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# **Coping with Multiple Institutional Logics: Temporal Process of Institutional Work during the Emergence of the One Foundation in China**

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## **Significance Statement**

The emergence of social sector has become a driving force for organizational change and innovation in China. However, creating a social organization and scaling its impact in China's social sector are challenging under the conditions of strict regulations and complex institutional environment. Counterintuitively, our research demonstrates that it is this complex institutional environment that creates an impetus for actors to explore discretionary organizational structure and practice. Our research unpacks the underlying process and mechanisms and offers implications for understanding organizational change and innovation in Chinese context.

# **Coping with Multiple Institutional Logics: Temporal Process of Institutional Work during the Emergence of the One Foundation in China**

## **ABSTRACT**

An increasing body of research has applied an institutional perspective to understand actors' responses to conflicting institutional logics and the creation process of new organizational forms. Although China provides a natural, real-time laboratory to study this topic, few empirical research have been done. Moreover, we find it is insufficient to apply current frameworks, which have been mainly driven by studies conducted in Western contexts, to study actors' responses to institutional multiplicity in China, especially in its emerging non-profit sector. This paper fills research gaps by providing an in-depth case analysis of the creation and legitimation process of One Foundation – the first independent charity foundation established by civic individuals in China. Our study shows that the coexisting and competing relationship among state, civil society, social mission, and market logics provides impetus for organizational change and innovation. This paper theorizes a temporal model by showing that actors seek provisional solutions in different organizational stages and gradually develop capabilities to progress institutional work from individual to organizational and to societal level to achieve their goals. By showing how a charity foundation plays a role as a changing agent, this paper also sheds lights on the condition and process that drive innovation in China's non-profit sector.

**Keywords:** institutional logics, institutional work, non-profit sector, social entrepreneurship, temporal process

**Running title:** Coping with Multiple Institutional Logics

## INTRODUCTION

April 20, 2013, a 7.0-magnitude earthquake hit Lushan County in southwestern China's Sichuan province. The Red Cross Society of China (RCSC), a national humanitarian social relief organization supported by central government and operated by the Ministry of Health, was supposed to be a leader in fundraising and disaster relief. However, the lack of public confidence in RCSC became painfully clear after a series of scandals in 2011<sup>[1]</sup>. In the first 24 hours since the earthquake, which is usually considered to be the prime time for fundraising, RCSC only raised a paltry \$23,000 of private donation. This is in sharp contrast to \$3 million raised by One Foundation (OF). The OF, previously ran under the umbrella of RCSC, became the first independent charity foundation in China on January 11, 2011. Ever since then, the OF outperformed RCSC in disaster relief and charity activities. The sharp contrast between these two organizations stirred wide discussion in domestic and international discourses, focusing on the credibility crisis of RCSC and the increasing recognition and credibility gained by OF.

Obtaining credibility and legitimacy raises daunting challenges for a new organizational form like OF. Although founded by a world famous actor – Jet Li, OF suffered lots of difficulties from early establishment to the stage of obtaining its public and independent fundraising status. To accomplish its social mission, OF needed to not only navigate through state's strict regulations but also develop an autonomous and sustainable model. As social enterprises need to cope with incompatible demands and prescriptions (Pache & Santos, 2013; Battilana & Dorado, 2010), the process of OF's creation and legitimation involves dealing with highly incompatible demands imposed by multiple institutional constituents such as state,

civil society, and market.

This study aims to investigate the creation process of the OF in China's charity field where multiple and contradictory institutional logics coexist and compete. Institutional logics are 'socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules' (Thornton & Ocasio, 1999: 804). They provide sets of principles and beliefs that prescribe appropriate behaviors for actors to achieve their goals (Thornton, 2002; Friedland & Alford, 1991). Incompatible logics generate tensions where actors need to carry out integrative and adaptive coping strategies (Yu, 2013; Greenwood et al., 2010). Although previous studies have emphasized the importance of blending competing logic during the process of creating social enterprises (Tracey, Phillips, & Jarvis, 2011; Pache & Santos, 2013; Galaskiewicz & Barringer, 2012), we find this literature is insufficient to explain the case of OF.

First, extant research mainly focuses on the contest and integration between two logics – market logic and social mission logic – in Western developed societies. Few research have been conducted in transitional economies or developing countries where a larger number of logics coexist and compete (Goodrick & Reay, 2011; Greenwood et al., 2011). Taking China as an example, in addition to deal with these two logics, social organizations have to struggle with restrictive regulations posed by a state-centric political system – reflected as the state logic – and strive to increase autonomy and encourage civic engagement – reflected as the civil society logic (Lan & Galaskiewicz, 2012; Zhao, 2012). As the number of logics and the degree of incompatibility among these logics increase, OF faces heightened challenges (Greenwood et al., 2011), thus posing an intriguing puzzle regarding OF actors' responses.

Second, recent studies have explored how actors engage in institutional work as

a coping strategy to deal with institutional multiplicity and change existing institutions (Coule & Patmore, 2013; Rojas, 2010; Greenwood, Suddaby, & Hinings, 2002). Yet, these studies mainly look at elite and/or powerful actors who have sufficient resources and capabilities as prerequisites for initiating changes (DiMaggio, 1988; Fligstein, 1997). We know little about how actors may learn to use and accumulate resources in devising and advancing institutional work. Specifically, what is missing is a temporal perspective in understanding how actors develop their resources and capabilities to deal with multiple logics in different organizational stages to gradually accomplish their organizational goals.

This study addresses these gaps by analyzing OF's creation and legitimation process. Using the findings emerged from various sources of data, we bracket OF's creation and legitimation process into four organizational stages – idea gestation, piloting, adjusting, and transformation. We then show that in each stage, what are the major institutional constraints and logic conflicts and how actors deploy resources to enact institutional work and develop their capabilities to achieve their organizational goals. This study makes three important contributions. First, it provides empirical evidence of how institutional multiplicity provides opportunities for discretionary action and organizational innovation. This paper proposes paying more attention to understanding how actors expand repertoire of responses and even take advantage of logic multiplicity to negotiate a novel organizational form. Second, this study contributes to the institutional work and social entrepreneurship literature by theorizing a temporal model to illustrate the dynamic relationships among organizational stage, institutional work, and resources and capability development. Third, this paper sheds lights on the processes and strategies that drive innovation in China's non-profit sector.

## **THEORETICAL BACKGROUND**

### **Institutional Work as a Coping Strategy to Conflicting Institutional Logics**

When creating a new organizational form in an environment where competing logics impose critical challenges, actors need to enact institutional work to integrate logics (Yu, 2013). The concept of institutional work underlines the need of understanding actors' motivation, resources, and capabilities (Lawrence & Suddaby, 2006). Extant research has provided insights into how actors with abundant resource skillfully facilitate entrepreneurial endeavor and influence institutional environment. However, it tells us little about how actors with limited field power and resources carry out institutional work (Martí & Mair, 2009). When confronted with multiple institutional demands and there are limited resources and capabilities in challenging the status quo, the questions thus remain: How is new organizational form creation possible? What are the different types of institutional work at play? Exploring answers to these questions is important since literature focusing on how heroic actors leading social change does little to help us understand the process and strategies underlying social entrepreneurship initiated by peripheral actors (Dacin, Dacin, & Tracey, 2011).

An emergent literature has begun to understand how actors undertake institutional work to deal with multiple institutional logics (Rojas, 2010; Lounsbury & Crumley, 2007; Battilana & Dorado, 2010), what is still missing is a temporal perspective to illustrate how actors leverage and even create needed resources during the process of enacting institutional work in different organizational stages and how they gradually develop their capabilities to reach their organizational goals. Tracy et al. (2011)'s multilevel model provides a useful framework for grasping how social

entrepreneurs engage in three levels of institutional work – micro-, meso-, and macro-level – to create a new type of social enterprise in the UK. They suggest that when trying to blend for-profit and non-profit logics, social entrepreneurs simultaneously engaged in multilevel institutional work. Their study does not include a temporal dimension to consider how social entrepreneurs may engage and progress three levels of institutional work through accumulative fashion. Other researchers underline that social entrepreneurs need different resources and skills that are distinctive from commercial entrepreneur (Dacin, Dacin, & Matear, 2010; Dart, 2004) and higher level institutional work is likely to require more resources and capabilities (Lounsbury & Crumley, 2007; Leblebici et al., 1991). Therefore, such simultaneous perspective is poorly suited to illuminate the creation process of new charity forms in developing countries and transitional economies where political, cultural, social, and market logics all come into play and actors have to cope with multiplicity in a gradual fashion. Martí & Mair (2009) find that, to alleviate poverty in Bangladesh, poorly resourced and peripheral social entrepreneurs need to undertake institutional work in an experimental manner. Therefore, we need a dynamic and temporal perspective to understand how actors accumulate resources and develop capabilities during the process of enacting and advancing institutional work.

