Balancing Sustainability and Profitability in Entrepreneurial Practice:

An Institutional Logics Perspective

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Abstract

We aim to contribute to entrepreneurship literature by considering the dialectal relationship between entrepreneurial practice and the institutional logics of sustainability and profitability. We acknowledge both the embeddedness and the agency inherent to sustainable development, such that field-level properties can influence entrepreneurial practice, and entrepreneurs can selectively combine the two logics. First, we note several field-level factors that constrain the ways in which entrepreneurs may balance the two logics. Second, we argue that entrepreneurs can advance their interests by selectively deploying the two logics through a process of classification.

Keywords: sustainable development; institutional logics; classification

1. Introduction

Echoing the preoccupation with sustainability both in society and in the field of management and organization studies (e.g., Hoffmann and Ventresca, 2002; Jennings and Zandbergen, 1995; Jermier et al., 2006; Shrivastava, 1994), the issue of sustainability increasingly appears at the forefront of entrepreneurship and small business research (e.g., Cohen and Winn, 2007; Dean and McMullen, 2007; Hall and Vredenburg, 2007; Schaper, 2002). Research in social entrepreneurship, for instance, focuses on the non-economic nature of the objectives put forward by entrepreneurs and their concerns about the environmental impact of their operations (Bornstein, 2004; Dees, 2001). Calls for sustainable development, and the associated expectations about the quality of the natural environment, may represent the most important social movement of the late twentieth century (Derksen and Gartrell, 1993; Dunlap and Mertig, 1992). The increasing popularity of the notion of "sustainable development," though relevant to all businesses, is arguably most challenging for newcomers seeking to enter a field—labeled hereafter as entrepreneurs—because they have limited knowledge about how to navigate field-specific rules and what field incumbents' expectations about sustainable practices might entail (Aldrich, 1999).[1] Thus, entrepreneurs may confront expectations to increase their awareness of the impact of their operations on the quality of the natural environment, promote sustainable business practice, and ultimately strike a balance between profitability and responsible environmental stewardship (Colby, 1991; Jermier et al., 2006; Schaper, 2002).

Extant literature typically conceptualizes the two notions of "sustainability" and "profitability" as objective, measurable ends, while entrepreneurs, by and large, are conceived of

[1] Although the arguments developed herein might have relevance to all entrepreneurs—i.e., new or established entrepreneurs, or those internal or external to a field—we specifically focus on those individuals who are newcomers to a field. Sustainability and profitability concerns may be important for all entrepreneurs, yet maintaining and developing an appropriate balance between these two concerns is most challenging for aspiring entrepreneurs who are newcomers to a field as they are less attuned to the field's rules (Aldrich, 1999; Pe'er and Vertinsky, 2008).

as individuals endowed with the agency to introduce new sustainable practices in their respective fields (Cohen and Wynn, 2007; Dean and McMullen, 2007). Yet some scholars and activists increasingly recognize the social embeddesness of sustainable practices with respect to how such practices should look like (Anderson, 2005; Livesey, 2002; Parkinson and Howorth, 2008; Prasad and Elmes, 2005), arguing that sustainable development "represents a space of dissention and sociopolitical struggle" within which the two competing logics (frames or discourses) of unabated economic growth and environmental stewardship come together (Livesey, 2002, p. 316).

In the same vein, entrepreneurship and management researchers increasingly seek to de-reify entrepreneurship and examine its embeddedness within societal structures (Bruni et al., 2004; Downing, 2005; Perren and Jennings, 2005; Peterson and Meckler, 2001). In doing so, they challenge the dominant assumption that entrepreneurship involves the undertaking of activities over which individual entrepreneurs have full control (Chell, 2007; Czarniawska and Wolff, 1991) and point to interconnections of entrepreneurial practices with broader societal and cultural expectations of what entrepreneurs should look like or do (Bruni et al., 2004; Nicholson and Anderson, 2005). Similarly, researchers increasingly seek to expose the forces of domination inherent in enterprise discourse and argue that entrepreneurship may have taken a special position in capitalist societies by providing a normative prescription of how entrepreneurs should interrelate with important institutions in society and one another (Chell, 2007). Thus, far from the purposeful behaviors that are typically associated with entrepreneurship, societal norms about "appropriate" entrepreneurial action may in fact act as a form of domination that provides guidance on how newcomers to a field are to relate to the expectations held by important societal constituencies (Du Gay, 1994, 2008; Salaman and Storey, 2008).

