

Blending Conflicting Logics by Social Entrepreneurs – The Role of Entrepreneurial Mindset

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Social entrepreneurs, regardless the geographical context or legal form of their enterprises blend commercial market logic and social good logic. We argue that the concept entrepreneurial mindset plays a key role in understanding how blending conflicting logics management activities of social entrepreneurs occurs. This paper aims to identify the role of particular entrepreneurial mindset attributes in enabling social entrepreneurs to successfully act simultaneously in social and market contexts. Through pursuing interpretative phenomenological research with seven social entrepreneurs from five different countries, we have identified three different schemes of blending social and commercial logics. Our findings have also identified the intensity of particular EM attributes among the three groups of entrepreneurs. The main contribution of this paper in bringing together two entrepreneurship streams of research to advance our understanding on how social entrepreneurs blend competing institutional logics.

Keywords: social entrepreneurship, social enterprise, entrepreneurial mindset, entrepreneurial behavior.

Łączenie różnych porządków instytucjonalnych przez przedsiębiorców społecznych – rola przedsiębiorczego myślenia

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Przedsiębiorstwa społeczne, niezależnie od położenia geograficznego lub form prawnych, równolegle realizują cele społeczne i rynkowe. Niniejsze opracowanie ma na celu zidentyfikować rolę poszczególnych wymiarów modelu mentalnego przedsiębiorcy w łączeniu dwóch ram i porządków instytucjonalnych; społecznej z rynkową. W toku badań jakościowych opartych na wywiadach fenomenologicznych z siedmioma przedsiębiorcami społecznymi z pięciu krajów zidentyfikowano trzy podstawowe tryby definiujące jak przedsiębiorcy społeczni łączą cele społeczne z komercyjnymi. Wyniki badań prezentują również natężenie poszczególnych wymiarów modelu mentalnego przedsiębiorcy u tych trzech grup. Wartością dodaną opracowania jest połączenie koncepcji modeli mentalnych przedsiębiorcy z dorobkiem badań nad przedsiębiorczością społeczną, po to, aby zidentyfikować wspólne cechy przedsiębiorców społecznych w kontekście konieczności realizacji przez nich celów społecznych i komercyjnych.

Słowa kluczowe: przedsiębiorczość społeczna, przedsiębiorstwo społeczne, przedsiębiorcze myślenie, przedsiębiorcze zachowania.

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1. Introduction

Social enterprises (SEs) remain an important subject of research and practice. Their distinguishing feature is working toward social goals, rather than sales growth and profitability (Mair and Marti, 2006; Vega and Kidwell, 2007). Combining social and commercial goals led some authors to refer to SEs as hybrid organizations (Dohert, Haugh and Lyon, 2014). Two other characteristic features that are especially salient within social entrepreneurship (SE) research include social value creation (SVC) and the challenge of satisfying multiple stakeholders (Moss, Lumpkin and Short, 2008). A social entrepreneur must often manage a wide diversity of relationships with beneficiaries, clients, funders, managers, employees, volunteers and partners from a range of backgrounds, very often from different sectors (Low, 2006; Spear, Cornforth and Aiken, 2009). Social entrepreneurs most times must blend at least two conflicting logics: commercial market and social good logic (Zhu, Rooney and Phillips, 2016). Institutions and institutional logics along with their values, codes of conduct and norms which dominate in that environment have been highlighted as a significant factor influencing SEs (Starnawska, 2014). The challenge lies in bridging different, often conflicting, institutional logics in which social enterprises are embedded. This challenge can require specific cognitive abilities. This study turns to entrepreneurial mindset (EM) theory to explore social entrepreneurs' cognitive abilities in the context of blending commercial and social logics.

EM research suggests that differences in cognitive processing among people can influence entrepreneurial processes, individual propensity to identify opportunity and grow a successful venture (Shane and Venkataraman, 2000; Shane, 2000; Mitchell et al., 2002). EM is responsible for orienting human conduct towards entrepreneurial opportunities and outcomes. Thus far, the existing literature has identified seven EM attributes referring to cognitive patterns of entrepreneurs in general. Given the hybrid nature and necessity of blending social and commercial logics as a somewhat unique feature of social enterprises, the emerging question thus is: How do the EM attributes enable social entrepreneurs to successfully act simultaneously in a social and market context? We try to answer this question by following a qualitative study design, based on a series of phenomenological interviews with social entrepreneurs from five different countries. For the purpose of this study, we focus on the tensions of social and commercial logics as these have been identified as the greatest challenge for social entrepreneurs (Tracey and Phillips, 2007).