Overall, the existing body of research leaves us with unanswered questions when it comes to explaining institutional work of actors with limited field resources and experience in societies where multiple incompatible logics come into play. Two questions remain unanswered: *(1) What kinds of institutional work actors undertake to create a new organizational form in an environment of institutional multiplicity? (2) How do actors deploy resources and develop their capabilities to progress different levels of institutional work along this process?* Our purpose of this study is to answer



these questions by analyzing the case of OF that is embedded in a challenging institutional environment in China's non-profit sector.

### **Multiple Institutional Logics and Challenges in China's Non-profit Sector**

As a charity organization, OF is committed to disaster relief, support special children, and build a sustainable platform for integrating resources in the charity field. This commitment was formed and reformed during the organizational creation process, starting from 2006 lasting until January 2011. During this process, Li and his OF team members constantly experienced multiple logics conflicts. Although being a world-famous actor, Li lacked sufficient resources and power when entering the charity field. OF was continuously exposed to challenges and tensions posed by two societal-level logics and two field-level logics. Table 1 compares these four logics according to their goals, means, and referent audience and stakeholders related to OF. In China, social organizations include non-profit organizations (NPOs) and non-government organizations (NGOs) and charity organization is a type of NPOs. During China's economic and societal transition, social organizations face increasing tensions between two divergent societal-level logics. The state logic refers to the orientation of the state and its entities in securing political and social order (Dobbin & Dowd, 1997) by regulating and supervising social organizations (Wang, Yin, & Zhou, 2012). Because of Chinese authoritarian regime, the state logic can be represented at different administrative levels. The local governments practice the state logic to demonstrate their accordance with the state intentions, in the meantime, they pursue local experimentation and innovation for their own political interests (Zhou, 2010). The civil society logic prescribes the demands for organizational autonomy and civic engagement in the process of tackling social problems (Ma, 2002).

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The interplay between the state logic and civil society logic depicts the survival environment for social organizations in China (Kojima et al., 2012). OF was created to embrace the civil society logic through establishing an autonomous organization and encouraging civic engagement in charity activities. However, it faced the pressures of the state logic to comply with the ‘dual administration system’. This system requires that, to obtain a non-profit status, charity organizations need to be registered at the Ministry of Civil Affairs or its local agency and affiliated to a professional supervisory agency that has a patronage relationship with government (Zhao, 2012; Saich, 2000). This regulation complicates the registration process and threatens the autonomy and efficiency of the OF. Paradoxically, in order to obtain legitimacy and resources, OF needs to hold on a good relationship with government agency, putting OF at the risk of sacrificing autonomy and efficiency. Therefore, the coexisting and conflicting relationship between the state logic and civil society logic adds ambiguity and uncertainty to the development of OF.

OF also need to respond to incompatible prescriptions and demands posed by two field-level logics. Social mission logic requires charity organizations to maximize goods and service to relieve disasters and improve social conditions (Pache & Chowdhury, 2012; Santos, 2012). Market logic guides social enterprises and charity organizations to follow market rules and use business approaches to maximize returns to social welfare (Nicholls, 2009; Thornton & Ocasio, 1999; Pache & Chowdhury, 2012)). For OF actors, when committing to their social mission—engaging in disaster relief, supporting special children, and building a professional charity platform – they need to conform to the market logic and develop a sustainable model by following

market rules and advocating their practices among powerful market players. However, OF's involvement in business activities creating the impression of mission drift (Jones, 2007). The government and public are constantly concerned about a potential diversion of time, energy, and money away from OF's social mission, thus threatening its legitimacy and survival.

To sum up, these four logics constitute a complex institutional environment under which OF actors need to navigate through and enact coping strategies. On one hand, OF actors need to comply with the state logic to obtain a legitimate status so that they can encourage civic engagement in charity activities. On the other hand, OF actors need to follow the market rules and work with market players to develop a sustainable charity model and at the same time avoid mission drift. As our previous review shows, current literature has not provided a temporal perspective to unpack the process of how actor enacting and progressing institutional work to deal with such a complex institutional environment. Therefore, the creation and legitimation process of OF provides a rich setting for exploring this underdeveloped topic.

## **METHODS**

To understand how actors deployed resources in devising institutional work to create a new organizational form under the environment of institutional multiplicity, we conducted a case study of OF. The goal of OF was to build a professional, transparent, and sustainable charity foundation that encourages wide scope of civic engagement in charity. The emergence of OF was punctuated by alternating periods of stability and instability (Gersick, 1994), demarcating different organizational stages along the creation and legitimation process. In different organizational stages, actors confront with different challenges and tasks, they need to adapt their coping strategies

accordingly. By dividing organizational stages, we could examine the characteristics of logic conflicts and actors' institutional work as a coping strategy at different stages, thus having the opportunity to theorize a temporal model to illustrate the dynamic relationships among organizational stage, institutional work, and resources and capability development. In the next section, we explain how data was collected and analyzed.

### **Data Collection**

We collected data based on the combination of media interviews, personal interviews, organizational documents, and news reports. The primary source of the data came from transcripts of interviews conducted by various types of media, including newspapers, magazines, TVs, and Internet companies. We collected this interview data because the professional media tracked the founding and development of OF and interviewed various actors and stakeholders during its different stages. These interviews provided longitudinal data and reduced the potential for ex-post rationalization bias. We first got interview list from OF, then we collected the media interviews on the internet. Finally, we retained 14 interviews including 10 interviews with Jet Li, 2 interviews with OF top management members, 2 interviews with state officials of the Ministry of Civil Affairs (MCA). The ambiguous information as checked with OF staff through follow-up emails.

Field observations were conducted in summer 2011, including personal interviews with two project managers at Chengdu office and one brand manager and one public relations manager at Beijing headquarter. Informants were asked questions about the creation process of the OF, the challenges they faced, and their responses. These interviews were semi-structured, lasted between 30-90 minutes, and were recorded and transcribed. We also collected OF's rich archival data, including

quarterly working documents detailing its daily activities and annual financial reports issued from April 2007 to December 2010. In addition, We also checked media reports by searching keywords such as ‘One Foundation’, ‘civil philanthropic organizations’, ‘NPOs’, and ‘Jet Li’ in China National Knowledge Infrastructure (CNKI), a database comprising of the main Chinese newspapers and academic journals. We obtained 362 hits, of which 75 were included in the analysis.

### **Data Analysis**

Our in-depth case analysis consisted of four stages. The first stage involved separating the longitudinal process data into analytically identifiable and mutually dependent stages (Langley, 1999). Focusing on identifying ‘disruptive events’ (Hoffman, 1999), such as key challenges and tasks and the introduction of new organizational structures and practices, we bracketed OF’s creation and legitimation process into four organizational stages: idea gestation, piloting, adjusting, and transformation. In the second stage, based on actors’ narration of the external environment, we identified how actors perceived and responded to the conflicting demands imposed by four logics – state, civil society, social mission, and market – in different stages. Specifically, we asked ourselves the following questions during the analysis: (1) What are actors’ perception of the prescriptions and proscriptions of different logics during each stage? (2) What are the relationships among these logics? We iterated between open coding (Strauss & Corbin, 1998) and reviewed the literature on institutional logics until adequate conceptual themes were refined (Eisenhardt, 1989).