We argue then that the notion of sustainability in the context of entrepreneurship also requires de-reification as a means to understand how the particular practices of sustainable development and environmentally responsible entrepreneurial action become constructed and institutionalized (Jennings and Zandbergen, 1995) in a business field. To this end, we draw from neo-institutional writings and research on institutional logics (Friedland and Alford, 1991; Misangyi et al., 2008; Thornton and Ocasio, 2008) to examine the intrinsic interplay between the logics of "sustainability" and "profitability" on the one hand and the societal context in which entrepreneurial practice takes place on the other.

We conceptualize sustainable development to include issues such as the stimulation of products, processes, and policies that reduce energy consumption and waste generation; the use of ecologically sustainable resources; or the implementation of an environmental management systems (Redclift, 2000)—more generally, the reduction of a company's "ecological footprint" (Bansal and Roth, 2000; Hart, 1997). Furthermore, we contend that the two logics of sustainability and profitability inevitably appear in every field, though expectations about the appropriate balance between them may vary (Banerjee et al., 2003; Jennings and Zandbergen, 1995). In doing so, we acknowledge both the embeddedness and agency inherent to sustainable development, in that the logics of sustainability and profitability are available to entrepreneurs as both institutional constraints and strategic resources (Battilana, 2006; Lawrence and Suddaby, 2006; Meyer and Hammerschmid, 2006).

In short, we present sustainable entrepreneurship as an enactment of multiple logics (Chia and Holt, 2006; Kraatz and Block, 2008; Reay and Hinings, 2005), whose manifestation combines (1) entrepreneurs' adherence to field-prescribed expectations about the appropriate balance between the logics and (2) the strategic process of classifying practices in accordance with the logic demanded by entrepreneurs' own interests and those of their stakeholders.

2. Sustainable development and institutional logics

2.1. Multiplicity of logics

To examine the role of sustainable development in entrepreneurial practice, we first acknowledge entrepreneurs' confrontation with multiple demands when entering a field.[2] As noted previously, we focus on those individuals who are newcomers to a field (Pe'er and Vertinsky, 2008). These newcomers arguably encounter severe challenges in demonstrating "appropriate" behavior in the eyes of field incumbents (Aldrich, 1999), yet their lack of "institutional embeddedness" may also increase their ability to navigate field incumbents' demands in creative ways (Battilana, 2006). We conceive of these demands as institutional logics or the socially constructed belief systems that act as cognitive frames that enable entrepreneurs to make sense of the reality in which they operate (Friedland and Alford, 1991). More generally, institutional logics provide actors with an arsenal of taken-for-granted categories and organizing principles by which they select and implement courses of action (Thornton and Ocasio, 1999), categorize other actors (Mohr and Duquenne, 1997), and determine which actions are appropriate in particular settings (Spicer, 2006). Thus, institutional logics provide arrangements for exercising field-level power and authority (Friedland and Alford, 1991; Thornton and Ocasio, 2008).

Institutional logics literature recognizes that actors often deal with *multiple* logics, which shape the internal dynamics of organizational fields. Whereas some researchers examine how

[2] The notion of *field* captures a broader set of issues than an industry in that it highlights the inter-relations among not only buyers, suppliers, and competitors but also a variety of actors that exert pressure on one another (e.g., governments, NGOs, lobbying groups); as such, it is more akin to a battlefield, wherein actors negotiate meaning and compete for superior positions (Bourdieu, 1998; Fligstein, 1996). Yet the notion also can be used as a lens to analyze an industry (Reay and Hinings, 2005; Wooten and Hoffman, 2008), as we use it throughout the paper.

such multiple logics may conflict, such that the associated instability brings about change as one logic dominates others (Lounsbury, 2002, 2007; Thornton and Ocasio, 1999), other work acknowledges the possibility of coexisting, multiple logics within a field (Kraatz and Block, 2008; Thornton and Ocasio, 2008). For instance, Thornton and colleagues (2005) observe an ongoing, unresolved tension between aesthetic and efficiency logics in architecture, and Kitchener (1999) describes the emergence of a hybrid logic in the U.K. healthcare system. Furthermore, Reay and Hinings (2005) find that even as the Alberta health care system shifted from a dominant medical professionalism to a business-like healthcare logic, medical professionalism remained strongly embedded in some sectors of the field and still guided the actions of a significant portion of actors. Thus, they argue that a new logic does not simply replace the old one, nor do the logics necessarily form a new hybrid logic; rather, an uneasy truce arises between the two, and the previously dominant logic remains strongly present in the field.

We draw from this research into the multiplicity of institutional logics by considering how entrepreneurs cope with the permanent embeddedness of the logics of "sustainability" and "profitability" that increasingly characterize organizational fields (Colby, 1991; Jennings and Zandbergen, 1995; Jermier et al., 2006; Olsen et al., 1992). By acknowledging the plurality of these two logics in every field, we raise the question of how entrepreneurs navigate the space between them.

