

# An Exploratory Case Study of Institutional Entrepreneurship: The Social Enterprise Mark in the United Kingdom.

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# Abstract

Social enterprises constitute highly relevant new actors, especially in the area of welfare provision. The gradual establishment of social enterprise landscapes has generally been considered favourably by policy makers and welfare managers. However, little research investigates the influencing factors that shape their evolution. This thesis explores the case of a British social enterprise's – the Social Enterprise Mark's – attempt to instigate change by establishing an accreditation scheme for 'genuine' social enterprises. The main theoretical framework is that of Institutional Entrepreneurship Theory. Methodologically, this thesis employs a qualitative research design. By means of semi-structured interviews, relevant data is collected from the Social Enterprise Mark and four additional social enterprises that have chosen to become accredited by the Social Enterprise Mark. These enterprises have been selected as they represent part of the institutional environment of the Social Enterprise Mark and thus allow an insight into the interaction among social enterprises. Key findings suggest that the nascent stage of the British social enterprise landscape has favourably influenced the Social Enterprise Mark's introduction of an accreditation scheme. Social enterprises' organizational hybridity, however, is likely to have had a decelerating effect, due to the multi-sector stakeholder composition it entails. Especially the latter aspect could serve as an entry point for further research and should be considered by policymakers and welfare managers in this context.

*Keywords:* institutional entrepreneurship, hybrid organizations, social enterprises, agency, stakeholder, accreditation

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# 1 Introduction

This thesis' motivation is twofold: First, it makes use of the relatively novel theory of Institutional Entrepreneurship to examine the accreditation scheme offered by the British Social Enterprise Mark (SEM). In doing so, the thesis seeks to operationalize this theoretical lens and provide a better understanding of SEM's activity in the broader context of an emerging social enterprise landscape in the United Kingdom. Choosing a broad definition, such a landscape comprises all organizations that consider themselves as social enterprises – despite the fact that they may still differ substantially – as further discussed below. Second, it shows that the booming organizational form of social enterprises is characterized by a high degree of hybridity. On this basis, the effect of social enterprises' hybridity on SEM's attempt at establishing their accreditation scheme is scrutinized; how does their hybridity affect SEM's efforts to establish a new accreditation scheme.

The objective is to understand and theorize SEM's attempt at actively shaping the British social enterprise landscape by means of their accreditation scheme and to add to the literature employing Institutional Entrepreneurship as a theoretical lens.

This thesis is rooted in a great curiosity in social enterprises and the possibilities and challenges that this organizational form brings to the arena of welfare policies and management: The prospect of organizations that merge the innovative drive of private sector companies with the provision of social services is a fascinating promise – a promise that justifies further scrutiny by political, sociological and economic scholars alike.

Despite social enterprises' success in recent decades – considering their rapid increase in numbers and general recognition – the connection between public policies and social enterprises remains tentative. A recently published 'landscape report' by the European Commission (2015a) explicitly highlights the importance of social enterprises and their favourable consideration as new and dynamic actors in the area of welfare services. Moreover, the report shows that cooperation between European member states'

governments and social enterprises remains limited. Arguably, the lack of active engagement is in part due to a restricted understanding of social enterprises as a novel organizational form by policy makers and politicians. Against this background, the questions (1) what characterizes social enterprises as an organizational form and (2) how do social enterprises interact among each other to shape their organizational field, appear necessary to discuss. After all, only an adequate understanding of social enterprises and the kind of influences that shape their development provides the basis for appropriate policy making in line with the current welfare policy agenda. In this vein, limited research exists on the way that social enterprises seek to shape the very nature and perception of what ‘makes a true social enterprise’. This thesis has identified a particular case of a social enterprise – Social Enterprise Mark (SEM). This organization has developed an accreditation scheme for social enterprises in the United Kingdom The United Kingdom has been selected as the domestic frame within which the case study was situated, due to the relatively advanced social enterprise landscape in comparison to other countries (European Commission 2015b; Defourny & Nyssesn 2008)

SEM’s accreditation scheme for social enterprises (described in greater detail in Chapter 2 to provide a clear understanding of the case at the centre of this thesis) can be considered as an attempt to actively shape the development and activity of social enterprises from ‘within the structure’. To examine such change from within, this thesis employs Institutional Entrepreneurship theory, which has gained considerable scholarly attention in recent years (Battilana et al. 2009; Mutch 2007). While based on ‘classical’ Institutional Theory, it differs in so far as that it accredits organizations – ‘actors’ in their institutional structure – the ability to develop the necessary agency to instigate change. In the context of this thesis’ case study, SEM’s accreditation scheme for social enterprises is considered an example of such agency that targets a change of the institutional structure.