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Insert Figure 1 about here  
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The third stage focused on identifying different forms of institutional work that

actors undertook to cope with multiple logics in each stage. We identified initial concepts through open coding. This generated first-order categories related to the activities engaged during the creation and legitimation process. We then used axial coding (Strauss & Corbin, 1998) to form second-order themes. Axial coding helped us move from thick description to explaining the phenomenon by making links among the first-order categories and collapsing them into a smaller number of themes (Tracey et al., 2011). This process synthesized themes emerged from our data and the existing concepts in the literature. In the third step, we aggregated the second-order themes and categorized them into three levels of institutional work: individual level, organizational level, and societal level. Figure 1 shows the data structure related to actors' institutional work. Furthermore, we identified what types of resources actors deployed to enact institutional work and how they developed their capabilities as the resulting outcome of institutional work at each organizational stage.

In the final stage, we strived to see the 'big picture' by discovering key themes and overriding patterns. We then drew models to illustrate and theorize the dynamic relationships among organizational stages, institutional work, and resource deployment and capability development. We moved back and forth between the data and possible theoretical conceptualization until they reached a good fit (Eisenhardt, 1989).

## **RESULTS**

We now return to our research question and present empirical evidences to answer the question of how actors deal with multiple logics conflicts at different stages. Table 2 depicts multiple logic conflicts that OF faced, various types of resources and different kinds of institutional work that actors deployed to strategically deal with such logic

conflicts, and the outcome that OF achieved at every stage. In the following sections, we will present the empirical evidences.

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Insert Table 2 about here  
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### **Stage 1: Idea Gestation**

On December 25, 2004, Li and his children almost lost their lives in a huge tsunami in the Maldives. Surviving from this frightening experience, Li was motivated to establish a charity foundation for disaster relief and providing psychological crisis prevention service for children and youth. However, he faced a critical institutional constraint: in mainland China, government mobilization of charity donation has been the dominant model that leads to passive donation activities and weak civic engagement in tackling social problems. By comparing domestic and international charity model, Li realized that there was no ‘ready-to-wear’ model to rely on under the current condition. Under such a condition, Li undertook two forms of institutional work: (1) framing problems underlying current charity models; (2) counterfactually thinking of a novel charity model to combine social mission and civic engagement.

*Problem framing.* For Li, the motivation to build a novel charity foundation was driven by a form of individual-level institutional work – problem framing. It involves identifying the problem at hand and making explicit the failure of the existing practices (Suddaby & Greenwood, 2005; Tracey et al., 2011). While achieving a great success on action movies, Li was totally an outsider of the charity field. To clearly identify the problems and find a solution for Chinese charity organizations, Li spent his own money on visiting universities and charity foundations around the world to learn global charity concepts and practices. He also invited consulting firms to

conduct charity market research in mainland China, Hong Kong, and Taiwan. Li's global learning experience and market research reports helped him identify the limitations inherent in current charity field, as he framed:

*First, no non-government organization (NGO) has high credibility in China. Second, there does not exist a very transparent system during the operation. Third, most NGOs do not have a clear and long-term vision. Fourth, it is not convenient for Chinese people to donate.*

*(Li & Zeng, 2008)*

These four problems reflected Li's preliminary perception of the constraining institutional settings. First, government agencies use administrative mechanism to mobilize charity resources by imposing pressures on individuals' and firms' donation behavior, leading to their passive donation activities. Second, many charity organizations in China lack credibility and civic engagement because they do not have transparent systems and long-term development visions. For Li, the current 'fashionable model' of disaster relief is short-sighted. As he stated,

*The most prevalent response to a disaster in the world is a business/economic model, or a fashionable model. Newspapers start to report, people intensively express their emotion and love in a very short time. Emotions explode. Various foundations start to raise funds for relief. However, after one or two weeks, people become indifferent. After two months, people are no longer talking about the disaster.*

*(Qu, 2008)*

With financial resources and personal effort spent on market research and international comparison, Li clearly identified the problems inherent in current China's charity field. It provided an opportunity for Li to develop a novel charity foundation and practices to solve these problems.

*Counterfactual thinking.* After framing the problems inherent in current charity field, Li engaged in counterfactual thinking – challenging assumptions, investigating



underlying causes, and envisioning an unusual solution to the problems (Gaglio, 2004; Tracey et al., 2011). To enact this individual-level institutional work, Li creatively combined his international perspective and his knowledge of Chinese traditional philosophy. First, with his international perspective and learning experience, Li categorized two types of global well-known charity foundations. The first type is the ‘big foundation’ that uses investment income of its endowment to support annual programs. Li described it as ‘chicken that lay eggs every year’ (Qu, 2008). The second type is religious foundations such as Tzu Chi Foundation and Christian Foundation that receive donations based on people’s religious beliefs. Li found that both types of foundation would not work out in China. On one hand, government regulations require a minimum of 70% of the funds must be used for disaster relief annually, it only allows 10% for further investment, which constrains the growth of foundation. On the other hand, Li realized that the government might be ‘sensitive’ to the religious foundation and a new foundation based on religious belief might restrict itself to reach more citizens.

Li had to try something different and design a novel model that can encourage wide civic engagement. He asked himself a creative question, ‘Can I have eggs without chicken?’ (Qu, 2008). To answer this question, Li turned to Chinese traditional philosophy for insight. He then discovered Taoism has ancient wisdom that can offer insights to develop his charity concept, ‘The Tao begot one, one begot two, two begot three, and three begot the ten thousand things’. According to his understanding, “one means from zero to one; ‘zero’ is doing nothing; ‘one’ is doing something that makes a fundamental difference (Qu, 2008).” He believed that if each person moves from inaction to donating at least one yuan each month, the small individual donations could be transformed into a much greater fund. Therefore, he

proposed his charity concept of ‘1 person + 1 yuan +1 month = one big family’. With this belief, he named the organization as ‘One Foundation’ that aims to build a viable charity model, raise citizen’s charity awareness, and cultivate a culture of sustainable giving in China. He described his novel charity model,

*My model is different—it is a kind of ‘Public Charity.’ My ideal foundation is a fundamental charity facility much like the water and electricity to a city. It can support a relief of a disaster for two or three years. The ‘public charity’ is not driven by the influence of trends, but is driven by a custom of giving.*

*(Qu, 2008)*

To summarize, in idea gestation stage, Li creatively combined his international learning experience with his understanding of Taoism that helped him think beyond the current institutional arrangements and envision a novel charity model. His OF charity concept seeks to embrace social mission logic and civil society logic by encouraging wide scope of civic engagement in disaster relief and improving welfare of special children. Our analysis suggests that the individual-level institutional work of problem framing and counterfactual thinking changed Li’s position from being an outsider of the charity field to a position of a field insider and laid the conceptual foundation for field entering and enacting organizational-level institutional work.

## **Stage 2: Piloting**

In piloting stage, Li and his team members put OF’s charity concept into practice. However, implementing the concept of encouraging civic engagement in charity activities was highly challenging because of restrictive regulations posed by the state and low credibility of charity organizations. According to the registration policy, OF should be registered as public foundations since only public foundations could raise funds from the public while private foundations are not allowed to do so. However,

the state has a hostile attitude towards allowing a civil charity foundation to be established as a public foundation because of suspicious of potential for-profit business activities (Zhao, 2012). Even OF decide to register as a private foundation, it still faces the challenge of ‘dual administration system’: to obtain a private foundation status, OF needs not only to be registered at the MCA or its local agency but also to be affiliated to a supervisory agency which is usually a government entity. However, the supervisory agencies usually reject affiliation requests from civil organizations (Zhao, 2012).

Under such circumstances, Li and his team undertook two types of institutional work by leveraging his relational resources, social influence, and charismatic leadership to mobilize relevant actors to deal with the conflicts between the state logic and civil society logic. The first one is building a suboptimal organizational structure through affiliation with a highly legitimate government organization. The second one is building professional organizational practices through connecting with market players.

*Establishing a suboptimal structure through affiliation.* After several rounds of discussions with MCA and several local bureaus of Civil Affairs, OF still could not register as a public foundation or a private foundation. Under such conditions, Li decided to loosely couple with the state logic. As he described, ‘I don’t like to complain about any institutions, maybe the Chinese government is considering loosening the regulations on public foundations. I am willing to think in the shoes of the government’ (Qu, 2008). The solution that Li and his team came up was to affiliate OF with Red Cross Society of China (RCSC) — the China’s largest official charity organization that monopolizes public donation resources. To make this

affiliation work, Li used his relational resource to ask referrals to bridge a connection with Changjiang Guo – the vice Minister of RCSC. As an exchange, Li suggested using the OF and his social influence to help RCSC transform itself from being a blood donation organization to becoming a professional charity organization.