2.2. The logics of sustainability and profitability

The contemporary emphasis on sustainable development brings to the forefront various issues such as recycling, energy conservation, and the preservation of natural resources; it also has substantial effects on government actions by introducing and enforcing new legal definitions of the relationship of business with the natural environment (Dunlap and Mertig, 1992).

Accordingly, entrepreneurs increasingly must attend to the expectations of other actors—governments, investors, customers, public opinion, and so on—if they hope to act within the model of sustainability and help achieve some balance between ecological and economic concerns (Daly and Cobb, 1994; Jennings and Zandbergen, 1995; Schaper, 2002). Furthermore, advocates of sustainability tend to believe in grassroots activity, such that individual organizations and entrepreneurs play pioneering roles by fusing sustainable technologies into business practices (Bramwell, 1989; Egri and Frost, 1994). Because of the uncertainty surrounding their endeavors though, entrepreneurs face the challenge of attaining external validation of the "appropriate amount" and truthfulness of their sustainable practices, in the eyes of their field's constituencies (Cho, 2006; Paton, 2003). For instance, entrepreneurs must conform with the dominant narratives of what sustainable practices should look like (Parkinson and Howorth, 2008) and demonstrate that their sustainable practices match shared conceptions of what such practices entail, according to important stakeholders (Aldrich, 1999; Mitchell et al., 1997). We label these belief systems of field incumbents that get imposed on entrepreneurs entering a field the "sustainability logic."

A second set of expectations imposed on entrepreneurs demands that their endeavors be economically viable and bring something valuable to the field. This logic, the "profitability logic," is consistent with the widespread association of entrepreneurship with value creation and innovation (Schumpeter, 1934) and the belief in entrepreneurs' alertness to previously overlooked economic opportunities (e.g., Kirtzner, 1973; Shane and Venkataraman, 2000). The very notion of entrepreneurship fundamentally implies an expectation of the profitable exploitation of products, technologies, or markets that hitherto have been overlooked by field incumbents (Shane and Venkataraman, 2000). Thus, according to claims that "organizational emergence is, at its core, about variation [, as] each emerging organization is different from all previous organizations" (Gartner, 1993, p. 236), we include the expectation that entrepreneurs successfully impose their "vision" of economic improvements onto existing business practices in the field as a second important belief system with which entrepreneurs must cope. The ability to convey the image that the entrepreneur provides valuable economic outcomes, in the eyes of stakeholders, may capture the very core of the mythology of entrepreneurship (Nicholson and Anderson, 2005).

Extant research provides no conclusive evidence regarding whether the logics of sustainability and profitability are complementary or conflicting. Some researchers suggest a trade-off between the goals of environmental protection and economic competitiveness (Colby, 1991; Jaffe et al., 1995; Palmer et al., 1995), noting the inherent challenge of, for example, convincing investors about the benefits of sustainable practices because of the ambiguity regarding the financial success of such practices (Surma and Vondra, 1992). In contrast, market failures with respect to environmental stewardship may present opportunities for entrepreneurs to create radically new technologies (Cohen and Winn, 2007) and achieve profitability (Dean and McMullen, 2007). We do not intend to weigh in on this issue but instead start from the premise that sustainability and profitability represent different logics, increasingly embedded in most fields (Jennings and Zandbergen, 1995; Jermier et al., 2006), and that entrepreneurs must deal with them. We also acknowledge that each field, and its incumbents, may have specific expectations about what represents an "appropriate" balance. Sustainable business practices are defined and understood differently across industries (Livesey and Kearins, 2002), and industries vary in their perceived influence on the environment, such that banking, financial services, or insurance, for instance, generally appear to have minimal environmental impact (Kolk et al., 2001), whereas others such as oil, metal, and automotive industries are perceived to have greater environmental impact (Banerjee et al., 2003) or are "environmentally sensitive" (Jose and Lee, 2007). Furthermore, within a particular field, some actors may favor only the profitability logic (e.g., banks), while others may favor the sustainability logic (e.g., environmental watch-dog groups), and yet others may favor a mix of the two (e.g., professional associations).[3]

2.3. Balance of institutional logics as driven by a field's doxa

On the basis of the preceding discussion, we consider the socially embedded mechanisms through which entrepreneurs cope with the permanent presence of the sustainability and profitability logics and theorize about how they might navigate the space between them. To be more precise, given the presence of multiple logics in a field, we argue it is important to consider how entrepreneurs might both adhere to and selectively draw from these two logics to advance their own interests in the field (Meyer and Hammerschmid, 2006; Reay and Hinings, forthcoming). In this sense, we conceive of these logics as possible constraints on behavior, as well as resources from which they can draw.

