

A RESEARCH NOTE ON INSTITUTIONAL LOGICS AND ENTREPRENEURIAL ACTION: THE CASE OF BLACK CHURCH ORGANIZATIONS

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What role do institutions play in the development of entrepreneurial ventures? What factors influence whether organizations will engage in entrepreneurial activity? While research has examined the individual and group-level characteristics of entrepreneurs, this paper explores the role of institutions and organizations in the development of entrepreneurial ventures. Using the “Black Church” as an institutional context, we predict entrepreneurial activity patterns of individual congregations based on denomination-specific institutional logics — rules and norms that either facilitate or constrain organizational action.

Keywords: Institutional theory; church entrepreneurship.

1. Introduction

The topic of institutions and institutional influences on entrepreneurship is a significant part of a robust discussion in organizational sociology, management theory and entrepreneurship (Jefferson, 1991; Ingram and Clay, 2000). The core concern in entrepreneurship — how, when and why certain individuals or groups of actors create new ventures has been examined at multiple levels of analysis with varying theoretical motivations. There is a large body of research that examines the characteristics of individual entrepreneurs including ethnicity and religion. However, there remain opportunities to explore the role of institutions and organizations in the discovery and development of new ventures. Although the role of the religion and the church in entrepreneurship has been discussed in the literature, in this paper, we present the case of the “church” as one of the institutions that has been under-represented as an entrepreneurial actor.

We propose how institutional theory can contribute to our understanding of the origins of entrepreneurship. We are particularly interested in entrepreneurial ventures that emerge from existing church organizations. Specifically, we focus on the case of entrepreneurial

activity in the “Black Church.” The term “Black Church” refers to Christian churches in the United States that minister to predominantly African-American congregations or to churches that are members of predominantly black denominations. We highlight these institutions as an example of the utility of integrating institutional theory into entrepreneurship research when expanding the conditions under which entrepreneurial activity emerges and those under which it does not (North, 1990, 1991; Scott *et al.*, 2000).

2. The Role of Religion and the Church in Entrepreneurship

We are interested in the relationship between church organizations and entrepreneurial activity. Because churches are the organizational extension of religious belief systems, we are also interested in the role religion may play in entrepreneurial activity. Are religious belief systems the mechanism by which the church influences entrepreneurial activity? Here, we review that literature.

Arguably the seminal work on the interrelationship between religion and entrepreneurship remains Max Weber’s *The Protestant Ethic and the Spirit of Capitalism*. In his quest to explain the “spirit of Capitalism,” Weber (1930) argues that Protestant doctrines, e.g. Calvin’s doctrine of predestination, provide the theological motivation for capitalistic activities. The primary mechanisms for Weber are the sense of calling as evidence of God’s election and a Protestant asceticism that differed from Catholic monasticism by its engagement with society. Weber argues:

It is obvious how powerfully the exclusive search for the Kingdom of God only through the fulfillment of duty in the calling, and the strict asceticism which Church discipline naturally imposed, especially on the property-less classes, was bound to affect the productivity of labor in the capitalistic sense of the word. The treatment of labor as a calling became as characteristic of the modern worker as the corresponding attitude toward acquisition of the business man further evidence of the influence of religion and the “church” on entrepreneurship and entrepreneurial activity.

There is a brief but significant body of work that has attempted to apply the Weberian thesis of an independent, positive effect of religion and religiosity on self-employment, entrepreneurship and economic development. Research has been conducted at the individual level as well as from regional and national perspectives. Thus far, the results have been far from conclusive and there remain substantial opportunities for additional exploration.

At the individual unit of analysis, Bellu and Fiume (2004) found a positive effect between religiosity and entrepreneurial success. Using a sample of New York City entrepreneurs, the authors found a mediating effect of religiosity on the relationship between entrepreneurial actions and life satisfaction. Audretsch *et al.* (2007) expanded the Weberian thesis beyond its normal Christian applications and examined the relationship between religion and the decision to become an entrepreneur. The authors examined nearly

90,000 Indian workers who were representatives of multiple faith traditions. Islam and Christianity were shown to be conducive to entrepreneurial behavior while the most representative faith of the sample, Hinduism, was shown to inhibit entrepreneurial behavior. Woodrum (1985) also expanded Weber beyond his original Protestant conceptualizations. In his study of Japanese Americans, Woodrum asked if the religion of a sample of Japanese Americans affected their economic achievements. His sample included not only Protestant Christians but also Buddhists and Shintos. Woodrum included religious and nonreligious predictors and consistently found stronger effects for his measures of religiosity.