Since its establishment in 2012, SEM has developed an accreditation scheme for social enterprises. This scheme is based on criteria that are significantly stricter and more social purpose-orientated than the ‘social enterprise status’ introduced by the British government in 2007. SEM was founded by a number of social enterprises to create the possibility to distinguish themselves as ‘genuine’ social enterprises, in contrast to other organizations using the same label, but operating quite differently. Since its foundation,

SEM's accreditation has become well recognized among British social enterprises as well as by organizations that belong to the public sector (European Commission 2015b). On this basis, the thesis sets out to investigate SEM's accreditation scheme as a case study from the perspective of Institutional Entrepreneurship theory. More specifically, it focuses on conditions of the organizational environment and on strategies employed by SEM that are likely to have affected the success of the change SEM intends to promote.

In doing so, the thesis provides an interesting case study of one kind of influence within the organizational field, likely to affect social enterprise activity in the United Kingdom. Beyond the specific case study, social enterprises are considered a new and significant factor for countries' welfare sectors and this thesis will help to better understand this increasingly important group of actors within welfare provision.

To capture the defining feature of social enterprises, this thesis introduces the concept of organizational hybridity: It describes an organization's partial shift from its organizational 'sector of origin' into another sector and the adaptation of organizational features typical of more than one sector. In essence, not all hybrid organizations are social enterprises, but all social enterprises are hybrid organizations – as further discussed below.

On another level, the thesis will answer the call for an application of Institutional Entrepreneurship theory in the context of hybrid organizations (Battilana et al. 2009; Durand & McGuire 2005). At the same time, the managerial understanding of social enterprises is deepened. Such an understanding is necessary for adequate public policymaking and to steer the further development of this organizational form. As one of the thesis key findings shows, in the case of SEM's accreditation scheme, social enterprises' organizational hybridity is likely to have had a decelerating effect. Beyond this particular case study, there are indicators that suggest social enterprises' organizational hybridity complicates any form of attempt at implementing change within the institutional structure.

With regard to policymaking – including, yet not restricted to the welfare sector – this thesis seeks to support policymakers, by helping them to gain a better understanding of social enterprises' potential and difficulties due to their hybrid nature. In addition, it provides insights into how structural change can be instigated from within an organizational environment. Furthermore, this study highlights possible limitations of

the approach and explores in what dimensions public policy can possibly play a supporting role throughout the emergence of social enterprise landscapes.

At a more abstract level, this thesis engages in the ongoing debate on the agency of organizations: Namely, how much potential do organizations have to instigate institutional change, despite the pressure they are experiencing by other competitive organizations around them?

With these objectives in mind, the thesis develops an analytical approach that exposes social enterprises' organizational hybridity and "multi-field embeddedness" (Battilana et al. 2009: 21). Furthermore, it investigates the case of SEM's accreditation scheme from the perspective of Institutional Entrepreneurship theory and connects it to social enterprises' organizational hybridity.

A qualitative research design employs semi-structured interviews to collect relevant data for the exploration of the case of SEM's accreditation scheme. (I) The main interviewee is SEM's strategy manager, best informed regarding the organization's plans and ambitions to promote and establish their accreditation scheme. Additionally, a number of accredited social enterprises are included in the data collection to represent SEM's organizational environment, within which the accreditation scheme is supposed to be introduced: (II) the Hackney Co-Development Centre – a real estate manager and community developer – (III) Evenbreak – an online platform linking job seekers with disablements to suitable employers – (IV) the Manor House Development Trust – a community developer and project incubator and (V) Community Transport Waltham Forest – a group travel service with regional focus. The reason for this selection of interviewees is explained in greater detail in Chapter 4.3.