On December 18, 2006, Li signed a contract with RCSC and registered ‘Jet Li One Foundation’ as a special program under the RCSC. Running under the umbrella of RCSC, OF gained the half-official legal status that allows it to raise funds publicly. However, OF’s allocation of the funds needed to be monitored and approved by RCSC. As noted by Li,

*In order to raise the money publically, we have to rely on this platform. Although everybody domains one yuan every month, this money has to be shown on their bank account. This has to be done with credibility.*

*(Li et al., 2008)*

Based on our analysis, we find that OF’s affiliation with RCSC as a highly legitimate actor is an important form of organizational-level work devised to alleviate conflicts between the state logic and civil society logic. Although OF compromised its initial idea of building a foundation with an autonomous structure, this affiliation helped OF obtain a certain level of legitimacy that is crucial for its early survival.

*Building professional practices by connecting with market players.* From the charity market research, Li learned that one of the reasons leading to weak civic participation in charity activities is because charity organizations lack of credibility. In order to increase OF’s credibility, OF needed to build professional practices and a transparent system. Therefore, in piloting stage, Li started to assimilate elements from market logic into its social mission. First, using his charismatic leadership and influence, Li

persuaded several people who had rich international business executive experience to join his team. For example, Li persuaded Weiyan Zhou—a Yale graduate with 20 years of executive experience in large commercial companies—to be the executive director of the OF. As Zhou described, ‘his charisma is very great and I was totally persuaded by his responsible and earnest attitude’ (Luo, 2008). In addition, unlike many NPOs that are operated by volunteers, OF only recruited full-time employees, which helped OF maintain a high level of professionalism and stability.

Second, to ensure transparency and efficiency of its practices, OF assimilated elements of market logic by referring to the practices of public companies. For example, Li communicated with professional service companies about his charity concept and ideal organizational practice. Audit companies such as Deloitte and KPMG agreed to audit and release OF’s annual financial record. Consulting companies such as Bain and Mckinsey and advertising companies such as BBDO and Ogilvy & Mather agreed to provide services for strategic planning and marketing. Being impressed by Li’s social entrepreneurship, these companies even provided these services for free.

In addition to assimilating the elements of professionalism, transparency, and efficiency from the market logic into OF’s social mission, Li and his team began to seek to assimilate commercial elements into its practices. In winter 2007, Li was invited to the Six Annual Conference of Chinese Business Leaders. At first, he was reluctant to attend it. He asked himself why he needed to meet commercial entrepreneurs since he initially wanted to distance OF from commercial activities and sought to build a charity organization that encourages civic engagement. At the last minute, Li decided to attend this meeting, which later turned out to be a big surprise. During the meeting, Li met entrepreneurs such as Jack Ma—the founder of Alibaba

Group and Huateng Ma—the founder of Tencent. One month later, he also attended the annual meeting of Cheung Kong Graduate School of Business where he met Bing Xiang—the dean of the business school and Weihua Ma—the president of Chinese Merchant Bank. OF team began to learn to operate their foundation more efficiently and market its practices to include more audiences. The initial connection with entrepreneurs prepared OF for its later adjustment from being a charity foundation to become a platform that focuses on integrating charity field resources. As Li described:

*Our specialty is fundraising, not spending the money... I hope I could cooperate with entrepreneurs. Their wisdom and business experiences could help me systematically manage the money. Philanthropy in 21<sup>st</sup> century is the one with the spirit of enterprise.*

*(Lei, 2010)*

Through establishing a professional team and a transparent system, OF increased its visibility and credibility. Through initial contact with entrepreneurs, OF team began to think about adjusting its organizational practices to reach more audience and stakeholders. These activities involved in assimilating elements of market logic into its social mission commitment. To undertake this organizational-level work, Li used his charismatic leadership and social influence to attract market players' attention and recognition. With this work, OF entered the charity field, moved from being a field outsider to becoming an important field player. OF's field entrance laid the ground for advancing institutional work to the societal level and associating its practices to a wider range of stakeholders in the charity field.

### **Stage 3: Adjusting**

With OF's increasing visibility in the charity field, ironically, it experienced higher level conflicts between the state logic and civil society and social mission logics.

Affiliation with RCSC had an unexpected consequence: it restrained OF from obtaining autonomy and effectively carrying out its social mission. Under the tight supervision of RCSC, OF lacked an independent legal entity and financial account, OF had little say about the allocation of its money and charity resources. This problem was exacerbated during OF's Wenchuan Earthquake relief in May 2008. OF raised about 800 million RMB in a month, however, it took a long time to get approval from RCSC to distribute donations. In addition, all relief materials had to be channeled through regional RCSC that was under control of both RCSC headquarter and local government, whose requirements were often in conflict. This controlling system greatly reduced OF's efficiency.

Another challenge faced by OF team was that with their narrow scope of social mission, they could not achieve the goal of encouraging wide scope of civic engagement. OF's primary social mission at the early stage was to provide service of psychological crisis prevention for child and youth who had experienced earthquake or other disasters. However, psychological crisis prevention was a very new concept in China, only few people had knowledge about it. In the first year, OF only collected 10 million RMB in which individual donation only accounts for 19%. This result was too far away from reaching its goal of encouraging civic contribution. The executive director – Weiyan Zhou said: 'it is a wasting of the brand of Jet Li. If it continues like this, OF has no way out' (Lei, 2010).

Under such constraints, OF team decided to redesign OF's organizational structure and practices to reduce RCSC's control, improve efficiency, and reach more stakeholders in the field. After the Wenchuan Earthquake disaster relief, they realized that with its increasing credibility and role in the field, they had more power to negotiate with local government and advocate their practices among various

stakeholders. At the same time, the government was aware of the big impact of civic organizations and prepared to negotiate (Simon, 2008). In adjusting stage, OF team carried out two types of institutional work: (1) turning OF into an ambidextrous organization (Benner & Tushman, 2003) to obtain more autonomy and efficiency; (2) advocating practices among various stakeholders by forming a business and charity model and initiating charity awards and forum.

*Turing into an ambidextrous organization.* After realizing the structural constraints, OF team attempted to pursue an independent legal entity and financial account. After consulting with some experts and government officials, they found that it was still difficult to transform OF into a public foundation. However, they also realized that the ambiguity embedded in existing institutional frameworks might provide a room to negotiate for autonomy. Since 2008, the national MCA chose neither to promote nor to restrict the discussion and practice of social enterprise (Zhao, 2012). OF team took advantage of this ambiguity and leverage OF's impact to persuade RCSC and Shanghai Municipal Civil Affairs (SMCA) to allow OF establish a private foundation as an executive body of OF. As Weiyang Zhou said,

*The best solution is to establish a public fundraising foundation. However, the government is very strict with the examination and approval. So we ask around about how to deal with it. People came up with different solutions. For example, One Foundation could register a private company at the Industry and Commerce Bureau, then transfer the money from the RCSC One Foundation Project to this company to carry out projects. With the same team, we can do both. However, this solution is illegal and not transparent. There are many problems. So we had to consult with lawyers and leaders of RCSC and also officials from MCA. Finally, we made a hard decision: establish a private foundation.*

*(Huang, 2011)*

On October 16, 2008, Shanghai Jet Li One Foundation (SHOF) was launched. As a private foundation, SHOF was not allowed to raise money from the public. However,



the money raised publically by the OF could be transferred to SHOF. With this organizational rearrangement, OF team could avoid the tight control of RCSC and independently allocate financial resources and execute projects. Realizing the increasing importance and credibility of OF in mobilizing charity resources, RCSC and SMCA also turned a blind eye to this settlement.

Our analysis suggests that in this stage, OF began to identify and take advantage of the ambiguity inherent in the state's attitude towards social organizations and leveraged its proved social impact to negotiate for an ambidextrous architecture. By turning OF into an ambidextrous organization, OF temporally tempered the conflicts between the state logic and social mission logic. This adjustment helped OF achieve two seemingly contradictory goals of alignment and adaptability (Gibson & Birkinshaw, 2004). On one hand, loosely coupling with the state logic by affiliating to RCSC secured OF's legitimacy as a public foundation. On the other hand, OF obtained more autonomy and increased its efficiency.