However, there are studies that challenge Weber's relationship between religion and entrepreneurship. Minns and Rizov (2005), in a study of self-employment in Canada at the beginning of the 20th century, found no relationship between membership in Protestant sects and self-employment. Furthermore, Minns and Rizov also saw no relationship between Catholic affiliation but did see higher rates of self-employment for the Jewish members of the sample. Carswell and Rolland (2007) sought to examine the relationship between religious practice and entrepreneurial participation in New Zealand. Using a random sample of 2,000 New Zealanders, the authors actually found that those who identified themselves as Christians were less likely to be involved in entrepreneurial activity than those who were non-Christian. Drakopoulou-Dodd and Seaman (1998) sampled British entrepreneurs and found similar results to Minns and Rizov and Carswell and Rolland. The extent of religiosity for those British entrepreneurs appears to be similar to that of their non-entrepreneurial sample. Basu and Altinay (2002) also conducted their research in Britain but used a sample of 163 immigrant entrepreneurs from East Africa, India, Pakistan, Turkey and Turkish Cyprus. Like Drakopoulou-Dodd and Seaman, they found no influence of religion on entrepreneurial behavior.

Although there are fewer studies that have examined this question from a more macro perspective, those that exist are also divided in their conclusions. Barro and McCleary (2003) used a cross-country data panel that measured both church attendance and religious beliefs. Their findings showed that increases in church attendance saw accompanied decreases in economic growth. However, certain religious beliefs (namely belief in hell) actually increased economic growth. Anderson *et al.* (2000) in a study of culture of entrepreneurship in Margaret Thatcher's Britain, saw that religion played a similar role as it did in the original Weberian study. Religion provided the theological underpinnings for Thatcher's policies. However, Grier (1997), in a study of 63 Latin American former colonies, found no difference in economic development between those colonies with Protestant legacies versus those colonies that were historically Catholic.

It is important to note that these studies used different measures of religion or religiosity as well as different measures of entrepreneurship. Accordingly, one might expect some variation in findings. However, the key take away from this view is that there remain opportunities to explore that interrelationship between religion and entrepreneurial activity including the area of our inquiry: how does the variation in religious institutional viewpoints influence entrepreneurial activity of the local church organization? In other words, how do religious institutions influence the entrepreneurial activity of their constituent

congregations? To explore this, we present a unique case, the Black Church as an institutional actor involved in entrepreneurial action (i.e. creating new ventures), although not uniformly.

3. Institutions and Entrepreneurship

In considering the relationship between institutions and entrepreneurship, we want to be clear that we see entrepreneurship as a process that leads to new ventures that create either economic or social value or both. We begin by understanding the relationship between institutions and entrepreneurship in terms of agency, mechanisms and outcomes from two useful perspectives: institutional entrepreneurship and the influence of institutions on characteristics of new firms.

Organizational fields are influenced by the regulatory and normative features of their institutional environments (North, 1990, 1991; Scott *et al.*, 2000). We define organizational fields as the “totality of relevant actors” and their social and economic relationships (DiMaggio and Powell, 1983). Institutional environments are defined as “the cultural beliefs systems, normative frameworks and regulatory systems that provide meaning and stability to a sector.” (Scott *et al.*, 2000). Organizational fields are embedded within institutional environments and these institutions influence the various actors within the field through both formal and informal means. Formal influences include laws, policies and rules that govern action. Informal mechanisms include norms, values and culture/cognitive processes that provide the “rules of the road” for the actors. In this rudimentary conception of the role of institutions and organizations, scholars have been challenged to explain where these institutions come from and how they change. Two main schools of thought have emerged.

The first perspective, institutional entrepreneurship, addresses both the establishment and the change of institutions. In this case, agency is attributed to organizations and firms as they create new institutions, as in the case of establishing new technology standards (Garud *et al.*, 2002). The mechanism for this type of institutionalization is collective action and the creation of coordinating bodies. The outcomes of such activities are new institutions that help shape future actions of organizations and firms. By changing the norms of the situation, actors use their power to constrain certain activities or promote the actions of others. In the case of social service organizations in Canada (Macguire *et al.*, 2004), institutional entrepreneurship was found to be a result of collective actions in an emerging field. In this instance, the outcome of the collective action of the organizations was a new set of institutions for treatment and advocacy for treatment of HIV/AIDS.

In the second perspective, existing institutions (and perhaps specific events at the field level) influence the creation of new industries by providing legitimacy for new organizational forms, which in turn changes the institutions (Sine and David, 2003). In this approach, new organizational forms must *demonstrate* their ability to attract resources in an institutional environment where they may not match. Therefore, these new organizational forms either adapt their practices and characteristics to conform or attempt to resist the changes in the institutional environment, often to no avail (Sine *et al.*, 2005).