The primary contribution of this study lies in extending the existing state of the art research on EM by identifying common attributes of social EM which enable social entrepreneurs to blend very different institutional logics. We start by presenting the theoretical lens of the study, SE research findings referring to conflicting logics and mainstream up-to date EM research

findings with special attention to those that might help to explain social entrepreneurs' behavior. We then present the methodology employed and research findings along with discussion. The paper concludes with final conclusions and recommendations for future studies.

2. Literature Review

Social Entrepreneurs' Work Context

Social enterprises have been recognized in the last two decades by numerous authors as a successful pathway of tackling both local and global social problems (Dees, 2007; Short, Ketchen, Shook and Ireland, 2009; Yunus, 2011; Praszkie and Nowak, 2012). Scholarship categorizes social entrepreneurs as individuals who start a venture to achieve social goals (Vogel, 2005), as agents of social change (Mair and Marti, 2009) or creators of social value (Simms, 2009).

The existing literature identifies a hybrid nature of social enterprises and the necessity of social entrepreneurs to work within different "worlds" with different logics (Zhu et al., 2016). Peredo and McLean (2006) state that SE is characterized by the existence of social goals in the company's purposes, although the importance of these social goals might vary along a continuum from exclusive to among-other goals – yet it is the "commitment to providing social value" (p. 64) that differentiates SE from other types of entrepreneurship.

The literature points to several factors which define the context social entrepreneurs work in. Social enterprises are highly contextual, embedded in local relationships and highly dependent upon their various stakeholders (Stevenson and Jarillo, 2007). These include the founders, funders, partners, beneficiaries, suppliers, local community and authorities. The interests of these organizations are not always aligned (di Domenico, Haugh and Tracey, 2010). Their financial resources are varied ranging from private capital and profit generation to government subsidies and charity donations. Social enterprises function at the intersection of various economic sectors in different legal forms, either for-profit, non-profit or not-for-loss, often in multiple organizational forms simultaneously (Defourny and Nyssens, 2010; Battilana and Lee, 2014).

Thus in order to be successful, social entrepreneurs must function within "different worlds". It has been assessed in the past that social entrepreneurs must manage the tensions that result from working within two different frameworks, value systems, rules and institutional practices. Conflicting logics and competing goals are reflected in the mind of social entrepreneurs. Tracey and Phillips (2007) have determined that social and commercial logics pose the biggest challenge for social entrepreneurs. The commercial logic tends to privilege profit and market value creation, while the social

welfare logic tends to privilege social value creation. Tensions between these logics occur because they both must be embedded in an organization, but oftentimes they pull the organization in two different directions. Overcoming the conflict between these logics requires processes for bridging logics (Pache and Chowdhury, 2012). According to these authors, bridging is a process which requires awareness of competing logics, understanding the laws of each logic and seeing complementarities between logics. This line of thought would suggest that bridging requires specific prior knowledge, cognitive processes to transform and make new knowledge. Ultimately, we can assume that successful social entrepreneurs try to integrate or blend competing logics somehow in their daily activities. Integration happens when social entrepreneurs connect and combine the logic of social value creation with commercial logic of income generation in a unified system. In fact, this integration or blending takes place in his mind through complex cognitive processes. Thus we can assume that the entrepreneurial mindset plays a key role in coping with the challenge of blending commercial and social logics.

Entrepreneurial Mindset in the Social Entrepreneurship Context

Entrepreneurial mindset (EM) is a specific “way of thinking” about business and the benefits associated with uncertainties (Ireland, Hitt and Sirmon, 2003). McGrath and MacMillan define EM as the “ability to rapidly sense, act, and mobilize, even under highly uncertain conditions” (McGrath and MacMillan, 2000, p. xv). It is the ‘way of thinking’ that influences the entrepreneurial result (Mitchell et al., 2007).