*Advocating practices among various stakeholders.* OF team realized that in order to create more impact on the charity field and even on the non-profit sector, they needed to adjust their social mission. On April 19, 2008, Li announced OF's new social mission: in addition to providing disaster relief and supporting special children, they strive to build a platform to intergrade charity field resources and support Chinese NPOs' professional development. Recognizing that Chinese NPOs lack a professional and transparent system and there are no widely acknowledged norms and standards in charity field, OF team started to form the cultural resource by collecting, understanding, and leveraging their knowledge to define and disseminate what considered to be appropriate norms and standards in China's non-profit sector.

First, OF created a ‘win-win’ donation model to blend business and charity. This model persuades firms to donate 0.01yuan, 0.1yuan or 1yuan from the profit of selling one product and it can also help them promote their brands. For example, on March 5, 2008, OF signed a contract with China’s film industry leader Huayi Brothers Media Group. According to the contract, if one film ticket was sold, Huayi Brothers would donate 0.1 yuan and the related theater would donate 0.01yuan to OF. OF advocated and extended this model to various industries, including bank, beverage, clothing, sports, real estate, and manufacturing, thus cultivating a charity habit among commercial firms.

Second, OF initiated ‘OF Philanthropy Awards’ to define and disseminate the norms and standards for NPOs’ practice. It set ‘credibility, professionalism, execution and sustainability’ as evaluation standards and invited consultants, legal and financial professionals, journalists to vote for ‘philanthropy stars’ and ‘future philanthropy stars’. On November 1, 2008, OF held a grand ceremony in Beijing and awarded seven Chinese NPOs with 1 million RMB to fund their daily operations and improve organizations’ services. Since then, NPOs with the specializations range from mental and physical health to education and poverty alleviation have received these awards. These awards also set the role models and advocated what are required to be successful NPOs in China.

Third, with its increasing publicity and credibility, OF was able to connect and influence a larger scale of stakeholders. Hosting an annual philanthropy forum is another advocacy activity. On October 31, 2009, the first annual forum gathered stakeholders across various sectors, including scholars, government officials, and representatives from companies, NPOs, and media, to exchange ideas on the best philanthropic practices of in China. The first forum received wide attention from

media, 26 reputable Chinese publications made featured reports on this event.

To summarize, through designing the business-charity donation model, awarding, and hosting forums, OF escalated institutional work from organizational-level to societal-level. In this stage, OF team involved in advocacy work by deliberately representing the interests of various stakeholders from various sectors (public, market, non-profit sector) and at the same time promoting its own agenda (Lawrence & Suddaby, 2006). By forming cultural resource, OF defined and disseminated the standards in China's non-profit sector and obtained endorsement from important referent audiences across sectors. This set the stage for its later transformation into an independent charity fundraising foundation. Our analysis also suggests that by organizational adjustment and advocacy work, OF further integrated market logic and temporally mitigated the conflicts between the state logic and social mission logic. However, the temporal mitigation was later proved to be problematic: OF's ambidextrous architecture confused the public and stakeholders and caused its legitimacy crisis.

#### **Stage 4: Transformation**

Through previous accumulative work, OF has amassed wide recognition in the charity field and non-profit sector. However, OF's ambidextrous structure brought a legitimacy crisis. The public and OF's cooperators were confused with OF dual identity and concerned about whether the money donated to OF had been properly used. To them, OF was a 'private' foundation (SHOF), but it was wearing a 'public' hat under the RCSC (Ping, 2010). Considering public suspicion and OF's potential mission drift, SMCA urged SHOF to stop receiving money transferred from OF. Moreover, OF faced a risk of losing the right for public fundraising because its contract with RCSC approached expiration. This situation shows that previously

tempered logic conflicts surfaced again: the government's interest in controlling and avoiding risks conflicted with OF's demands for autonomy and efficiency. In this stage, in order to deal with the reoccurring logic conflicts mainly induced by the state logic, Li and his team mainly engaged in two forms of societal-level institutional work to seek a solution. The first one is aligning with high-profile actors to secure legitimacy and credibility. The second type is connecting with a societal-level discourse to impose pressure for organizational transformation.

*Aligning with high-profile actors.* For OF, an important step to obtain a public and independent fundraising status is to build a professional and transparent governance structure. To accomplish this goal, Li consolidated his relationships and aligned with high-profile actors, including prestigious entrepreneurs, intellectuals, and prominent figures from the government and media. First, Li invited them to design a governance structure that had the similar feature as a public company. According to their plan, a new OF with an independent status would be headed by a council composed of nine members, including seven entrepreneurs, Jet Li, and Weiyan Zhou. The organizational decision would be made during the annual board meeting and daily administration would be managed by a management committee. After the first council meeting, in early February 2010, the council submitted an application to MCA with the aim of transforming OF into a public and independent foundation.

Second, after experiencing the iterative phase of conflict and cooperation with government, OF team concluded that satisfying the enduring demands from the stage logic and obtaining endorsement from government officials is an inevitable step towards obtaining a public and independent status. The team then realized an opportunity to ally with a high-profile official. Zhengyao Wang – the former director

of the MCA's social welfare and charities department—was quite touched by OF's and other civic charity organizations' active engagement during the disaster relief in Wenchuan Earthquake. During his term, he had pledged to promote the development social organizations in China. Therefore, Li invited Wang to establish and direct OF research institute. On June 21, 2010, Beijing Normal University One Foundation Public Interest Research Institute was founded. Prominent government officials and political actors and another 200 people, including university scholars both from China and abroad, leaders of public interest organizations, and entrepreneurs attended the ceremony. Founding such an institute is a creative attempt that further facilitated cross-sector exchanges and widely opened the door for exploring domestic and international cooperation.

Our analysis finds that aligning with high-profile actors is an important form of societal-level institutional work enacted to survival from the legitimacy crisis. OF connected with high-profile actors across sectors to design a professional governance structure and establish a research institute, thereby securing and increasing its credibility and legitimacy.

*Connecting with a societal-level discourse.* Although OF council made a great effort of applying an independent status, they did not receive a positive feedback from MCA. Being frustrated again, Li's team decided to draw on a wide public discourse to appeal for a solution. They enabled discursive work (Lawrence & Phillips, 2004) to make its organizational widely understood in the Chinese society. On one hand, they tried to enhance OF's positive image. In June, a film titled 'Ocean Heaven', starring by Li and another famous actor, was released. Appealing for giving more care to special children, this movie attracted great attention from the public. On the other hand, Li

openly spoke out the organizational dilemma and constructed and mobilized discursive resources (Hardy, Palmer, & Phillips, 2000) to affect institutional order in non-profit sector.

In summer and autumn of 2010, Li changed his previous attitude of ‘putting the shoe of government’ to talk about his upset with government attitude. During interviews with Netease and The Beijing News, Li talked about how OF’s current status hindered OF from fulfilling its mission of encouraging civic engagement and cherishing a sustainable giving culture in China. On September 12, 2010, Li revealed in a CCTV interview that complained that while OF’s practices has gained wide recognition, it might be shut down due to the lack of a clear legal status. As he noted,

*The OF is like a 3-year-old child, healthy but lacking an identity card. He might be questioned by those who seek more transparency and professionalism in China’s charity development. The government should open a ‘window’ that would allow charity organizations like OF to survive.*

*(Li, 2010)*

Li also constructed the discursive resources to relate OF’s problem as the general dilemma faced by China’s social organizations and appealed for a change in China’s non-profit sector. Media exposure sparked immediate public discussion on similar situations faced by many charity organizations and grassroots NPOs. The discourse criticized that the patriarchal relationship between OF and RCSC hinders OF’s development. Some government officials and scholars began to reflect on government regulations and appeal for a solution. Thus, connecting with the societal-level discourse and mobilizing discursive resource helped framing the problem beyond OF’s own dilemma but rather a prevalent challenge in China’s social sector. The widespread public discussion imposed a high pressure on MCA. Ligu Li, the director of MCA, noted in an interview that MCA paid close attention to OF’s development,

they were impressed by its transparent structure and effective practices and they were doing research to examine how to treat with OF's model.

