

Practice Variation as Mechanism for Generating Institutional Complexity:

Local Experiments in Funding Social Impact Business

Tracy Thompson

Jill Purdy

Milgard School of Business

University of Washington, Tacoma

1900 Commerce Street, Box 358420

Tacoma, WA 98402 USA

Abstract

Institutional complexity shape what is perceived as possible in organizations by framing cultural debates about practices, but organizations in turn shape how logics interpenetrate fields, suggesting that we must consider in tandem the degree of compatibility between logics and the degree of practice variation in a field. We offer a recursive view that considers how multiple institutional logics shape practices and how organizations select, adapt and create new practices that in turn influence the institutional complexity of a field. Our study of three entrepreneurial impact finance organizations in the Seattle area considers how they situate their practices vis-à-vis the market and community logics, balancing the tensions of money and value, maximization and sufficiency, self- and common-interest, and global and local focus. Rather than framing these tensions as simply conflicting, we note differing degrees of logic compatibility ranging from aligned to incompatible. Our study indicates that when organizations adapt and invent practices, they decrease the specificity of means/ends relationships within the field, broaden the scope of the dominant market logic, and create openings for additional innovation. This shift in the field toward greater plurality of logics occurred as the result of uncoordinated, routine activity by entrepreneurial organizations rather than through the coordinated efforts of powerful actors.