Entrepreneurs act in environments that are dynamic, uncertain and novel for them. They need to adapt quickly to changing conditions facing a comparably intense amount of information and high time pressure (Baron, 1998). Social entrepreneurs additionally need to act within different worlds, following different values and logics. Mental frameworks help entrepreneurs to make sense of this environment, to assess, judge, decide upon the value of an opportunity and to adapt actions quickly (Mitchell et al., 2002).

Mindsets are always specific to a certain situation and change and develop through the interaction with the entrepreneurs’ environment (Mathisen and Arnulf, 2013). Recent research indicates that no common EM concept is shared among scholars. However, scholars investigated its distinctive attributes and seven prime attributes together seem to form the EM with different emphasis: (1) metacognition, (2) cognitive adaptability, (3) prior knowledge, (4) alertness, (5) heuristic-based decision logic, (6) cognitive tuning and goal orientation as well as (7) social interaction. The first two attributes represent the metacognitive attributes of the EM, the latter five the core attributes of the EM (Naumann, 2017).

(1) Metacognition is understood as the individuals’ knowledge about their own cognitive processes and ability to control their own learning

and cognition (Haynie, Shepherd and Patzelt, 2012). It is the knowledge about one's own thoughts, how one processes information, learns, reflects, controls or adapts. Being aware about their own cognition, individuals can choose from different cognitive strategies to solve a problem or task. The more an individual is aware of his/her own cognitive processes and thus cognitive strategies available, the more he/she is able to adapt decisions to a dynamic and uncertain situation (Haynie, Shepherd, Mosakowski and Earley, 2010).

(2) **Cognitive adaptability** is the cognitive capability to effectively develop or modify decision processes depending on the input received from the environment (Haynie and Shepherd, 2007). Individuals' cognitive processing is shaped by the input from the external environment and their own motivation. Individual motives influence the perception and interpretation of the environment. Simultaneously the environment might shape individual motives (Haynie, Shepherd, Mosakowski and Earley, 2010). In this sense, social entrepreneurs are aware of or detect social problems in their environment and want to solve them. Metacognitive awareness and cognitive-based feedback positively influence the adaptability of the mindset and thus ultimately decision-making in ambiguous situations (Haynie, Shepherd and Patzelt, 2012).

(3) Individuals retrieve knowledge from their memory and apply it to a specific situation. Prior knowledge of an entrepreneur influences sense making of the environment, opportunity detection and exploitation. As no individual possesses exactly the same prior knowledge, different opportunities arise for different individuals (Baron, 2006; Shane, 2000). Combined with new information, it can create new meaning and value (Żur, 2015). For Shane (2000), prior knowledge is the combination of work experience, personal events and education. And Baron (2006) adds social networks to it, influencing how resources are linked and leveraged (Shane, 2000). Venkataraman (1997) calls this a knowledge corridor. Based on that, every individual develops different decision strategies depending on the situation.

(4) Entrepreneurs have inherent **alertness** to opportunities in a market that already exists and waits to be addressed. Opportunities arise out of imperfect distribution of knowledge across market participants (Kirzner, 1973). Social entrepreneurs detect opportunities in the social arena that arise out of social problems (Żur, 2014), thus their alertness might be somewhat focused on social issues and challenges.

Alertness and prior knowledge belong to the cognitive capacity and mental frameworks support entrepreneurs to efficiently process the information (Baron, 2006).

(5) **Heuristic-based decision logic**: the intellectual capacity of individuals is limited. Inferences from environment are made with limited time, knowledge and capacity. This is in contrast to the rational decision-making

underlying economic models (Gigerenzer, 2002). In times of too much information, they use heuristics and simplifying strategies to handle the cognitive restriction (Simon, Houghton and Aquino, 2000) and to effectively and efficiently decide in complex and uncertain environments (Busenitz and Barney, 1997). Biases and heuristics are part of the cognition and influence the individual decision process, which is far from completely rational (Baron, 2014). Heuristics and biases also have an impact upon the perceived risk of a situation. Thus, the confidence resulting out of the heuristics-based decision logic might lead to an assessment less risky than actually given. Entrepreneurs are thus not necessarily risk-seekers or do not accept risk knowingly. Instead, they might underestimate risks (Busenitz and Barney, 1997; Simon, Houghton and Aquino, 2000). Social entrepreneurs often dedicate themselves to social ventures despite resource scarcity. They are driven by the social problem to be solved and not fully aware of risks or constraints. They believe in market-based approaches to solve the social issue (Marshall, 2011).