With the latter explanation, institutional change is attributed to institutional actors operating at the organizational field level (Sine and David, 2003). Institutional actors are themselves the sources of the regulatory, normative, and/or cognitive processes that provide the “choice-within-constraints” (Ingram and Clay, 2000; Scott *et al.*, 2000). They influence the organizational actors by legitimizing the new organizational forms and changing the demography of the field.

What is missing from all of these accounts of institutions and organizations is a discussion of the institutional actors that actively create new ventures. We develop our ideas about the mechanisms that influence the entrepreneurial activity, drawing on the literature on religion and entrepreneurship and institutional theory to explain this variation in entrepreneurial activity.

3.1. *The Black Church and entrepreneurial action*

The Black Church is an incredibly important institution within in the Black community. Typically, the church is an institutional actor that replicates its own organizational form. For example, a congregation may facilitate a “church start” in a neighboring community that is underrepresented. Thus, one will see “First Baptist Church” in town A as well as in town B. Yet, the Black Church also has a legacy of actively engaging in entrepreneurship. By this, we mean the church as an organization being directly involved in creating new ventures. However, some church institutional actors engage in this type of entrepreneurial activity more than others even in the same community.

Although the “invisible” institution (Frazier, 1964) of the slave church can be traced back to the arrival of Africans to the American colonies, the formal Black Church predates the country in which it resides. The African Baptist or “Bluestone” Church was founded on a plantation in Virginia in 1758; the Silver Bluff Baptist Church was founded between 1773 and 1775, Mother Bethel A.M.E opened her doors in 1794. The first Black church association was established in 1834 (Lincoln and Mamiya, 1990).

Lincoln and Mamiya (1990), in their seminal study of the Black Church, define it as “those independent, historic and totally black controlled denominations, which were founded after the Free African Society of 1787 and which constitute the core of black Christians.” There are seven major historically black denominations: the African Methodist Episcopal Church (A.M.E.), African Methodist Episcopal Zion (A.M.E.Z), the Christian Methodist Episcopal Church (C.M.E.), National Baptist Convention, U.S.A., Incorporated (N.B.C.), the National Baptist Convention of America, Incorporated (N.B.C. A.), the Progressive National Baptist Convention (P.N.B.C.) and the Church of God in Christ (C.O.G.I.C.). Lincoln and Mamiya (1990) also recognize the presence of predominantly black congregations in such mainstream denominations as the United Methodist Church, the Episcopal Church and the Roman Catholic Church.

Butler (1991) argues that the Black Church is the fundamental institution for developing principles of self-help and self-sufficiency. DuBois (1899/1995) added “the Negro church is the peculiar and characteristic product of the transplanted African...its family functions are shown by the fact that the church is a centre of social life and intercourse;

acts as newspaper and intelligence bureau, is the centre of amusements — indeed is the world in which the Negro moves and acts.” In his examination of the American Civil Rights Movement, Morris (1984) argues that the Black Church “functioned as the institutional center” of the movement. Billingsley (1999) highlights the role the Black Church has played as an agent of social reform. Pattillo (1998) illustrated how church culture provided a “cultural blueprint for civic life in the neighborhood.” Few would argue against the notion that the Black Church is at the center of the African-American experience.

A host of secular organizations spawned from the church including colleges and universities, civic and fraternal organizations, insurance companies, and of particular interest to this study, Black businesses. Butler argues that by the close of the 19th century, the Black Church was active in supplying capital to entrepreneurs. Between 1897 and 1900, the Black Church issued over \$42,000 in loans, and although Butler (1991) could not determine an exact percentage, he writes, “significant amounts of these loans went to capitalize small enterprises.”

In addition to its historic role in advocating entrepreneurship for its members, the modern Black Church has entered directly into entrepreneurial ventures as an organizational entity that pursues business opportunities and relationships. These entities take on several forms.

During the 1960s and 70s, church-operated child daycare and senior housing facilities were common church ventures. Chicago’s Antioch Missionary Baptist Church was one of the first churches in America to take advantage of Section 202 of the National Housing Act of 1959, which provided government loans for nonprofit organizations to purchase land for low-income senior housing. From its first efforts in the mid-1960s, Antioch has developed or rehabilitated over 900 units of low and mixed-income housing for seniors and families. In New York City, the 70-year old Canaan Baptist Church was one of the first churches in the Harlem community to develop large-scale senior and low-income housing. During the 70s and 80s, Canaan developed over \$33 million in housing while running a Head Start program and various other community organizations.