The remainder of this thesis is structured as follows: Chapter 2 elaborates on SEM's accreditation scheme, specifies the research objective and provides concrete research questions that this thesis sets out to address.

Chapter 3 develops the theoretical framework, by reviewing and merging the empirical concept of social enterprises, the construct of organizational hybridity and Institutional Entrepreneurship theory into an analytical approach that then can be operationalized.

Chapter 4 presents the thesis' research design, based on specific ontological and epistemological stances towards the research questions at hand. In this context, methodological decisions are discussed, as well as case selection and the process of data collection, analysis and interpretation.

Chapter 5 offers an analysis by means of applying the previously developed analytical approach to the empirical data collected during this study.

Chapter 6 critically reflects on the research design and discusses possible research limitations, based on the employed research design and its methodology, as well as the analytical approach to the data.

Chapter 7 concludes the thesis with a summary of the overall argumentation and the thesis' key findings. It will also point to future areas of research that have been identified during this study.

The thesis ends with a list of references used throughout the text. The appendix features the interview guide that has been used to structure the qualitative data collection.

## 2 Research Focus

As outlined in the introduction, in many countries social enterprises have started to play an increasingly important societal role. This role has become particularly important in the area of welfare service provision. Besides private sector companies, social enterprises have filled the void that a retrenchment of public welfare service provision has created in recent decades. Hitherto, the establishment of social enterprises has generally been promoted from the public side. However, certain drawbacks are also apparent, such as a decline of public oversight and control in elemental areas of welfare provision, because social enterprises are self-steered and not directly subjected to public regulation.

Against the background of this development, a holistic understanding of social enterprises is important for scholars and policymakers within the areas of welfare policies and organizational management alike. Tying into a comprehensive picture of this new ‘organisational actor’ is the aspect of how social enterprises can influence each other once they have reached a certain quantity and degree of professionalization. While this is not yet the case in all countries, in some, a distinguishable ‘social enterprise landscape’ has emerged (European Commission 2015a) as for example in the United Kingdom. In these contexts, it is of scholarly and political interest, how and by whom such ‘young’ social enterprise landscapes are shaped and influenced.

This thesis’ research focus revolves around the attempt by one specific organization that is part of the British social enterprise landscape to instigate change to the institutional structure it is part of: Namely, the Social Enterprise Mark’s (SEM) approach to promote a certain form of social enterprise by introducing an accreditation scheme for social enterprises in its environment (as described in greater detail at the end of this Chapter). This attempt is considered in more detail through the lens of Institutional Entrepreneurship theory.

Accordingly, *Research Question I* is formulated as:

**How can the Social Enterprise Mark's introduction of an accreditation scheme for British social enterprises be understood from the perspective of Institutional Entrepreneurship theory?**

On this basis, the research focus engages with another question at a higher degree of abstraction. Specifically, it investigates, which role social enterprises' organizational hybridity has played in the context of SEM's introduction of its accreditation scheme.

Accordingly, *Research Question II* is formulated as:

**How is the Social Enterprise Mark's introduction of an accreditation scheme in the United Kingdom affected by the organizational hybridity of its institutional environment?**

By exploring these questions, the thesis sets out to make contributions at two levels: At a practical level, the ambition is to provide an accurate understanding of the interaction between SEM and other social enterprises. This case study represents one of the aspects that shape the emerging British social enterprise landscape. At the level of scholarly debate, this thesis seeks to showcase a possible operationalization of Institutional Entrepreneurship theory. By doing so in the context of organizational hybridity, it answers a call to further explore the hitherto "under-theorized debates concerning organizational hybridity" (Doherty et al. 2014: 2) and contributes to the wider political and sociological discourse regarding structure versus agency (Garud et al. 2007; Elder-Vass 2010).