(6) **Cognitive tuning and goal orientation:** the process theory of the mindset stipulates that mindsets are changing depending on the task at hand (Gollwitzer, 1990; Gollwitzer, Heckhausen and Steller, 1990) and that individual cognition is tuned toward thoughts relevant for solving them (Gollwitzer, 1990). Scholars differentiate between the deliberative (elaborative) and implemental mindset (Mathisen and Arnulf, 2013; McMullen and Kier, 2016) in which goal orientation is not homogenous (Gollwitzer, 1990). While goals are set in the deliberative mindset, they will be executed in the implemental mindset. Social entrepreneurs have a cognitive direction towards a social problem and take action to achieve the social goal.

(7) **Social interaction:** Know-how about social networks, how they are built and nurtured is an essential attribute of the EM and thus an important basis for identifying and exploiting opportunities. Entrepreneurs have a wide network of people in different areas and with different backgrounds. The access to such a variety of people provides a wide spectrum of ideas, specific information and perspectives (Alvarez and Busenitz, 2001). Within the network, resources are acquired, exchanged, recombined and managed to achieve the social value and economic goal. This enhances the chances of organizational survival in case of environmental changes and also the ability to address the social needs (Meyskens, Carsrud and Cardozo, 2010). The ties between network members can be weak or strong and are influenced by motivations, expectations, decision-making processes and geographies (Smith and Stevens, 2010). But networks can also shape the markets and geographical context that is served (Roy and Karna, 2015; Urbaniec and Zur, 2016). The configuration of the network impacts information distribution and sharing. Stronger ties would lead to faster sharing. The better the network, the more relevant and of higher quality is the information the network members receive (Starnawska, 2014).

3. Methodology

This study aims to explore the role of entrepreneurial mindset and its attributes in blending the competing logics of commercial and social worlds. It adapts a qualitative approach to the research strategy which typically applies to situations that are complex, multidimensional and to situations that do not hold easy answers, but need to be explored in an incremental way; “it consists of a set of interpretive, material practices that make the world visible” (Denzin and Lincoln, 2005, p. 3). As EM is individual across entrepreneurs, their lived experiences will vary as well. This study is therefore based on interpretative phenomenological research with seven social entrepreneurs from five different countries to allow a microscopic lens (Eatough and Smith, 2008) of how they blend the different logics. The aim of the empirical research was to deliver a rich thematic description of the researched phenomenon and develop a detailed phenomenological conceptualization of the lived experience of coping with two conflicting logics in running a social enterprise. In order to do so, the fine-grained descriptions of lived experiences are confronted with existing studies and literature.

The research was conducted over the period of 15 months (due to geographical dispersion), based on purposive sampling. In the sample selection phase, we considered the criteria of research object relevance and accessibility. The authors aimed for a geographically and culturally diverse sample to see whether EM attributes are represented across different contexts and cultures. The respondents were identified through professional and personal networks that the authors possess in five different countries, across three continents. Each potential respondent was verified for running a social enterprise that fulfills a clear social mission for a period of at least three years while operating economic activity and generating income. The third criterion was accessibility and willingness to openly and abundantly share the lived experiences for research purposes. The size of the sample fits the established criteria for a typical Interpretative Phenomenological Approach (Smith and Eatough, 2006).

One of the respondents is from Germany, one from the United Kingdom, two are from Poland, one from the United States and two are from Hong Kong. Table 1 presents short profiles of the research participants.

Phenomenological interviewing was the primary method of data collection. We have prepared a list of aspects that needed to be explored and operationalized these into open questions, with ample room for follow-up questions depending on the interview momentum. The interviews were loosely structured, as within the applied research framework, it is the respondent who largely sets the course of the conversation (Cope, 2005). The primary guideline applied was creating freedom of expression for respondents and thus gaining an in-depth understanding of another

person's experiences. Each interview lasted between 90 and 180 minutes and was recorded for content analysis purposes.