The combination of high-profile actors' advocacy, widespread media exposure, and increasing public awareness has pushed the government to make official responses. This condition attracted attention from Runhua Liu – the director of Shenzhen Municipal Civil Affairs Bureau (SZMCAB). Liu made a call with Li and invited OF to be registered as a public foundation in Shenzhen. As a 'special economic zone', Shenzhen enjoys an advantage of local experimentation. Since 2008, SZMCAB has tried to carry out a series of reforms in the social organization sector. In July 2009, Shenzhen government signed an agreement with the MCA to undertake preliminary trial that allows social organizations to directly register with the SZMCAB without affiliating to a supervisory agency. On December 3, 2010, the SZMCAB officially approved the OF with a legal right for independent public fundraising. On January 11, 2011, the Shenzhen OF (SZOF) was officially established. Composing of prestigious entrepreneurs, OF team members, and economist, the SZOF council institutionalized its mission and practices. SZOF is committed to disseminate innovative and civic charity concept and establish a professional, transparent, and sustainable platform for China's non-profit sector.

To conclude, our findings suggest that connecting with societal-level discourse is an important form of institutional work enacted to highlight the problem. Facing the reoccurring logic conflicts, OF mobilized discursive resources and related its organizational dilemma with the interests of various stakeholders to collectively advocate a change in non-profit sector. Through aligning with high-profile actors and connecting with societal discourse, OF formed a community and imposed pressures on government to legalize its status, finally achieving its goal of becoming an

independent and public charity organization.

### **The Impact on China's Social Organization Sector**

The creation and legitimation process OF sets an example of cross-sector (public, private, and social organization sector) collaboration and organizational innovation in China's non-profit sector. More importantly, it stirred wide public discussion about the urgent need for registration and administration reform in China's social sector. Since the beginning of 2011, local governments including Beijing, Shenzhen, and Chengdu announced that charity, social welfare, and social service organizations do not need to get permission from a supervisory agency to register their status. Moreover, on July 4, 2011, Liguo Li announced that this direct registration would be implemented in nationwide scale. This announcement is seen as an important step toward the abolishment of the 'dual administration system'. The OF collaborated with high-profile actors and various stakeholders to collectively urged and facilitate such a policy reform in China's social sector. While the story of the OF and its impact still continue, its creation and legitimation process leaves us a lot to reflect and theorize.

### **DISCUSSION**

This study aims to investigate how actors navigate through multiple institutional logics and enact institutional work to create and legitimate a new form of charity foundation in China. We have discovered two important findings. First, our results show that the endurance of institutional multiplicity and complexity creates latent paradoxes in which logic conflicts and alleviation appear temporally (Jay, 2013) in different organizational stages. In addition, due to the lack of experience, actors have inadequate perception of external institutional arrangements at each stage. These



features lead to the fact that actors have to try out and experience more stages to gradually accomplish their goals. For example, in piloting stage, affiliation with RCSC provided OF certain level of legitimacy. However, OF team did not realize that this affiliation and loose coupling with the state logic had an unexpected consequence that it could impede OF effectively carrying out its social mission. In adjusting stage, OF team conceived that, by turning OF into an ambidextrous organization, they could undermine the stage logic and reinforce other logics to promote OF's autonomy and efficiency. Yet, the dual identity dilemma further exacerbated logic conflicts and caused a legitimate crisis. These results show that actors' interpretation and responses to logic conflicts appear as both success and failure at specific organizational stages. The organizational structure and practice that work well in an early stage (e.g., piloting stage) may not work well in a later stage (e.g., adjusting stage), therefore, actors need to accumulate resources, progress institutional work, and develop capabilities in subsequent stages to deal with enduring logic conflicts.

Second, we unpack the process of how institutional work is undertaken in a temporal fashion and how actors deploy resources to enact it and develop their capabilities to cope with multiple logics. Figure 2 illustrates the model of organizational stage and temporal and progressive institutional work. Our results show that from the idea gestation stage to the transformation stage, OF actors advanced institutional work from individual- to organizational- and to societal- level. We also elaborated on the resources actors deployed to enact institutional work and the resulting outcomes at each stage (see table 2). Specifically, we found that OF's deployment of resources advanced along this process. In early stages, OF's mainly focused on using and leveraging Li's financial resources, international experience and knowledge, charismatic leadership, and social influence. In later stages, with OF's

increasing visibility and credibility, OF team focused on forming cultural resource and constructing and mobilizing societal discursive resource. Along this way, OF's capabilities were also developed and expanded: from identifying opportunity and entering the charity field to creating impact on non-profit sector and to facilitating policy change in China's whole social organization sector. With its growing scope of resources and capabilities, OF team gradually improved toolkits and skills and to mitigate conflicts and integrate multiple logics and finally legitimate its new organizational form and practice.

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### **Theoretical Implications**

This study offers several theoretical contributions to our understanding of actors' responses to institutional multiplicity. First, our study provides an empirical evidence of how institutional multiplicity creates a possibility for discretionary action and organizational innovation. Extant literature lacks a rich understanding of how actors develop a wider scope of responses to a condition of multiple logic conflicts. We show that although actors have limited experience and resources to deal with institutional multiplicity, they can focus on dealing with pressuring demands and proscriptions posed by certain logic (e.g., state logic) during the different organizational stage. As organization evolves and experiences enduring logic conflicts, actors develop the repertoire of responses: they prioritize, assimilate, blend, and balance logics. By prioritizing and/or adapting to certain logic(s) at a particular stage, actors avoid being overwhelmed by multiple demands so that they could temporally mitigate logic conflicts, resolve pressing issues, and achieve provisional solutions. Such an insight shifts current discussion centering on constrains posed by institutional

multiplicity to propose paying more attention to understanding how actors expand repertoire of responses (Greenwood et al., 2011) and even take advantage of logic multiplicity to negotiate a novel organizational form.

Second, this study contributes to the institutional work and social entrepreneurship literature by theorizing a temporal model to illustrate the dynamic relationships among organizational stage, institutional work, and resources and capability development. Built on Tracey et al. (2011)'s multilevel model of institutional work, we advanced a temporal perspective by showing how actors gradually progress institutional work from individual to organizational and to society level. This temporal process is due to institutional multiplicity and actors' resource and experience limits that we have discussed earlier. Our paper thus contributes to an underexplored topic about how actors with less field resources and experience initiate changes (Martí & Mair, 2009). Furthermore, this study conceptualizes actor's capability development as the expansion of their influence: from understanding and entering the charity field, to more broadly influencing practices of non-profit sector, and to facilitating regulative change in social organization sector that benefits not only charity organizations but also NPOs and NGOs. In other words, our research theorizes a dynamic process in which certain resources are necessary for enacting certain level of institutional work, capabilities developed as the resulting outcome from lower level of institutional work sets the stage for the next step of resource leverage and higher level of institutional work.

### **Implication for Understanding Innovations in China's Non-profit Sector**

First, the findings observed from OF in China's non-profit sector offers much needed insights into actors' response to high degree of institutional complexity in context of a transitional economy, given that prior findings have been primarily derived from

Western developed society. Second, the present study sheds light on how two features of the state logic create a room for logic integration and discretionary actions. The first feature is that the demands prescribed by the state logic can be represented and met at both state and local levels. Chinese state requires strict regulation and supervision over social organizations, but meanwhile it encourages local experimentation. The establishment of SHOF at Shanghai and SZOF at Shenzhen illustrates local governments' interests in local innovation and their willingness for negotiation. The second feature is that the state's attitude of neither promoting nor restricting the practice of social enterprises entails a degree of ambiguity that allows actors to engage in discretionary action (Goodrick & Salancik, 1996). Due to these two features, Li and his team seized the opportunity and aligned with external stakeholders to negotiate with the state and mitigate the conflict between the state logic and other logics, and finally not only legitimated its new charity form but also became a changing agent in China's social organization sector.

More broadly, our paper highlights a Chinese approach of organizational innovation and institutional change. Huang (2010) suggests that under the pluralist environment in China, new institutions are edged by experimentation and gradual implementation. As our case shows, being embedded in emerging non-profit sector where social entrepreneurs, government officials, and market stakeholders have the mindset for temporal solution and continuous negotiation to gradually reach the condition that satisfies demands from multiple institutional constituents and audience. We expect that, as institutional multiplicity and conflicting relationship will still be a dominant feature in China's social organization sector, this temporal solution and incremental change will be a viable strategy to drive change and innovation.