A noted social theorist, Pierre Bourdieu, points to the possibility that some field-specific knowledge is institutionalized as commonsensical or "doxic," in that it conceives of certain behavior as normal or "legitimate" in the eyes of the dominant actors (Bourdieu, 2000). The term "doxa" is akin to the presence of a "right, correct, dominant vision which has more often than not been imposed through struggles against competing visions" (Bourdieu, 1998, p. 56). For the purposes of this study, doxa refers to the field-prescribed norms of the balance that actors should strike between the logics of sustainability and profitability. For example, some fields (e.g., oil industry) may dictate that the profitability logic dominates, whereas others (e.g., food industry)

[3] Our focus is not on which logic may motivate an individual entrepreneur but rather which logic is demanded of that entrepreneur by a particular set of actors.

adopt the sustainability logic more prominently, inasmuch as they need to do so to avoid punitive government actions (Banerjee et al., 2003; Jermier et al., 2006). In other words, we argue that every field contains doxic (i.e., taken-for granted and deeply entrenched) expectations about the balance between the two logics.

In the following sections, we develop two sets of arguments, as we show in Figure 1. First, we highlight the socially embedded nature of the deployment of logics by noting several factors that shape and constrain the ways that entrepreneurs deploy and combine the sustainability and profitability logics. Specifically, we consider how entrepreneurs' adherence to field-prescribed norms or doxa with respect to the balance between the two institutional logics may be influenced by (1) the number of the fields to which the entrepreneur previously has been exposed, (2) the dominance of these fields relative to the field entered, and (3) the permeability of the field entered. Second, we highlight the selective and power-laden ways in which entrepreneurs deploy the two logics through a process of classification. We specifically consider the role of (1) entrepreneurs' strategic objectives, (2) stakeholder interests, and (3) the acclaimed superiority and inferiority of particular logics.

Insert Figure 1 about here
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3. Adherence to field-prescribed doxa

Entrepreneurs' prior exposure to *other* fields relates in important ways to their adherence to the doxa of the field they currently enter, with respect to the balance between the sustainability and profitability logics. This argument corresponds to the widely acclaimed connection between entrepreneurs' previous careers and experiences and the social systems in which they are embedded (e.g., Baum and Dutton, 1996; Dacin et al., 1999; Watson, 2000). To be precise, entrepreneurs' previous experiences may serve as a powerful conduit for incorporating broader social conditions into their ventures' practices and strategy (Boeker, 1988). We deem two field characteristics of the field(s) to which the entrepreneur previously has been exposed as particularly influential over his or her adherence to the entrenched norms and expectations of the field entered: the number of fields and their relative dominance.

3.1. Number of previous fields

To the extent that entrepreneurs previously have been exposed to *fewer* fields, they likely have gained less insight into how fields vary with respect to the balance between the sustainability and profitability logics (Friedland and Alford, 1991; Jermier et al., 2006); therefore, they may be more willing to accept the incumbents' expectations about the appropriate balance in the field they enter. In this regard, we again note that different fields balance profitability and sustainability in different ways. Because some industries' activities affect the environment more than do others' (Banerjee et al, 2003), they likely adopt different degrees of emphasis on sustainability versus profitability. Clarke and Gibson-Sweet (1999) survey the corporate social disclosures of the top 100 U.K. companies and find variance in the percentage of companies in different industries that emphasize environmental issues, such that 100% of conglomerates, food manufacturers, and stores; 80% of brewers and distillers; 75% of health and household goods; and 50% of banks and building materials and services industries report environmental issues. Similarly, Kolk (2003) finds significant variations in the amount of sustainability reporting across industry sectors. Although environmental reporting sometimes must be taken with a grain of salt in terms of its reflection of companies' true practices (Jermier et al., 2006; Kolk, 2003), these differences provide some indication of the variation in salience of the two logics across different fields. Therefore, an entrepreneur who previously has been active in fewer fields likely does not have a good grasp of how different fields may balance the sustainability and profitability logics differently. This lack of insight should make the entrepreneur more likely to accept any prescription by field incumbents about what constitutes an appropriate balance of the two logics as doxic (Battilana, 2006; Cliff et al., 2006).