Through the 1980s and 1990s, community and economic development corporations and schools grew in popularity. In 1992, New York City’s 195-year old Abyssinian Baptist Church established a community development corporation known as the Abyssinian Development Corporation (ADCorp). Since its inception, the development corporation has been involved in housing, Head Start childcare programs and senior citizen assisted living facilities. In the late 1990s, ADCorp forged a partnership with the Pathmark Corporation, a large-scale food retailer, to bring a grocery store to the inner city.

More recently, a growing number of churches are starting and developing for-profit businesses that function separately from their churches providing services to their communities and their parishioners. In Baltimore, Mount Hebron Memorial Church of God in Christ purchased an abandoned lot and created Heaven’s Gate Eatery, a sit-down restaurant in an area of town that did not have this style of restaurant. Several other churches in the Baltimore metropolitan area own and operate catering services and Christian bookstores.

We argue that this variation in perspective and behavior reflects underlying differences in the institutional philosophies of the denominations with which each church is affiliated.

Yet, the opportunity for developing entrepreneurial enterprises that create both social and economic value continually exists for the majority of congregations. Previous studies have recognized the influence of institutions within organizations. In studies of Kibbutz organizations (Ingram and Simons, 1995, 2000) ideologies were important in predicting the actions of the organizations. This has relevance to our conceptualization of Black Church entrepreneurial activity because, as we elaborate upon further in the next section, there is significant variation among the denominations within the institutional Black Church. This variation will provide legitimacy for some organizational activities and not others. Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions (Suchman, 1995). Although the process of recognizing and pursuing a business opportunity is similar for each church organization, legitimacy pressures from important stakeholders for or against business development may create differences in the motivation to enter the business arena (Aldrich and Baker, 2001). For the Black Church, stakeholders include the denominational leaders, a church's pastor and ministerial staff, lay leaders (deacons, stewards, trustees, etc.), the general membership and some might add the communities they serve (Carle, 1997; Scotland, 1997).

Legitimacy pressures from stakeholders encourage mimetic institutional isomorphism, in which organizations engage in various activities because leading or similar organizations have exhibited those behaviors (DiMaggio and Powell, 1991). Institutional isomorphism theory has generally been applied to firm organizational structure and acquisition behavior (Aldrich and Baker, 2001).

The Black Church case is unique because it demonstrates some of the interdependencies between the multiple levels of institutional constraints and the organizations that function within the system. According to its denominational affiliation, an individual church congregation can function as a fairly independent entity as part of a 'federation' of like churches or as part of multi-church centralized 'conglomerate.' We contribute to the literatures of entrepreneurship and organization theory by providing an explanation for entrepreneurship by organizational actors. We detail the role of varying, denomination-specific institutional logics in enabling entrepreneurial activity by churches in the next section.

4. Institutional Logics and Entrepreneurial Action

Although there are multiple definitions of the concept "institutional logic," they all share a predominant concern of explaining institutional and organizational behavior (Thornton and Ocasio, 2008). Three dominant conceptualizations of institutional logics have emerged. Friedland and Alford (1991) argue that institutional logics are "symbolically grounded, organizationally structured, politically defended and technically and materially constrained." Institutional logics structure the cognitive processes of organizational actors by delineating norms, values and beliefs (DiMaggio, 1997; Thornton and Ocasio, 1999; Thornton, 2002). Jackall (1998) argues that institutional logics are "the complicated, experientially constructed, and thereby contingent set of rules, premiums and sanctions

that men and women in particular contexts create and recreate in such a way that their behavior and accompanying perspective are to some extent recognizable and predictable.” Thornton and Ocasio (1999) define institutional logics as “socially constructed, historical patterns of material practices, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality.” Thornton and Ocasio (2008) note that “while Friedland and Alford’s approach is both structural and symbolic and Jackall’s is both structural and normative, (their) approach integrates the structural, normative and symbolic...”

In this paper, we will emphasize the Thornton and Ocasio definition of institutional logics and attempt to show the relationship between logics and entrepreneurial activity. They argue that there are a few key mechanisms by which institutional logics influence organizational action. One is through the establishment of collective identities and identification. In addition, institutional logics impacts organizational cognition through social classification and categorization. Finally, institutional logics “provide...organizations with a set of rules and conventions for deciding which problems get attended to, which solutions get considered and which solutions get linked to which situations (Thornton and Ocasio, 2008).” In so doing, institutional logics also focus the attention of organizational decision makers on solutions and answers that are consistent with the given logic (Thornton and Ocasio, 1999).