Name	Origin	Area of activity	Interview details
Michael	Germany	Education: international educational projects	Two interviews (50 and 40 mins) Face to face on company grounds
Zoe	United Kingdom	Healthcare: communication development for children with speech and learning disabilities	Two Skype interviews (60 and 60 mins)
Bartek	Poland	Infrastructure: identifying architectural and digital barriers for all kinds of handicapped people	One interview (90 mins) On company grounds
Łukasz	Poland	Marketing: engaging underprivileged children in design and creation	Two interviews (90 and 60 mins) Face to face on university campus
Adam	USA	Creative industries: design and printing: training and employment for high-school drop outs	One interview (90 mins) Face to face on company grounds
David	HK	Redistribution of second hand goods to impoverished parts of the world	Two interviews (45 and 60 mins) Face to face on company grounds
Jadis	HK	Education: innovative, inclusive school education for children with autism	One interview (60 mins) Face to face on company grounds One skype interview (60 mins)

Tab. 1. Profile of the participants included in the sample. Source: Own elaboration based on data gathered.

The data was analyzed jointly by both authors using a timely and rigorous process, starting with a detailed analysis of one case. Each interview was first transcribed and carefully analyzed with an attempt to diagnose the case and identify its main themes. This resulted in a horizontalization of themes (Moustakas, 1994) summarized in an excel sheet. The next step consisted of an intra-case analysis, developing clusters of relevant experiences related to EM attributes and cross-case categories of meanings and themes relevant to the phenomenon under study (Smith and Eatough, 2006). The following stage of data analysis was interpretation; an interplay between the participants' lived experiences and the writing process of the researcher. The final stage was the analytical discussion, engaging existing literature to provide theoretical explanation for the identified themes.

4. Findings and Discussion

The data analysis process revealed three different approaches to blending social and commercial logics. All social entrepreneurs are driven by social goals, which define their mission and strategy. Yet some entrepreneurs more than others understand that social goals can only be achieved when commercial effectiveness provides funding for them. Some social entrepreneurs more than others embrace the importance of the business activity and therefore engage deeper in the achievement of commercial goals. Furthermore, several common themes of social entrepreneurs' EM have been identified within the three groups. Thus the findings present also the form and strength particular attributes take in the context of social entrepreneurs.

Blending Conflicting Logics

During data analysis, it became obvious that certain social entrepreneurs place their social goals higher in their primacy over commercial goals and devote much less effort to their business activities. As signaled by Peredo and McLean (2006), although all social enterprises are characterized by the existence and primacy of social goals in the company's purposes, the importance of this social goal might vary along a continuum from exclusive to among-other goals. Similarly, some social entrepreneurs feel much more comfortable dealing with social organizations, beneficiaries, social services rather than with business organizations. During the interviews, it was reported by some of our respondents that they do not speak "that language" very well when referring to the commercial logic and economic activity of their social enterprises. Others, on the other hand, felt very much at ease with their commercial partners and reported that "business is the most transparent form of cooperation". In the case of our respondents, the balance between social and commercial logics appears to be moderated by prior experience of the entrepreneur and convictions shaped as an effect of these experiences, as well as the strength of particular EM attributes in their mindset and mental patterns that they hold. As presented in Figure 1, three of our respondents (Bartek, Łukasz and David) place social goals high above commercial goals and understand the social logic far better, feeling much more comfortable with addressing social issues rather than realizing market goals. Two respondents (Zoe and Michael) focus on the commercial goals and are strongly business-driven, feeling comfortable with other business partners. They approach the social agenda with a business-like attitude. Two other respondents (Adam and Jadis) equally match social and business goals, blending the social and commercial logics in their activities. Figure 1 also presents the saturation/strength of particular EM attributes as observed during the study within all three groups of respondents.