3.2. Dominance of previous fields

Bourdieu and Wacquant (1992) note that fields are hierarchically related, and some fields dominate others. For instance, fields with a dominant economic logic may dominate fields with dominant educational or artistic logics (e.g., Oakes et al., 1998), though the reverse also might occur, as in the case of high art, in which context the economic logic gets repressed and stigmatized (e.g., Bourdieu, 1983, 1998). Extant research further reveals that certain fields (e.g., in the public sector) tend to model themselves after other fields (e.g., for-profit sectors, Du Gay, 1994, 2004; Mueller et al., 2003; Thomas and Davies, 2005), which means that the former fields are dominated or colonized by the latter (Bourdieu, 1983, 1998). In our research context, field dominance reflects the field's ability to defend itself against encroachments by other fields or extra-field actors with respect to sustainability concerns. Fields that are able to impose their rules on other fields are more dominant than are fields that are more easily subjected to the whims of other fields or actors, such as governments (Bourdieu, 1998). For example, the oil industry has been more successful in limiting or thwarting government and public oversight than have the tobacco or pharmaceutical industries, which makes it a more dominant field (Livesey and Kearins, 2002).

We argue in turn that an entrepreneur who previously has been active in a *dominated* field and enters a more dominant field is likely to adhere to field-prescribed expectations about how much weight to give to the sustainability and profitability logics. Dominant narratives about how to do business (e.g., the extent to incorporate sustainable practices into business operations) typically get imposed and maintained by high-status actors (DiMaggio and Powell, 1983), who benefit from reinforcing existing practices and are less likely to disturb them (Fligstein, 1996; Greenwood and Suddaby, 2006; Leblebici et al., 1991). By virtue of their prior experience in a dominated field, such entrepreneurs likely have been exposed to the doxa of more dominant fields, because by definition, the doxa of the latter has permeated the former field (Oakes et al., 1998). Consequently, the doxic assumptions of a dominant field with respect to the balance between sustainability and profitability should appear less foreign to an entrepreneur entering such a field, and the entrepreneur may be more prone to internalize them.

3.3. Permeability of field entered

In addition to the characteristics of the fields to which the entrepreneur previously has been exposed, we consider a characteristic of the field entered, namely, the permeability of its boundaries, which varies from field to field (Bourdieu, 1998; Bourdieu and Wacquant, 1992). Bourdieu argues that fields generally strive for the greatest autonomy possible to achieve the discretion to dole out rewards and punishments. Thus, to the extent that a field succeeds in insulating itself from other fields, its incumbents should be better able to impose their preferences on newcomers entering the field. An important characteristic that may contribute to the permeability of a field's boundaries is the degree of public concern about the field. Fields such as tobacco and alcohol, which are perceived as having significant public consequences, may attract more government oversight, nongovernmental organizational activity, and other external interventions (Jermier et al., 2006), in which case their incumbents should be less able to impose their will unilaterally on entrepreneurs entering the field. In contrast, fields that attract less public scrutiny and government oversight can more easily reduce entrepreneurs' perceived flexibility for striking an appropriate balance between the two logics.

Another important characteristic associated with the permeability of a field's borders may be its maturity. Institutional writings argue that as a field matures, it tends to institutionalize certain modes of behavior (DiMaggio and Powell, 1983), such that over time, state intervention, competition, and professions drive the actors operating in that particular field to become increasingly similar in terms of how much they attend to different logics (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). For instance, Egri (1993, cited in Jennings and Zandbergen, 1995) demonstrates that in the early phases of organic farming in British Columbia, the field was characterized by a diversity of practices, but it gradually organized around supplying a predetermined market and guaranteeing the quality of products. Consequently, the field gradually professionalized, institutionalizing a set of practices expected of actors entering the field. It thus follows that entrepreneurs should be more likely to follow the lead of field incumbents in terms of the balance between sustainability and profitability in more mature fields, whose scripts and norms about appropriate practices are more likely to be well established (Utterback, 1994).

Ultimately, entrepreneurs entering a field with less permeable boundaries experience the field's doxa more powerfully and are more prone to adhere to the expectations about the balance between the two logics that the field incumbents impose.

4. Selective deployment of institutional logics

In addition to emphasizing the socially embedded nature of entrepreneurs' attempts to balance the logics of sustainability and profitability, we acknowledge that when confronted with these two logics, entrepreneurs can advance their interests through a process of *classification*

(DiMaggio, 1997), whereby they selectively align their practices with the field's doxic norms and expectations about the "appropriate" balance. We enrich literature that emphasizes the agency inherent in entrepreneurial action (Schumpeter, 1934; Shane and Venkataraman, 2000) as we relate such agency with the power struggles that take place between the entrepreneur and field incumbents (Oakes et al., 1998; Reay and Hinings, 2005). In doing so, we provide an alternative perspective of institutional logics, not only as field-imposed constraints (Friedland and Alford, 1991), but also as resources by which to gain and maintain power. In other words, to advance their interests, entrepreneurs may attempt to balance the two logics in a strategic and selective manner (Kraatz and Block, 2008). An illustration of this argument emerges from the culinary field, in which cooks selectively draw on the logics of profession, art, business, and labor to make sense of themselves as workers and to guide their interactions with others (Fine, 1996). In theorizing about how entrepreneurs may selectively classify their practices as complying with the sustainability and profitability logics, we consider several aspects of such classification work.