Various empirical settings have been used to examine institutional logics. Thornton (2002) showed how a change in the institutional logics in the publishing industry resulted in changes in organizational strategies and structures. Her work also illustrated that firms displayed differential risks of acquisition based on whether the industry was in a period where personal versus market logics predominated (Thornton, 2001). Haveman and Rao (1997) showed how in the thrift industry organizational structures and processes co-evolved with changes in institutional logics. Gumpert (2000) focused on the role on institutional logics in academic restructuring while Rao, Monin and Durand (2003) examined how a change in logics impacted French cuisine. So although the concept has proven useful in those settings, is there applicability to entrepreneurship?

Using Global Entrepreneurship Monitor data, Elam and Terjesen (2007) develop arguments that gendered entrepreneurship rates are influenced by institutional logics. Zeyen and Beckmann (2011) explore how social entrepreneurs use a variety of organizational structures to navigate multiple institutional logics. Ksherti (2007) describes how shifts in institutional logics in China have impacted entrepreneurial activity. This paper builds on this work by articulating how the institutional logics of the larger denomination will either legitimate and focus attention on entrepreneurial activity for the local congregation or render said activity as outside of the collective identity of the denomination. The next section discusses institutional logics within religious institutions, namely the Black Church.

4.1. Institutional logics and the Black Church

Broadly speaking, Becker (1997) illustrated how congregational models, each with varying institutional logics, had a mediating effect on the social action and group processes

within a sample of suburban Chicago churches. As stated earlier, individual Black Churches are strongly tied to their denominational affiliations. Denominations play the dominant role in defining what it means to be a church. Although there are many commonalities among the seven denominations that compose the Black Church, there are also noticeable differences. [Lincoln and Mamiya \(1990\)](#) outline six pairs of dialectically-related yet polar opposite functions that organize the actions, strategies and philosophies of the Black Church. There are the dialectics between priestly and prophetic functions, the other-worldly and this-worldly, universalism and particularism, the communal and the privatistic, charismatic and bureaucratic leadership and resistance and accommodation. It is critical to note that each denomination strikes a different balance between these functions and that composite position provides the institutional logics for the denomination ([Friedland and Alford, 1991](#)).

For this paper, we examine variations in three of the pairs of functions provided by [Lincoln and Mamiya \(1990\)](#): priestly/prophetic, other-worldly/this-worldly and communal/privatistic. We examine the impact each dialectical pair has on the level of entrepreneurial activity for a given congregation. Our analysis is conducted at the level of the individual church. We define entrepreneurial activity as any venture sponsored by the congregation that seeks to create social and/or economic value. Examples of this type of entrepreneurial activity include catering businesses, restaurants, daycare centers, bookstores, clothing stores and fitness centers.

4.2. Theological dialectics and their influence on entrepreneurship

As stated earlier, the three major dialectical pairs as defined by Lincoln and Mamiya are priestly/prophetic, other-worldly/this-worldly and communal/privatistic. Each of these dialectics roots and grounds the congregation, shaping the life of the community and organizing the attention of the key organizational actors ([Ocasio, 1997](#)). Each dialectical pair has the potential to serve as an enabler or impediment to entrepreneurship at the local congregation level. We turn to an analysis of the individual pairs followed by a typology of Black Church entrepreneurial activities we have developed using combinations of dialectics.

Priestly versus prophetic. Priestly functions are described as activities focused on the spiritual life of its members while prophetic functions move the church into more political, economic and social roles. Although it is argued that all churches at some point execute both functions, churches take on an orientation toward either being more priestly or more prophetic. Prophetic churches, by their nature, are more activist and engaged in the social and political spheres. For example, the following statement is listed on the home page for the Progressive National Baptist Convention (PNBC):

The Progressive National Baptist Convention, Inc. is the best among all Baptists in its identification with and support of civil rights. It is not by accident but by choice that the Rev. Jesse Jackson, the Rev. Benjamin Hooks, the Rev. William Gray III and the Rev. Walter E. Fauntroy are members of the Progressive National Baptist Convention, Inc. (Civil Rights, pbnc.org).

The PNBC was founded in 1961 during the rise of the civil rights movement. The ministers, who eventually would serve as the leaders of the denomination, felt the National Baptist Convention was not offering the most faithful Christian witness. At the heart of their critique was the relative lack of support for the growing civil rights movement and its rising charismatic leader, Rev. Martin Luther King, Jr. Because the founders of the PNBC felt churches are called to be prophetic, they ultimately split from the National Baptist Convention and founded what they felt was a more “progressive” collection of Baptist congregations. In the 1960s, the defining issue for African-American congregations was the issue of civil rights and thus, those congregations who felt guided by a prophetic logic were actively engaged in the civil rights movement. Now, although there remain battles to be fought with respect to civil rights, economic development has become an increasingly central concern for African-American churches. Accordingly, churches that maintain a prophetic logic will more aggressively engage in those activities that promote economic development for its members and neighborhoods. By extension, these are the churches actively involved in entrepreneurial activity. Therefore,