### **Limitations and Future Research Directions**

The present study has several limitations. First, the main research findings are drawn from media interviews and reports, which tracked the founding process of the OF and reduced potential ex-post rationalization bias. However, this source did not directly investigate the actual perception, motivation, and process through which OF actors deal with multiple logics. Therefore, our results should be interpreted with caution. Second, this research was based on a single case study, its generalizability is limited. However, focusing on a single case is necessary to investigate the process of emergence of a new organizational form to capture its complex dynamics (Maguire & Hardy, 2006). Although Li initially lacked field resources and relevant capabilities, his high profile still helped OF garner resource and networks. Future studies may explore how actors with lower profiles and fewer resources enact institutional work to navigate through pluralistic institutional environment and create a new organizational form.

We suggest following topics bear further exploration. First, future research might explore OF's further development and its impact on China's non-profit sector. We suggest that logic integration and legitimate status established in OF's transformation stage is still a temporal solution. Further research may study how actors' different interests and demands reflected as enduring logic conflicts further play out and influence OF. In addition, future study could also explore whether and how the institutional work undertaken in this context might be diffused, learned, and imitate by other Chinese NPOs.

Finally, the temporal model theorized in this paper should be tested and refined in future research endeavor. For example, it would be interesting to explore whether and to what extent this model can be applied to understand the emergence of new organizational form and practice in other transitional economies. In addition,

researchers may also extend this model to understand innovation and change in mature fields in developed societies where ‘implications of logics have been clarified and built into regularized practices’ (Greenwood et al., 2011: 335). Building a new organizational form in mature fields might be more challenging because the availability for discretionary actions is lowered (Greenwood et al., 2011). Thus, it may require actors to manage the settled but divergent multiple logics, accumulate resources, and develop capabilities to find provisional solutions and gradually institutionalize new organizational form and practice. We hope our temporal model is beneficial for researchers to take a new organizational form creation as an iterative process of dealing with multiple logics and unpack actors’ strategy of layering resource and capability to reach organizational goals.

## **CONCLUSION**

This study resonates the recent call for understanding actors’ response to institutional complexity posed by multiple logic conflicts (Greenwood et al., 2011). Using the OF case, we analyze how the coexisting and competing relationship among multiple institutional logics in China’s non-profit sector provides a possibility for organizational innovation. Building on Tracey et al. (2011)’s model of multilevel institutional work, this paper advances a temporal perspective by showing how actors progress institutional work from individual-, to organizational- and to societal-level on the path toward achieving their goals. This study contributes to institutional theory and social entrepreneurship literature by showing *why* the temporal institutional work is a viable strategy to deal with logic conflicts and elaborating *how* actors accumulate resources and develop capabilities to legitimize a new organizational form and their practices. While much remains to be further explored and refined, we hope this paper provides an exploratory work to understand organizational innovation in China’s

non-profit sector and more broadly to understand actors' temporal responses to complex institutional environment.

## NOTES

[1] In June, 2011, RCSC faced a credibility scandal erupted on the Internet. Guo Meimei, a 20-year-old woman, boasted about her extravagant lifestyle online and claimed herself as the general manager of a company called Red Cross Commerce. The netizens began to question whether Guo had used the money that had been donated to RCSC. Although both Guo and the RCSC denied having any ties to one another, disclosures of inside stories and disputes over this incident continuously flooded the Internet. The RCSC was plunged into an unprecedented public mistrust. [Last accessed January 12 2014.] Available from URL: [http://www.chinadaily.com.cn/opinion/2011-07/15/content\\_12912148.htm](http://www.chinadaily.com.cn/opinion/2011-07/15/content_12912148.htm).

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Table 1. Institutional multiplicity in China’s non-profit sector: The case of OF

	<b>State logic</b>	<b>Civil society logic</b>	<b>Social mission logic</b>	<b>Market logic</b>
<b>Goal</b>	Secure political control and supervision over social organization sector	Enhance autonomy, cherish a sustainable charity habit among Chinese citizens	Disaster relief, support special children, and develop talents in charity field	Maximize returns to achieve unprofitable, mission related activities
<b>Means</b>	Dual administration system: social organizations must be registered and supervised by government agencies  Allow local experimentation	Encourage civic engagement and empower the public in charity activities	Maximize goods and service to improve social conditions	Pursue efficiency, professionalism, transparency, and sustainability
<b>Referent audience and stakeholders</b>	National and local government entities, government officials	Citizen, non-government organizations (NGOs), Non-profit organizations (NPOs), university research institute	Charity organizations and other NPOs	Entrepreneurs, professional service companies, and other business partners

