the day-care centre next to an assisted-living facility for elderly and allowing for both financial and human exchanges between the two structures did not encounter a consensus within the team. Two couples of parents argued that this was going too far in subordinating the project of a day-care centre to a financial revenue-generating activity and they left the project together with two other parents. Indeed, they felt that such a project was sacrificing (1) the creation of activities adapted to their child as they considered farming as more suited to handicapped grown-ups, and (2) the living environment they envisioned for their child as the elderly living facility implied that it would be located in an urban or semi-urban place to be close to transportation and other services elderly people need.

Nowadays, the team is stabilized around three parents of handicapped children among which are John and Mary, a friend of theirs who specializes in communication and fundraising, and Mike. The project is also stabilized and a consensus on what values are borne by the team and the discourse to hold towards various stakeholders has progressively been enacted. Roles within the team are distributed informally according to what each one volunteers to do. Over time, some tasks have crystallized around one or the other member. For instance, John is identified as the leader, doing the administrative tasks, and communicating with formal institutions. Mary is treasurer for the day-to-day fundraising activities. She is also identified by the team as the guardian of the social mission for the handicapped. Mike is taking care of the financial strategy, making sure that the project is economically viable, and of the set-up of the assisted-living facility for elderly people.

It can be highlighted from this case that a social entrepreneurial opportunity may be generated by the meeting of two needs and distinct institutional logics. Whereas the complementarity of the market and the social-welfare logics carries opportunities, it also seems clear that the conflict in these logics puts constraints on and may even hinder the entrepreneurial process. Indeed, this conflict has caused the composition of the entrepreneurial team to evolve with the exit of some members and the entry of others to manage the balance between the logics in a consistent way across all members. Such a consistency is achieved through interpersonal negotiation. The exit of some members reflects the failure of the ET to reach an agreement in these negotiations. This failure may result from the inability
of individuals to compromise because of their poor familiarity with other logics present. For InterGen, the evolution of the team composition particularly illustrates a weak crystallization of the team around the initial opportunity (Condor and Chabaud, 2012) because of diverging framing or interpretations thereof, as well as diverging visions of what the social need (of their child) entails resulting in diverging understandings of how to combine institutional logics. As a result, neither compromise nor compartmentalization could be achieved to sustain hybrid entrepreneurship by the initial ET. Hence, tensions could only be solved through a change in the project or a change in the team, which was the adopted solution.

With regard to the roles, it can be noted that the InterGen team attempted to exploit the strengths of each member, with some of them playing the tacit role of ‘logic guardians’. They ensure that the other logic does not squeeze out the logic that they represent. Even though this might create tensions, it also ensures the sustained character of hybridity. This informal role distribution can constitute one solution for dealing with hybridity in ETs. Overall, team composition imprints hybridity to the entrepreneurial process whilst team functioning and organization allow team members to sustain hybridity throughout the entrepreneurial process.

**Discussion and Conclusion**

This chapter has developed a model of social entrepreneurship undertaken by teams understood as hybrid entrepreneurship, building its hybridity on the heterogeneity of an ET and on the interactions between team members. Together with the illustrative case study and the broader application to social entrepreneurship, it makes several theoretical contributions. Further, despite some limitations, it has significant implications for theory and practice.

Regarding theoretical contributions, this chapter first confirms that the composition of entrepreneurial teams, beyond demographic characteristics or skills of team members, can play a major role in shaping the entrepreneurial process. In other words, it makes clear that value heterogeneity (McPherson et al., 2001) influences entrepreneurial action and outcomes by showing how team composition contributes to shaping and sustaining the hybrid character of the social
entrepreneurial process. Further, by articulating multiple levels of analysis and integrating dynamism between team members (Humphrey and Aime, 2014), this chapter adds to the microfoundations of team entrepreneurship. Indeed, it shows the relationship between the macro-structure in which an individual is embedded and the ET, and the mediating effect of interactions between team members. Inevitably, such a model contains inherent limitations. The deductive approach adopted throughout this chapter requires one to schematize and therefore fails to reflect the many shades that can be observed in practice. For example, teams may be composed of more than two members (as illustrated by the InterGen case) which is likely to change the suggested outcomes through power plays (Mangen and Brivot, 2015). Another major simplification resides in the assumption that individuals are identified principally with one logic, disregarding the possibility for the team to include hybrid individual members.

As a theoretical implication, connecting the field of social entrepreneurship to the field of ETs highlights that studies on team status homogeneity/heterogeneity (McPherson et al., 2001) appear insufficient to explain a team composition’s influence on the entrepreneurial process. Consequently, this chapter suggests that integrating greater complexity in research on team composition is required, particularly with regard to values or logics, and to interactions between team members. In addition, the chapter underlines the impact of socialization and social networks of individual team members in the ET formation process, including the likelihood of sustained hybridity. Thereby, it contributes to the literature by going beyond the classical opposition between the strategic and the homophily approaches of ET formation (Ben Hafaïedh-Dridi, 2010). Indeed, by looking at logic heterogeneity and familiarity, the model suggests that social networks are important antecedents to the generation of an opportunity for hybrid entrepreneurship, as well as for the evaluation and the eventual exploitation that might occur. The dynamic character of the model also points at the importance in considering social networks evolution over time as they are likely to change because of the entrepreneurial process (Slotte-Kock and Coviello, 2010). Therefore, there is an influence by social networks on the process which itself affects the social network. In this way, this chapter follows Giddens (1984) proposition in positioning the ET and its members as agents in a dual relationship with the structure. In the same way
that Lechler (2001) demonstrated it for technology ventures, the model implies that interactions between team members during the team formation process and beyond are likely to have profound impacts on the (social) ET’s performance and success. This is exemplified by the InterGen case for which the entrepreneurial team had to adjust its composition to solve value misunderstandings and thereby to overcome barriers hindering the project to go forward. As a consequence, interactions should be integrated in future research on ET outcomes.

Overall, the chapter also implies that selecting norms, values, or institutional logics as the research object allows one to better understand the interactions taking place within an ET (and their outcomes). The literature on conflict in teams demonstrates (Ensley and Pearce, 2001) that these interactions have a major influence on team performance. As a consequence, the model presented makes the case for a closer analysis of individual history of value enactment prior to participation in the team. This could contribute to uncovering sources of conflict in an ET and strategies individual members use to solve these. For practitioners, this chapter helps them to better understand and anticipate interactions with team members bearing distinct institutional logics. It makes clear that logic distinctiveness may create conflicts hindering the entrepreneurial process. Hence, depending on team composition and individual members’ familiarity with distinct logics, several strategies exist to manage and/or avoid these conflicts. Practitioners, regardless whether they act in support of hybrid entrepreneurship or if they are entrepreneuring themselves, should therefore not overlook the background of individual team members, in particular with regard to values and socialization to logics. Further, the chapter highlights the potential added-value and pitfalls of entrepreneuring in teams in institutionally complex settings such as social entrepreneurship. It has shown that the potential generation of opportunities exists in bridging networks and institutional logics by forming a heterogeneous team. However, this opportunity may fade because of the need to conform to some logic to remain in line with one team member’s social network strong expectations or the unwillingness to familiarize and/or to compromise with distinct logics. Hence, practitioners may be encouraged to exploit team heterogeneity as a way to sustain hybridity throughout the entrepreneurial process.
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