Proposition 1. *Local congregations who are members of a denomination with a prophetic institutional logic will be more entrepreneurial than those having a priestly institutional logic.*

Other-worldly versus this-worldly. Lincoln and Mamiya (1990) argue that while the priestly/prophetic dialectic refers to activities of the church, the other-worldly/this-worldly dialectical function describes the worldview of the membership. Other-worldly churches and their members place a stronger emphasis on the hereafter with less of a concern with affairs on earth. This emphasis permeates the church and is reflected in its liturgy, sermons and other practices. The following spiritual hymn made popular by singer Mahalia Jackson and sung in more other-worldly churches epitomizes this view:

“Soon we’ll be done...with the trouble of the world
 Trouble of the world
 Trouble of the world
 Trouble of the world
 How soon we will be done
 With the trouble of the world
 I am going home to live with God.”

In addition to songs that emphasize the afterlife, in other-worldly congregations, sermons often focus on themes such as “when we get to heaven.”

In contrast, this-worldly churches, while acknowledging an afterlife, focus more on the needs and concerns of members in their present condition. The liturgy of these congregations includes songs such as Daniel Schutte’s, “Here I Am Lord.” The following is a verse in Schutte’s hymn:

“I, the Lord of wind and flame,
 I will send the poor and lame.

I will set a feast for them.
My hand will save.
Chorus
Here I am, Lord. Is it I, Lord?
I have heard you calling in the night.
I will go, Lord, if you lead me.
I will hold your people in my heart.”

This hymn emphasizes the importance of serving as God’s representative to God’s people on earth in their present context. Developing entrepreneurial enterprises is clearly an activity with benefits in the present world and which have no value in the afterlife. Those churches driven primarily by an “other-worldly dialectic” are much less engaged in activities they would argue are temporal in nature. However, there is a growing number of Black Churches that recognize the necessity of servicing the contemporary needs of parishioners. These churches are leading the way in entrepreneurship in their respective communities. Therefore,

Proposition 2. *Local congregations who are members of a denomination with a “this worldly” orientation will be more entrepreneurial than those that have an “other-worldly” orientation.*

Communal versus privatistic. The communal/privatistic dialectical function measures the degree of secularization in the church (Lincoln and Mamiya, 1990). As stated earlier, historically the Black Church has operated as the center of community life for its members. However, as a church becomes secularized, it moves toward a more privatistic logic that moves on the church to focus almost exclusively on worship activity. This is seen increasingly in major urban/suburban areas where individuals commute from the suburbs back to their “old neighbors” for worship experiences. However, communal churches continue to influence more facets of the individual’s life (i.e. child care functions). Below is the vision of the Rev. Dr. Frederick Douglas Haynes, III, senior pastor at Friendship West Baptist Church in Dallas, one of the fastest growing churches in the National Baptist Convention:

I envision an all-encompassing, multi-purpose church campus to be known as Friendship-West Community. At the heart of this campus will be a worship center that is both aesthetically beautiful and God-glorifying, speaking to all who enter even when human voices are silent... But the Vision doesn’t stop there...Friendship Community will also be the home of an “African Village” with a restaurant, a supermarket, health clinic (that uses holistic prevention, traditional medicine and the power of prayer), shops, small businesses and an African-American Church Museum. We are not simply building a church—we are making a difference in our world. We are not endeavoring to build a monument, but a *community* that is an instrument of emancipation and empowerment to the glory of God. When God uses us to realize this vision, we

will have planted and nurtured shade and fruit trees that will be a blessing to us and generations unborn. Providentially and purposefully, God has provided us with a fertile field (A Word from Pastor Haynes, http://www.friendshipwest.org/2020_vision.html).

This is another example of the Black Church acting as an entrepreneurial actor. As Rev. Haynes notes, the objective is not purely economic value, although obviously the church seeks to profit from its “shops and small businesses.” But, there is more value creation in effect here; the church is seeking to build a community. Yet, to create this type of community actually requires community — churches like Friendship West must pool the time, talents and skills of its members to accomplish such a grandiose plan. This is much more likely to occur in a church community that is fundamentally communal versus one that is primarily privatistic.