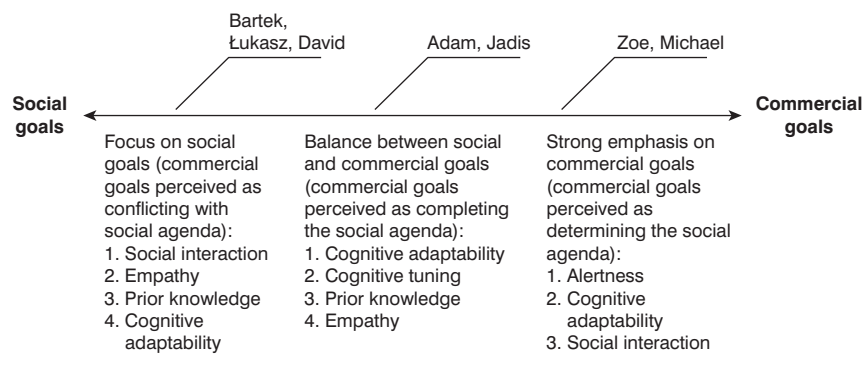


Fig. 1. Blending conflicting logics within respondent groups: role of particular EM attributes. Source: elaborated by the authors. Source: Own elaboration based on data gathered.

The first group of our respondents place social goals well above commercial goals, as they understand the social logic far better than the market logic. While understanding the necessity of income generation, they place the commercial goals low in their hierarchy and would rather not need to worry about them. “My compass is the good we can do. That is always first, always will be”, as expressed by Łukasz, who adds: “helping them [kids] believe in their future is the goal”. David reflects: “We try our best to help people in need and to make others realize how they can help. Each day is marked by this goal”. This clear primacy of social goals over commercial ones is a reflection of perceiving the two competing logics to be rather conflicting. This can be the result of prior professional experience, as in the case of Bartek. “Business is our terra incognita; I always perceived business as something inferior, as ruthless”, as Bartek puts it. Two out of three of these respondents have a background in the social sector and are surrounded on daily basis by people who share the social logic. They have limited relationships with purely business organizations. In the case of Bartek and David, it is rather state agencies and local administration along with a number of NGOs and social organizations. Their environment has a significant impact on the way they blend the two logics. The EM attribute of social interaction exhibits itself strongly in this group, yet their networks remain oriented towards organizations and people associated with social logic. They highly rely on their partners and effective cooperation. Bartek admits that partners, their network and networks of their partners are the basis for their activity: “Without the support of the Association [for visually impaired] we would not do what we do; this partnership provides us with credibility and access to potential customers”. Łukasz acknowledges the importance of long-term partnerships: “long-term partnerships are about partnering with people not organizations, people who think like

us; even when they change the organization, we can still work together on different projects". These social ties influence motivations, expectations and the decision-making processes within the social networks (Smith and Stevens, 2010).

Sometimes a strong personal experience can also determine the primacy of goals. As noted by Haynie et al. (2010), the environment might shape individual motives. For David, it was direct experience with people affected by the Sichuan earthquake in 1997 that set his agenda: "Once you see poverty for yourself, it changes you". Łukasz admits that his experience with underprivileged young children living in poverty was constitutive to what he does in his professional life: "I started sharing my profits with the poorest kids by buying school supplies". The study revealed an additional EM attribute, not identified by prior literature, which can be best described as empathy. Łukasz states it as their main resource "Empathy. Period. That is our no 1 resource. In every case". "We are all about the why". Bartek demonstrates high empathy when saying "We believe the disabled cannot have a harder life than they already do". Empathy was identified as an existing attribute in groups one and two and therefore seems to be valid across groups with differing dominance of the prevailing logic. However, further studies need to investigate the manifestation and relevance of that attribute for social entrepreneurs.

Prior knowledge was another EM attribute that exhibited a strong saturation in this group of respondents. Bartek's organization had prior knowledge due to many years of working for the Polish Association of the Blind. He gained a deep understanding of the existing needs of handicapped people and limitations they are faced with every day, which became the foundation for his social enterprise. Cognitive adaptability was an EM attribute which exhibited itself in the transformation of the social enterprises of these three respondents. Awareness and the ability to take in feedback from the environment and effectively process it are critical elements of metacognitive abilities. The ability for effective feedback and learning then also overcomes possible gaps in prior knowledge (Haynie et al., 2012), as in the case of Łukasz and David. Łukasz changed his organization step by step as he gained a broader and more direct knowledge about the situation of underprivileged children in his area. Similarly David was able to adjust his activities to the needs of the beneficiaries, to the market requirements and donors' preferences. These two respondents present an attitude of "learning on the go".