4.1. Strategic objectives

First, in the presence of multiple logics (Reay and Hinings, 2005; Thornton et al., 2005), entrepreneurs can advance their interests by classifying their practices as aligning with the logic that best reflects their strategic objectives. An example, also drawn from the culinary field, is Rao and Giorgi's (2006) discussion of celebrity chef Ferran Adria, who pioneered "techno-cuisine" and successfully matched, across time, his strategic objectives with different logics in the culinary field. Although his initial objective was to categorize his practices as broadly fitting in with the dominant logic of nouvelle cuisine, he developed an innovative style that aimed to realize a radical departure from the practices employed by nouvelle cuisine chefs. More precisely, he incrementally associated his practices with the novel logic of techno-cuisine, and in doing so, he shielded himself from criticism by field incumbents that he was subverting the existing norms of nouvelle cuisine and defying the dominant logic. Furthermore, in their institutional analysis, Munir and Phillips (2005) show how Kodak used a variety of rhetorical tools to institutionalize new meanings for roll-film technology as a camera for regular people, intended to capture and preserve their special moments.

Similarly, in the context of sustainability, the deployment of a category such as "green" business arguably reflects a political move that reflects actors' strategic objective to stand out in the field with respect to being a frontrunner on environmental issues (Jermier et al., 2006; Lamont and Molnár, 2002). Furthermore, socially responsible mutual fund companies build their identities among investors by simultaneously positioning themselves as similar to conventional mutual funds, thereby creating a sense of familiarity and credibility with respect to the profitability logic, while also differentiating themselves by tapping into the investors' desire to bring about positive social change and appealing to sustainability concerns (Markowitz, 2007). Ultimately, since maintaining consistency between strategic objectives and day-to-day business practices is a matter of survival for newcomers to a field (Aldrich, 1999; Stinchcombe, 1965), we expect a close alignment between the extent to which entrepreneurs' strategic objectives include sustainability issues and their contestation of the "typical" field-prescribed balance between sustainability and profitability concerns.

4.2. Stakeholder interests

Second, since in fields with multiple logics, incumbent actors may balance the logics in different ways (e.g., Hardy et al., 2000; Leca and Naccache, 2006; Reay and Hinings, 2005), entrepreneurs may have to classify their practices as consistent with a particular logic for the benefit of one actor (e.g., emphasizing profitability to shareholders) but also satisfy another actor that favors another logic (i.e., emphasizing sustainability to government). Accordingly, entrepreneurs can advance their interests in the field to the extent that they artfully adapt their practices and stories across stakeholders. Thus, the fair trade movement demonstrates the need to strike a balance between the activism sentiment of consumers and volunteers who emphasize the sustainability logic and business partners' need to use the fair trade initiatives to comply with the demands of the profitability logic (Baker and Sinkula, 2005; Wilkinson, 2007).

In the same vein, entrepreneurs can advance their interests by invoking specific impressions among different target audiences through reports, advertising, and Web sites and thereby be selective regarding which issues they report on or ignore (Parkinson and Howorth, 2008; Roberts, 2003; Weaver et al., 1999). In this sense, they may benefit from attending differently to the interests of different actors (Mitchell et al., 1997). For instance, entrepreneurs may emphasize sustainability issues for those customers who are highly aware of environmental issues, who in turn prefer to buy from the entrepreneur who supports their values (Collins et al., 2007). Similarly, entrepreneurs' emphasis of the value-added benefits of acting as an environmentally responsible actor may be instrumental with particular investors but not others, so they attend to both social and financial criteria (Armour et al., 2003). Entrepreneurs also may engage in "auto-communication" (Morsing, 2006), in that some messages about sustainability sent to external audiences actually are aimed at specific employees who require convincing that their company is working for the common good rather than at the expense of others, which can enhance employee identification and commitment (Carroll and Buckholtz, 2000).

4.3. Acclaimed superiority or inferiority of logics

Another mechanism of classification is the framing of particular logics themselves as superior or inferior (Hardy and Phillips, 2004; Lamont and Molnár, 2002). That is, entrepreneurs can advance their interests in the field by emphasizing their superiority in enacting the logic that they deem themselves most capable of successfully enacting, while emphasizing the inferiority of the logic they deem themselves least capable of enacting.