Proposition 3. *Local congregations who are members of a denomination with a communal institutional logic will be more entrepreneurial than those having a privatistic institutional logic.*

5. An Institutionalized Form of Weber: A Typology of Black Churches and Entrepreneurship

Although Weber’s lasting legacy is an examination of the role religion played on the developing what he called the Protestant ethic and its associated spirit of capitalism, we believe an important extension would be to expand the Weberian concept to the institutional level. For the individual, Weber’s driving mechanisms are the notion of calling and asceticism. Calling also exists at the level of the institution but is operationalized not in terms of what God is telling me as an individual to do, but rather through the institutional logics of how the church perceives what God understands its mission to be. In addition to the concept of calling/institutional logics, the institutionalized church has the potential to bring a host of cultural and capital resources to the entrepreneurial environment. Yet, the variation in degree to which different denominations within the Black Church engage in entrepreneurial activity remains an intriguing research question. This is also illustrative of the subtle differences between how theology is manifested within the institutional logic. This is where the dialectics enable us to develop a typology of Black churches as related to their entrepreneurial activities. Based upon the aforementioned dialectics, we constructed a chart of all of the possible combinations of dialectics (Fig. 1). Through our preliminary fieldwork we were able to reduce these possible combinations to three of the most prevalent combinations. On the two extremes are “Holy Rollers” and “Holy Soldiers.” Holy Rollers churches focus primarily on the priestly aspects of ministry. They have a fundamental predisposition toward the spiritual dimensions of religion that is reinforced by an emphasis on life after death. Members of these churches spend large numbers of hours in worship related activities. However, because of their privatistic orientation, they spend little to no time in communal activities outside of worship. By contrast, members of Holy Soldiers congregations emphasize the communal aspects of

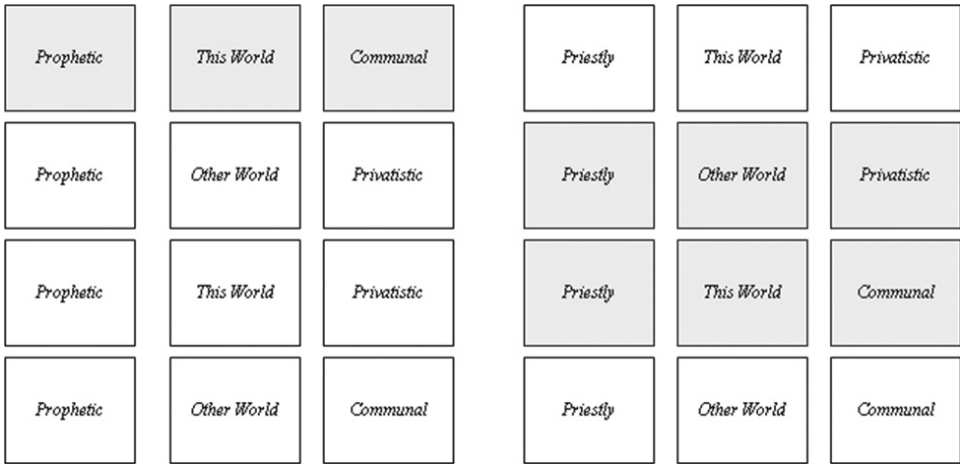


Fig. 1. Dialectic combinations in the Black Church.

their congregational life. They gather for religious services but in those services there is as much of an emphasis on life now as there is on life in the hereafter. Furthermore, Holy Soldiers congregations emphasize the more prophetic functions of the religion and believe the realm of the church extends far beyond its physical plant. Selective activist churches operate between Holy Soldiers and Holy Rollers. On one hand, these churches share a priestly orientation with Holy Rollers. However, their emphasis on the spiritual development of their congregants is not primarily for entrance to heaven but instead to provide the necessary resources that will enable them to work to impact this world. Selective activists make this impact through communal engagement. Although there are other possible combinations of the dialectics, we feel these are the three most consistent pairings as well as the three most common within the Black Church. In fact, many of the eliminated combinations involved some contradictory institutional logics and probably would not exist.

When we pair these three combinations with our hypotheses we create a three-part typology (Fig. 2). We predict that the most entrepreneurial church would be the dialectic combination “prophetic-this world-communal.” We call this group the “Holy Soldiers.” The “priestly-other world-privatistic” churches would be our least entrepreneurial organizations and we call them the “Holy Rollers.” Somewhere between the “Holy Rollers” and the “Holy Soldiers” are the “Selective Activists” who represent the “priestly-this world-communal” dialectics. We have placed these three types of churches along a continuum of entrepreneurial activity in Fig. 3 in accordance with our predictions.

6. Implications for Research and Practice

We believe this research note both contributes to and extends the growing body of work on institutions and entrepreneurship by shifting the conversation from how individuals act entrepreneurially to change institutions to how institutions themselves act as entrepreneurs.