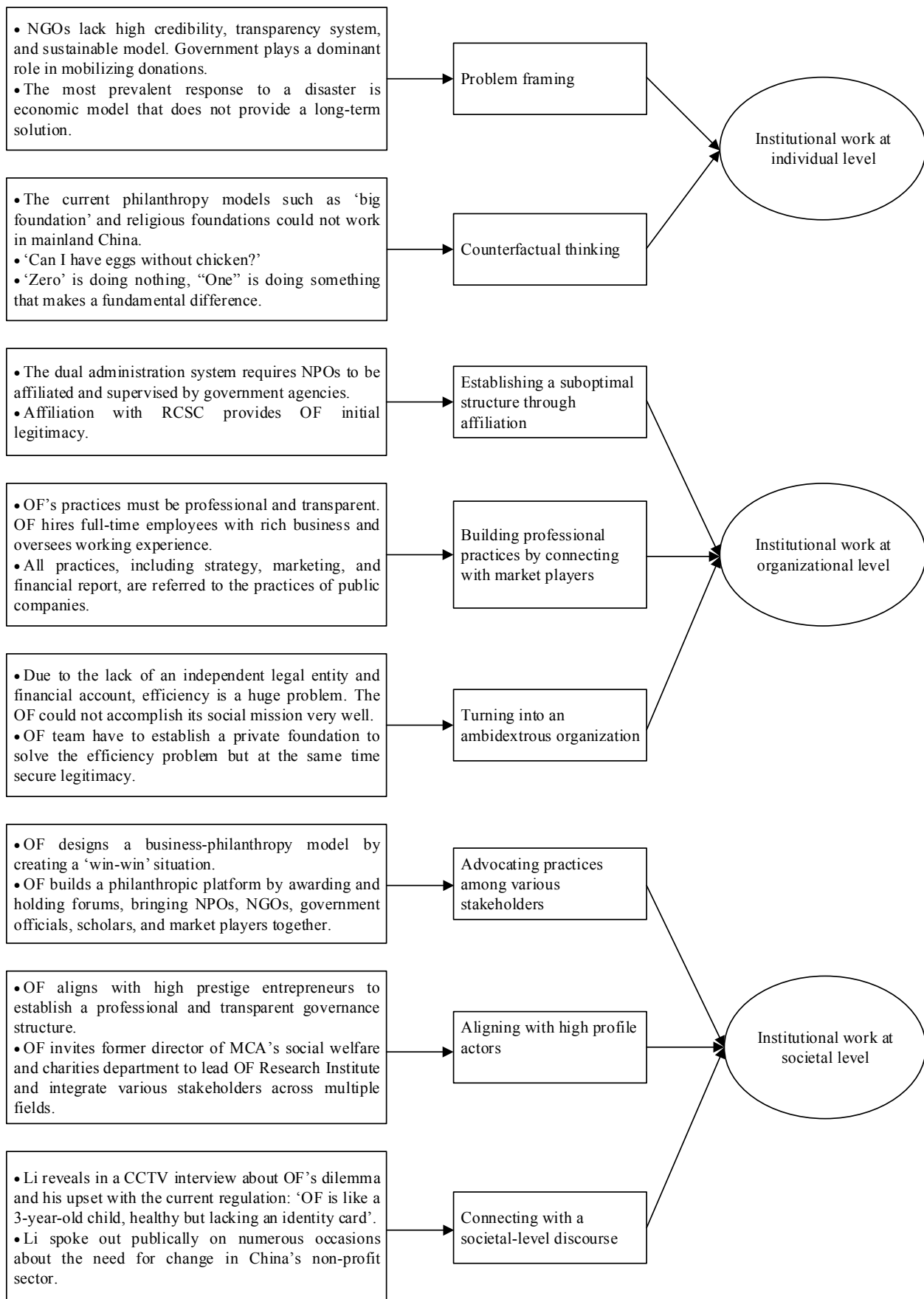


Figure 1. Data structure for institutional work by OF actors

Table 2. Coping with institutional constraints and logic conflicts

<i>Organizational stage</i>	<i>Institutional constraints and logic conflicts</i>	<i>Institutional work</i>	<i>Outcome</i>
Stage 1: idea gestation	<ul style="list-style-type: none"> <li>• Government mobilization of charity resources leads to passive donation activities.</li> <li>• Weak civic engagement in philanthropy.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Problem framing</i> Li used financial resources to conduct market research of operational model of world-famous foundations and identify problems inherent in current charity model in China.</li> <li>• <i>Counterfactual thinking</i> Li combined international perspective and traditional philosophy, thought beyond current institutional arrangements, and envisioned a novel philanthropic model.</li> </ul>	<ul style="list-style-type: none"> <li>• Li envisioned a novel solution that aims to combine social mission logic and civil society logic.</li> <li>• Li <i>identified an opportunity in charity field</i>, laying conceptual foundation for field entrance.</li> </ul>
Stage 2: piloting	<ul style="list-style-type: none"> <li>• OF's motivation to amply civil society logic conflicts with state logic that dictates strict registration policy.</li> <li>• OF faced the challenge of low visibility and credibility of its commitment to social mission.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Establishing a suboptimal structure through affiliation</i> Li leveraged relational resource and social influence to connect with Red Cross Society of China (RCSC).</li> <li>• <i>Building professional practices by connecting with market players</i> Li used his charismatic leadership to build a professional team and persuaded world's leading companies to provide services in auditing, advertising, and consulting.</li> </ul>	<ul style="list-style-type: none"> <li>• OF obtained certain level of legitimacy and alleviated conflicts between civil society logic and state logic.</li> <li>• OF <i>entered the charity field</i>, increased its visibility and credibility by assimilating market logic into its social mission.</li> <li>• Affiliation to RCSC has an unexpected consequence that was later proved to be impairing OF's efficiency.</li> </ul>
Stage 3: adjusting	<ul style="list-style-type: none"> <li>• Conflicts between state logic and civil society and social mission logics was heightened: affiliation with RCSC impairs OF' autonomy and effectively carrying out disaster relief projects and distributing charity resources.</li> <li>• The narrow scope of its social mission obstructs wide civic engagement.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Turing into an ambidextrous organization</i> OF team took advantage of the ambiguity in state's attitude and leveraged OF's social impact to negotiate and establish the Shanghai Jet Li One Foundation (SHOF) as an executive body of OF.</li> <li>• <i>Advocating practices among various stakeholders</i> Through building a philanthropy-business model and initiating awards and forum, OF formed cultural resource and advocated its practice among various stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• OF temporarily achieved two seemingly contradictory goals: securing legitimacy and increasing autonomy and efficiency.</li> <li>• OF further integrated market logic with social mission logic, <i>impacted non-profit sector</i> through defining and disseminating legitimate practices.</li> <li>• OF's ambidextrous structure later confused the public and stakeholders and caused legitimacy crisis.</li> </ul>
Stage 4: transformation	<ul style="list-style-type: none"> <li>• Contradiction between state logic and civil society logic reoccurred that led to OF's legitimacy crisis.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Aligning with high-profile actors</i> Li consolidated his relationships and aligned with high-profile actors to design a governance structure and establish a research institute, thus securing its legitimacy.</li> <li>• <i>Connecting with a societal-level discourse</i> Li shaped and mobilized discursive resource to appeal for a policy change in China's social organization sector.</li> </ul>	<ul style="list-style-type: none"> <li>• OF obtained a legal status as being the first independent public fundraising foundation in China.</li> <li>• OF built a new organizational form by successfully incorporating state logic, civil society logic, market logic, and social mission logic.</li> <li>• OF <i>facilitated policy change in social organization sector</i>.</li> </ul>

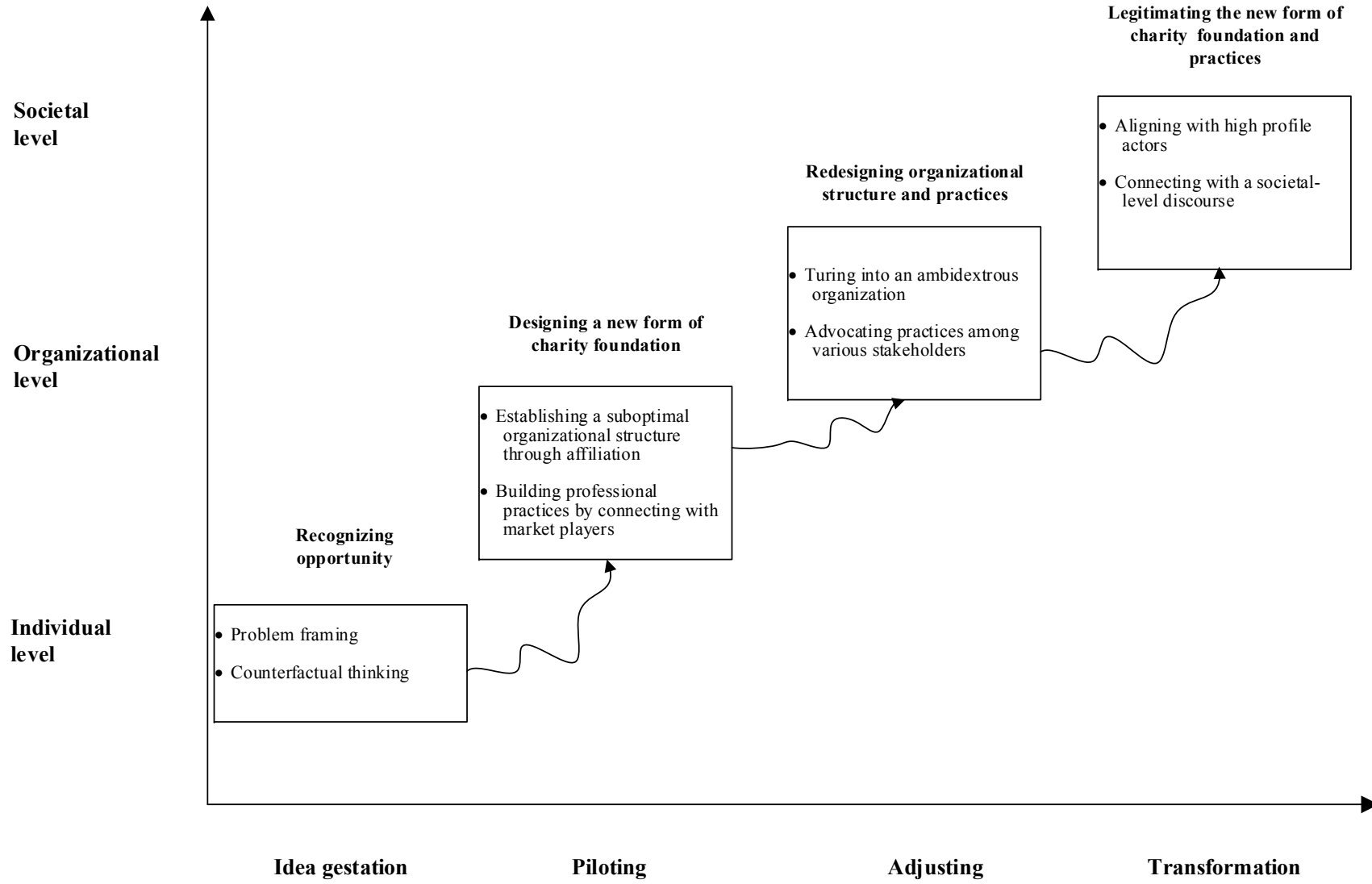


Figure 2. Organizational stage and institutional work: a temporal model

## **Author's bios**

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