By emphasizing their ability to "outperform" others in enacting their preferred logic, entrepreneurs can claim higher status as a function of their superior enactment. For example, The Body Shop (Livesey and Kearins, 2002) and Green Mountain Coffee Company (Baker and Sinkula, 2005) seek to convey their superior enactment of sustainability logics to consumers to differentiate themselves from competitors. Thus, an important mechanism through which entrepreneurs can advance their interests is their purposeful reference to their superiority in enacting a particular logic Alternatively, in the presence of multiple logics in a field, entrepreneurs may define their practices and identities in opposition to the logic for which they are poorly positioned. That is, they may seek to affirm the logic that they see as advantageous by repressing the opposing logic and its underlying assumptions, which otherwise could undermine their own claims (Billig, 2001; Deetz, 1992). They may even undertake explicit attacks on the logic they have difficulty enacting. For example, entrepreneurs who are poorly positioned to enact the sustainability logic—perhaps because of their lack of exposure to and experience with sustainable practices—may seek to delegitimize that logic, whereas entrepreneurs unable to make a profit may attempt to attack the goal of "making profit at any expense."

5. Conclusions

5.1. Summary and contributions

Extant research emphasizes the need for entrepreneurs to fit into broader social and ecological systems in such a way that they contribute to sustainability (Daneke and Lemak, 1985; Hall and Vredenburg, 2007; Jermier et al., 2006); consequently, entrepreneurship and small business literature increasingly acknowledges the need to consider both sustainability and profitability issues in entrepreneurial practices (Cohen and Winn, 2007; Dean and McMullen, 2007; Schaper, 2002). Yet despite widespread acknowledgment that the role of sustainability in entrepreneurial activity relates intrinsically to the broader societal context in which this activity takes place (Austin et al., 2006; Jennings and Zandbergen, 1995; Peredo and McLean, 2006), extant research may not have fully captured the socially embedded nature of what constitutes appropriate and desirable practices in terms of balancing sustainability and profitability (Parkinson and Howorth, 2008). To fill this gap, we draw from institutional logics literature (e.g., Friedland and Alford, 1991) to reconceptualize entrepreneurs' efforts to balance sustainability and profitability concerns as an essentially power-infused process that includes elements of both embeddedness and agency (Holm, 1995; Seo and Creed, 2002). The study of multiple logics has received increasing attention in institutional theory (Thornton and Occasio, 2008), yet its application to the domain of entrepreneurship remains sparse (Misangyi et al., 2008) and therefore presents, we believe, a novel perspective for highlighting the dialectical relationship between entrepreneurial practice and institutional expectations about sustainable development.

First, we conceive of entrepreneurs' balancing of the two institutional logics as shaped by their ongoing interactions with field incumbents. In this regard, our arguments match literature that attests to the importance of gaining legitimacy (e.g., Aldrich, 1999; Aldrich and Fiol, 1994) and the association of this legitimacy with entrepreneurs' conformance with field-incumbent expectations about appropriate behavior in a given field. As Scott (1995) points out, legitimacy captures the extent to which social actors conform to regulatory or legal pressures, a shared sense of value or expectation, or socially constructed categories of meaning. Similarly, entrepreneurs' adherence to both the sustainability and profitability logics—and their maintenance of an "appropriate" balance between the two—reflects the embeddedness of entrepreneurs in a web of expectations. We extend this argument by suggesting that entrepreneurs are complicit in the very manifestation of these expectations based on their previous careers and the experiences and associated social beliefs systems to which they have been exposed (Baum and Dutton, 1996; Dacin et al., 1999).

Second, we conceive of institutional logics as not only constraints on entrepreneurs' actions but also resources by which entrepreneurs can advance their interests through a process of classification (Thornton and Ocasio, 2008). We focus particularly on how entrepreneurs may actively classify their practices as complying with the logic(s) that is most favorable to field incumbents and carve out a unique competitive position in the field. They thus can maintain a specific balance between the two, depending on the demands of particular stakeholders and their relative positioning compared with competitors. We might go even further and argue that entrepreneurs' successful enactment of a particular logic, especially the sustainability logic, relates intrinsically to the very presence of the opposing logic, similar to arguments advanced in identity-based politics, whereby actors define themselves in opposition or juxtaposition to others (Glynn, 2000; Rao et al., 2005; Sampson, 1993). Sampson (1993) argues that practices inevitably must be described not in absolute terms but instead in relation to an *absent standard*. Thus, the sustainability logic can be meaningful only when contrasted with the profitability logic (Eikhof and Haunschild, 2007; Glynn and Lounsbury, 2005). Entrepreneurs' classification of their practices as fitting in with a particular logic, in juxtaposition with the demands of another logic, thus appears particularly salient when the presence of multiple logics does not necessarily lead to the replacement of one logic with another—as is the case for sustainability and profitability (Jennings and Zandbergen, 1995; Jermier et al., 2006)—but instead marks an ongoing struggle, in which entrepreneurs and incumbent actors vie for power while navigating the space between different logics (Wetherell and Potter, 1992). To gain power and capture a temporary advantage in competition with others, entrepreneurs can benefit from invoking an absent standard against which their own and others' practices are assessed (Sampson, 1993).