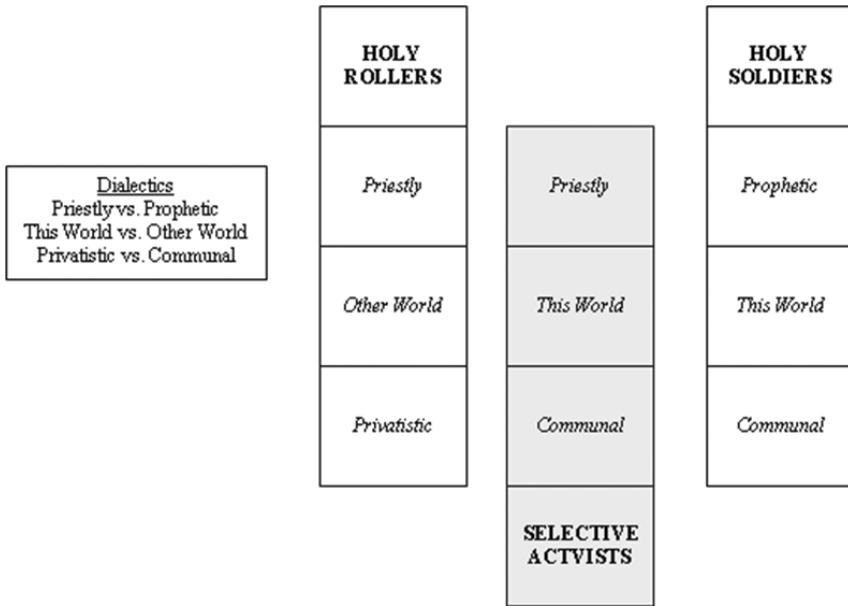


Fig. 2. Typology of Black Churches.

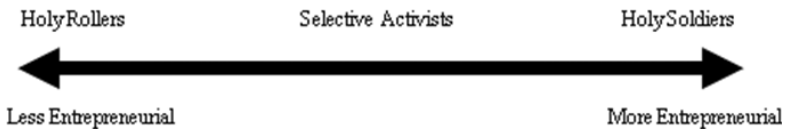


Fig. 3. Institutional logics and entrepreneurial activity.

Here, we describe how institutions influence the conditions under which new ventures are created. We predict that institutions provide a logic that not only legitimates but also provides cultural resources for the establishment of new ventures.

Much of the emerging research on entrepreneurship has been concentrated on the materialization of entrepreneurship because of the motivations of individuals. Although this is the typical unit of analysis, this research note illustrates it should not be the exclusive domain for research on entrepreneurship. Institutional actors and organizations influenced by institutions also have the potential to be agents of entrepreneurial activity. In fact, as is the case for many Black Churches, these agents may have both the resources and the motivation to launch new ventures that will create high social and economic value. By the nature of their size, many of the Black Churches we have mentioned are more equipped than any one individual to create new ventures that will have sustained social and economic impact in their communities.

The approach we present here is not just about the Black Church in the United States. Our perspective on the influence of institutions on entrepreneurship can be generalized beyond the Black Church to other religious institutions and to other organizations

operating within highly institutionalized fields. For example, one may explore the creation of entrepreneurial ventures by various state or local government institutions. One may also examine multi-sector or cross-sector collaborations where new social ventures are created (i.e. Americorps, City Year). This approach opens up a new and important line of research for those interested in entrepreneurship.

There are also key practical implications of our research. First, supporters of entrepreneurship (funders, foundations, networking organizations) may want to consider initiatives of institutional actors when funding or supporting new ventures. They may also consider how individual actors within existing organizations may be constrained by the prevailing institutions. Being an entrepreneur in these contexts may be extremely more challenging than in environments where entrepreneurial actions are encouraged. This could be taken into consideration when evaluating entrepreneurs or new ventures.

7. Future Directions

Despite the perceived decline in religion globally, churches are continuing to have massive impact on their local communities through the development of new institutions that create much social and economic value (National Congregation Study, 2006). Our research will continue to explore this fascinating phenomenon of churches operating as entrepreneurs. In this research note, we highlighted how institutional logics influence action for local congregations but this is relevant only for a subset (albeit a large subset) of churches both nationally and internationally. There are a growing number of non-denominational and independent churches that would not operate in the highly institutionalized fields where the “mainstream” denominational churches reside. Yet, in many cases, these churches are also operating as entrepreneurial actors. Although this remains an empirical question for us, we believe that in these environments new mechanisms emerge — namely, the role of the pastor as a facilitator of entrepreneurship. In any event, this is but one avenue for future research and an indicator of the breadth of researchable topics in entrepreneurship.

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