For these three respondents, profitability and financial self-sustainability is not the most pressing issue: "We are not fully self-financing, probably never will be. This is not the priority". It is rather perceived as a necessity. This is in line with research that identifies social entrepreneurs as primarily focused on the social good. Recent contributions share a view of SEs as focused on the identification of innovative opportunities to solve social

disequilibria (Peredo and McLean 2006), prioritizing social value creation over economic value accumulation. Both aspects of their activity – social and commercial – coexist together, yet clearly income generation is perceived as a necessity, a way of funding the social mission that they are somehow forced to adapt to (Batko and Bogacz-Wojtanowska, 2015).

The second group of respondents lie at the other side of the spectrum and pay high attention to commercial goals, accepting the fact that their companies must be self-funded and generate substantial income in order to be able to create social value added and realize the social agenda, as these social entrepreneurs have a business background and already possess business skills. They understand the market logic and they are proud of their commercial successes. Their initial driver to start was the business opportunity they saw in their environment. Zoe expresses she “enjoyed the challenge of building a business around disadvantaged communities [...] you can have a big impact in areas of neglect”. She highlights that both economic and social goals were integrated because “the more successful the business was, the more social impact we had”. She argues that the business goals had to be put first as without success in the financial arena, no social impact would be created. It is important to note that these social entrepreneurs do not place profit generation as their driving goal; market effectiveness and business success are perceived as a natural and wanted condition to develop the social agenda. This attitude has been identified as well by prior studies (Pache and Santos, 2013; Batko and Bogacz-Wojtanowska, 2015).

Interestingly, only the second group who possess prior business experience exhibited a strong saturation of alertness attribute. Michael repeats five times that the business he is in today was a “coincidence”. It was an “unconscious creation of the association” and he “recognized the demand”. Zoe confirms this alertness as well by saying “I saw a good opportunity and a gap in the market and good demand and need from prospective customers”. Even though they saw business opportunities, they acted to do something good. Michael enjoyed to “use his talents to help people in the education sector”.

The second strongest EM attribute within this group is cognitive adaptability. This can be confirmed for Michael, who entered the education market without prior knowledge about market or customers just because he saw an opportunity. As an “outsider”, he was able to create innovative programs that did not exist in the market before. The ability to respond and adapt one’s own decision-making so fast despite a lack of prior knowledge is argued to be based on metacognition (Haynie et al., 2012). Both Zoe and Michael were able to adapt to market conditions. In the 15 years of operation, Michael’s organization changed the focus of the projects three times as the environment changed. He states that the “market changed leaving the current business model unsustainable”, “you need to be flexible”.

In this group, social interaction was again the EM attribute with a strong saturation, yet the networks of Zoe and Michael function within the commercial logic. Michael explains: “our work is bound to people [...] a good partnership is everything”. He works with partners from different countries and is not afraid to expand his network. Similarly, Zoe wanted to become the largest provider of speech and language therapy in the UK and was ready to cooperate with organizations and investors. External investors are an important factor that influences the scope of commercial activity within this group: “I wanted to expand quite heavily pressured in taking on investment”. “You need funders to generate more impact and revenue; the more money you raise, the more determined you get”, notes Zoe.

The third group of respondents is in the middle of the road; they equally pay attention to both social and commercial goals and blend harmoniously social and commercial logics by selecting elements of “both worlds” and adapting to the circumstances. This approach has been identified by prior research as “selective coupling” (Pache and Santos, 2013). The EM attribute that exhibited itself very strongly in this group was cognitive adaptability. “Having a social agenda is not enough. That can get you lost. Structure and rules are important”, as noted by Adam. Jadis reflects on a similar note: “We were too idealistic at the beginning, you learn more and more about the people you want to serve. The social goal is now grounded in practice and experience”. These testimonies suggest that some social entrepreneurs start with just the social goal hoping the rest will take care of itself, and only with time do they realize the necessity of sound financial planning, procedures and regulations. This suggests that the way conflicting logics blend is not set for once and can evolve depending on the mindset of the entrepreneur, specifically, the cognitive adaptability. This group of respondents confirms research that explores how social entrepreneurs approach business tools, institutions and adapt to commercial logic. Authors suggest that social entrepreneurs “use” business processes and market transactions to generate social value for their beneficiaries (Verreynne, Miles and Harris, 2013, p. 113). Mair and Marti perceive social entrepreneurship as “a process involving the innovative use and combination of resources to pursue opportunities to catalyse social change and/or address social needs” (Mair and Marti, 2006, p. 37). Therefore authors suggest the necessary and important, but instrumental role of business instruments in social enterprises, as in the case of these three respondents.