5.2. Future research

The arguments developed herein pertain mostly to a limited time period, that is, the time at which the entrepreneur enters the field or shortly thereafter. Future research could elaborate on the dynamic nature of the proposed model. In particular, entrepreneurs' practices that at one point in time are perceived as highly sustainable but not economically viable could evolve into economic successes if the adoption of sustainable practices becomes the "new accepted norm" within the field (Lawrence et al., 2001). Environmentally friendly endeavors might prove highly successful in a field over time (Cohen and Winn, 2007; Dean and McMullen, 2007) and make incumbent actors, even those with a primary concern for profitability, realize that they must adopt sustainable practices to ensure the field's long-term survival (Haunschild and Chandler, 2008). Consequently, shifts might occur in the field's existing structure, which would enable sustainable activities or practices to gain more weight in the "appropriate" balance between sustainability and profitability. We note that this dynamic relationship between the sustainability and profitability logics may result not only from highly contested battles waged by entrepreneurs against previously dominant institutional arrangements (Seo and Creed, 2002) but also from the acceptance among field incumbents that sustainable practices can benefit the field as a whole and its players. Thus, the process by which sustainable practices gain impetus may reflect an ongoing confrontation between the field's current power structures and the criteria used to judge sustainable practices as beneficial (Fligstein, 1996; Lawrence et al., 2001).

An empirical investigation of our proposed framework would need to bridge multiple levels of analysis. Bourdieu, who guided our conceptualization of the notions of field and doxa (Bourdieu, 1998; 2000), offers important insights that can benefit entrepreneurship and management research (Everett, 2002; Ozbilgin and Tatli, 2005). For instance, he resisted treating different levels of analysis as separate (Bourdieu and Wacquant 1992) and found such separation artificial and problematic. Similarly, our proposed framework is essentially a meso-level one (Cooke et al., 2005), in that it operates at the interface of the macro level (e.g., the field the entrepreneur enters) and the micro level (e.g., the entrepreneur's practices) and treats these levels as not only interconnected but also mutually constitutive (cf. Chia and Holt, 2006; Seo and Creed, 2002). Consequently, empirical research exploring our propositions should attend to those aspects related to both the individual entrepreneur and the macro-context in which the entrepreneur is embedded. Furthermore, empirical work based on the proposed framework would lend itself to both qualitative and quantitative research methods, similar to Bourdieu's (1984) own extensive quantitative and ethnographic research. In this sense, the proposed framework may provide a fruitful platform for empirical research endeavors centered on sustainable entrepreneurship. For example, research might use qualitative methods to examine, in situ, how entrepreneurs navigate the potentially conflicting demands of various actors (cf., Meyer and Hammerschmid, 2006; Reay and Hinings, forthcoming). It could also use surveys and other quantitative methods to assess, for instance, how entrepreneurs' beliefs about proper behavior in various situations or their social status or network centrality contribute to their decision to either adhere to or challenge field-prescribed norms about balancing the logics of sustainability and profitability.

5.3. Implications

From a practitioner perspective, our arguments implicitly suggest that through their own activities—such as emphasizing the sustainability of their products depending on specific stakeholder concerns—entrepreneurs can proactively work to classify their practices in ways that enable them to meet the simultaneous demands of different actors in their field. The argument that institutional logics may come to represent resources through a process of classification also points to the need for entrepreneurs to be aware of the political nature of classifications used by field incumbents (see also Rao, 1994; Rao and Giorgi, 2006; Reay and Hinings, 2005). Entrepreneurs should realize that various actors in the field might attempt to protect not only their existing market share but also the meaning system that privileges their interests (Fligstein, 1996; Zilber, 2008). Thus, entrepreneurs must not only weigh the pros and cons of engaging in the practices expected by incumbent actors, from a utilitarian point of view, but also understand the politics involved in the process of defining appropriate behavior with respect to sustainability and profitability concerns. The appreciation of the contested nature of the process of classifying practices as sustainable in a particular field ultimately should facilitate entrepreneurs' success in carving out successful positions and assist them in developing effective political strategies (Fligstein, 1997), alongside the development of sound business ideas.

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Figure 1: Conceptual Framework