## *The Social Enterprise Mark Accreditation Scheme*

On its website, SEM encourages consumers and business partner alike to “look out for the Social Enterprise Mark<sup>1</sup> [accreditation] and buying from accredited social enterprises, which have the central aim of income and profits to maximise their positive/social and/or environmental impact”. Moreover, the organization describes its activity as “the only internationally available accreditation scheme, enabling credible social enterprise to prove that they are making a difference”. As such, SEM is explicitly highlighted by the UK Country Report (European Commission 2015b).

Looking more closely at the accreditation criteria, it becomes apparent that SEM has indeed developed précis and relatively strict criteria for their accreditation. These criteria capture the essence of social enterprises mutual goals of economic sustainability and social impact. Specifically, there are six criteria applicants have to fulfil for a successful accreditation (Social Enterprise Mark 2016<sup>2</sup>):

<b>Criteria</b>	<b>Rationale</b>	<b>Test/Evidence</b>
(a) Clear social or environmental objectives	Transparency of objectives is considered a vital element of social enterprises	Governing documents
(b) An independent organizational constitution that informs the governance	Self-governance and independence distinguish social enterprises from public sector institutions and projects within larger organizations	Governing documents (including shareholder statements and lists of members)
(c) At least 50% of the total income must stem from commercial activities (trading)	50% trade income serves as proof for an enterprise not majorly reliant on donations and public grants	Annual company accounts and other financial documents available
(d) At least 51% of profits must be reinvested into social or environmental objectives.	Social ambitions must be the main motivation – over a maximization of profits for shareholders’ private gain	Governing documents, annual company accounts
(e) If dissolved, all residual assets must be distributed to social or environmental objectives	The commitment of residual asset distribution to social or environmental objectives in the case of a dissolution confirms primary social motivation	Governing documents

<sup>1</sup> *Social Enterprise Mark* refers to the organization’s own name as well as the accreditation label it issues. Throughout this thesis, the organization itself is referred to as Social Enterprise Mark (SEM) and their activity as the *accreditation scheme*.

<sup>2</sup> <https://www.socialenterprisemark.org.uk/wp-content/uploads/2016/06/SEM-Qualification-criteria-May-16.pdf>

(f) Actual social value of objectives must be demonstrated	Social objectives must be achieved to a certain extent for the organization to have an actual positive impact	Statements regarding social inputs, outputs and outcomes
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Any British organization can apply for this accreditation, as long as it has its own constitution (e.g. not be part of a larger company) and can provide the necessary annual accounts as proof for commercial and social activities. Accredited organizations pay a modest annual fee, ranging between 350£ and 4500£, depending on their income each year. The fact that applicant organizations face certain administrative hurdles to launch an application and an annual fee once they are successful, makes the questions how SEM's attempt at introduction this accreditation schemes can be understood at a theoretical level all the more relevant.

## 3 Theoretical Framework

This chapter discusses the overarching theoretical framework that informs the thesis' research design and the subsequent data analysis. The framework consists of three components: (1) The empirical category of *social enterprises*, characterized by their (2) *organizational hybridity* and (3) *Institutional Entrepreneurship theory* as the theoretical lens employed by this thesis. Throughout the following chapter, these aspects are reviewed with regard to (a) the current state of respective literature, (b) accepted key features and (c) research contexts of particular interest.

On this basis, an analytical framework is developed according to which the thesis' empirical part is designed and conceptual categories are derived for the analysis.

The framework's components are deliberately reviewed in a sequence that reflects their rising level of abstraction (Bhattacharjee 2012). The reason for this is to highlight the ambition to describe and capture the empirical category of social enterprises according to their characterizing organizational hybridity. Having discussed social enterprises on this basis, the specific case study of SEM's accreditation scheme is examined employing Institutional Entrepreneurship theory to provide an analytical approach that can be operationalized for the data analysis.

### 3.1 Social Enterprises

This section reviews literature on social enterprises to convey a basic understanding of the empirical category. Specifically, (1) the steep increase in scholarly and political attention is highlighted, exemplified by the European Commission's (2015a) recent and extensive landscape report. Moreover, (2) some of the most commonly considered reasons for the recent proliferation of social enterprises are summarized. Thereafter, (3) this thesis' definition of social enterprises is presented. It highlights defining features that make enterprises prime examples of hybrid organizations.