The second EM attribute that plays a key role in blending the two conflicting logics in this group is cognitive tuning. This is closely related to cognitive adaptability; as social entrepreneurs take in feedback from the environment and adapt to the external conditions, their goals might vary at different times. Balancing social and commercial goals and pursuing both in harmony requires social entrepreneurs to fine-tune their goals to the situation. However the long-term balance between social and

commercial goals is a key issue to them: “both legs must be strong”, as Jadis explains.

Similarly to group number one, prior knowledge was a strong attribute in this group of respondents. Adam and his wife Anna studied arts and design. Their driving goal was to use their talents and expertise to contribute to the situation of underprivileged youth in their area. They decided to start an art and design printing shop employing and training high-school drop-outs. The founders of the Harbour School, along with Jadis, were looking for a school for their autistic child. They could not find a place that would make sense. So they decided to start a school with a new vision. Their prior knowledge was in the needs of autistic children.

This group of respondents, similarly to the first group, is driven by what we have called empathy, which as it seems grew out of the social entrepreneurs’ personal experiences (similarly to the first group) and critical perception of the existing solutions to social problems. Both Adam and Jadis did settle for the status quo and their goal was to change the situation of underprivileged social groups. Both of them wanted to do something good and to start a business.

A common theme that emerged across all three groups was that none of the respondents deny the need for commercial activity; a competitive offering is necessary to “create impact”, as Zoe puts it. Bartek states: “the social goal is not enough now... our offer also needs to be price competitive”. Łukasz points out that they are “creating something that people are willing to pay for and this way become contributors to our cause”. And Adam even goes a step further by rationalizing that “social enterprises like us need to be better than the best [...] need to deliver great value. Otherwise we cannot deliver on the social mission. We want people to pick us because we are the best, not because we help out the society.” Jadis explains that both commercial and social goals are “two sides of the same coin” and that there is no “social goal without commercial goals”. Thus, independent of the importance of the social goal along the continuum, they all share the opinion that a competitive offering is an essential requirement to achieve their social mission. This ultimately requires them to blend both worlds, independent of whether they belong to group 1, 2 or 3.

5. Conclusions

The driving aim of this study was to explore the role of entrepreneurial mindset and its particular attributes in blending social and commercial logics among social entrepreneurs. The study identified three different potential approaches to blending social and commercial logics that exist among social entrepreneurs. With regard to the guiding research question, the study has also identified the differences in the level of manifestation of dominating EM attributes among the three respondent groups and their strength compared

to social entrepreneurs from other groups. By doing this, the study brings us a step closer to understanding the hidden dimensions of social entrepreneurs' choices and behaviors. This study suggests that entrepreneurial mindset plays an important role in how social entrepreneurs perceive the role of commercial goals in their organizations as potentially conflicting with the social agenda, completing the social agenda, or even critical to the social agenda and determining the success of the social mission. Our study advances our understating of the microfoundations of entrepreneurial decision-making in a social entrepreneurship context.

A new potential attribute, empathy, not noted by existing prior studies, has been identified. Empathy as an attribute of EM requires further studies and points to a new direction of future research.

Although EM attributes such as empathy, cognitive adaptability or social interaction were observed in more than one group of respondents, their saturation varied and thus influenced the way these social entrepreneurs blend social and commercial logics in their activities and decision-making.

Potential limitations of this study refer to general limitations of qualitative research; the small sample size does not allow generalizing the findings and provides insight into the studies cases. It does, however, allow us to assume the identified relationships between EM attributes and approaches to blending conflicting logics to exist on a wider scale. Moreover, this study does not analyze the country-specific context or legal forms which might play a role in blending social and commercial goals by social entrepreneurs. The above-mentioned limitations encourage replication studies which will further develop the hypothesized relationships. Empathy as an attribute of EM in the social entrepreneurship context is another promising avenue for future research to expand on.

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