### 3.1.1 Prominence of Social Enterprises

The last two decades have seen a steep increase in the number of active social enterprises – worldwide (Doherty et al. 2014) and in European states in particular (European Commission 2015a). This development has been accompanied by growing attention of policymakers and scholars (Granados et al. 2011; Wilson & Post 2013) not just in the context of industrialized nations but also extending to developing economies (Seelos and Mair 2005). A growing number of academic publications have emerged and have boosted social enterprises' legitimacy as a distinct organizational category (Cuckier et al. 2011; Lepoutre et al. 2013; Lumkin et al. 2013).

The academic discourse's 'trajectory' has arguably undergone a number of stages: Early research was characterized by the objective to adequately describe and capture the essence of social enterprises (Granados et al. 2011). The second stage focused on reasons for social enterprises' emergence and the underlying social, economic and political conditions for the new organizational form (Chell 2007; Parkinson & Howorth 2008; Sepulveda et al. 2013). Most recent research has brought forward theoretical approaches to conceptualize social enterprise in relation to other organizational forms and locate it within the established sector division of organizations between a private, public and third sector (Tracey et al. 2011; Doherty et al. 2014).

Considering the increasing attention by policymakers, Doherty et al. (2014) review a range of public policies to promote and actively shape the development of a domestic social enterprise landscape: Rising interest in the US, for instance, has triggered the establishment of an 'Office of Social Innovation and Civic Participation' which has had its British counterpart in the 'Big Society Initiative' and most recently its successor in the 'Shared Society', initiated by the Office for Civil Society (Alcock 2010). The European Union has recently formed the 'Social Business Initiative' (European Commission 2011) to promote the foundation of social enterprises as well as the academic advancement of related research. This range of governmental initiatives indicates the interest and general advocacy for the establishment and further promotion of social enterprises, especially in the area of welfare provision.

However, attention at the political level has hitherto revolved around government-led and other strategies to externally shape evolving social enterprise landscapes, instead of understanding the influences that are active from *within* the organizational environment.

### *The European Commission's Social Enterprise Landscape Report 2015*

One of the most exhaustive studies on the current state of social enterprises in Europe has been published by the European Commission in 2015 (European Commission 2015a/b). Their Social Enterprise Landscape Report 2015 provides a “map or snapshot of social enterprise activity” (European Commission 2015a; 2015b: v). The report constitutes one of the central empirical documents for this thesis, with special regard to the case selection in Chapter 3. The report consists of a Synthesis Report – reflecting upon the general social enterprise development throughout Europe – and detailed country reports for all current member states (at the time of publication). This thesis makes extensive use of the country report of the United Kingdom<sup>3</sup>.

In essence, the report suggests six criteria that describe the current state of domestic social enterprises sectors (European Commission 2015a): (1) policies and legal frameworks, (2) support schemes, (3) other forms of support and general infrastructure, (4) networks and mutual support mechanisms, (5) marks, labels and certification systems, and (6) social investment markets.

For the purpose of this thesis, one of the most relevant findings of the report is the highlighting of the British social enterprise landscape as “incredibly diverse”, extensive, and far-developed (European Commission 2015b: ii). This, in turn, has motivated the selection of a case study from within the British context, as further discussed in Chapter 4.

#### 3.1.2 Reasons for the Emergence of Social Enterprises

Research on the reasons for the recent proliferation of social enterprises has identified at least four underlying socio-economic trends (Doherty et al. 2014: 421): (1) Many formerly donor-financed organizations have been forced to pursue commercial sources of revenue, due to cuts in the philanthropic sector (Dees 1998), (2) based on an

<sup>3</sup> For clarity's sake, in-text references to the Synthesis Report are referenced as *European Commission 2015a*, whereas in-text references to the UK Country Report are referenced as *European Commission 2015b*.

ideological shift since the 1980s an opening of the public (welfare) sector has occurred (Bransden et al. 2005; Chell 2007; Evers 2005; Fawcett and Hanlon 2009; Perrini et al. 2010), (3) far-spread criticism towards conventional forms of capitalism calling for economic alternatives (Amin 2009; Hemingway 2005; Hudson 2009; Wilson and Post 2013), and (4) growing economic injustice and inequality in part attributed to market failures (Austin et al. 2006; VanSandt et al. 2009).

Some explicit criticism regarding the emergence of social enterprises does exist, but is seldom directed at individual social enterprises, but rather at the underlying political circumstances, such as the re-commodification of welfare service provision, and the growing pressure on non-profit organizations to adopt commercial strategies (Eikenberry & Kluver 2004; Hwang & Powell 2005).

### 3.1.3 Defining Social Enterprises

A range of definitions for social enterprises has been developed, the majority of which focuses on the combination of (1) revenue creation through commercial trading and (2) the objective of social value creation (Seelos et al. 2005; Doherty et al. 2014; Granados et al. 2010). Differences exist with regard to the prioritization of these two aspects. Some definitions consider them equally important; others highlight the social purpose as a ‘primary objective’ and economic activity merely as the means to an end. Some definitions additionally include an aspect of (3) community-based or otherwise inclusive forms of governance (Yang & Wu 2006; Zahra et al. 2009).

Mainly based on Seelos et al. 2005 and Doherty et al. 2014, the following definition of social enterprises is formulated for the purpose of this thesis:

**Social enterprises are organizations that engage in continuous economic activity – unlike traditional non-profit organisations – while pursuing a primary or at least explicit social purpose – unlike mainstream for-profit enterprises. They must showcase adequate legal and managerial mechanisms that safeguard the original organisation goal and prevent a fundamental shift towards either a purely charitable or a purely commercial organization.**

## 3.2 Organizational Hybridity

This section reviews literature on Organizational Hybridity. The objective is to show that all social enterprises – as defined in this thesis – are characterized by a high degree of organizational hybridity. On this basis, the case study of SEM’s accreditation scheme is put into the more general context of organizational hybridity investigated from the perspective of Institutional Entrepreneurship theory. At this stage, (1) the development of organizational hybridity is traced and (2) a working definition is introduced that enables the assessment of organizations concerning their qualification as a hybrid organization. This form of assessment will be used during the case selection in Chapter 4 to gather interview data from a wide range of organizations, within the frame selection criteria.

By definition, hybridity indicates the combination of ‘two different species’ (OED 2010) and in the context of organizations has commonly described organizations that span institutional boundaries (Brandsen and Karre 2011; Jay 2013; Pache & Santos 2012), through activity in more than one domain (Ruef 2000; Doherty et al. 2014). Beyond such a tentative understanding, however, Organizational Hybridity has remained a somewhat ambiguous construct in the absence of a universally accepted definition.

Against this backdrop, the following section traces a comprehensible approach to the construct of Organizational Hybridity and a pathway to operationalize the construct in the context of this thesis’ case study of SEM’s accreditation scheme for social enterprises.

### 3.2.1 Tracing Organizational Hybridity

An understanding of Organizational Hybridity can be developed by taking the following steps (Billis 2010): (1) Initially, universally similar organizational elements are introduced that all kinds of organizations are made up of. However, different organizations ‘interpret’ these elements following different principles – depending on the sector they belong to (See Table 1 below). (2) On the basis of these different sector

principles the distinction between the two ‘conventional’ private and public sectors is highlighted. (3) Thereafter, an adjusted concept of organizational ownership and authority is introduced to allow for the assessment of organizations that would neither fit the private nor the public sector. (4) Consequentially, a third sector alongside the private and public sector is defined. (5) Against the background of three distinguishable sectors – made up by organizations following the same set of sector principles – hybrid organizations are identified, based on their adaptation of mixed sector principles.

### 3.2.2 Organizational Elements and Sector Principles

The distinction between organizational sectors is based on the assumption that all organizations are comprised of “broad generic structural features” (Billis 2010: 47) – here referred to as organizational elements. Organisations differ, however, in the way they interpret this set of organization elements, relying on varying underlying logics – here referred to as organizational principles.

The combination of organizational principles constitutes the “rule of the games” (Billis 2010: 47) that an organization adheres to. By grouping organizations together that follow a similar combination of organizational principles, patterns emerge<sup>4</sup> – commonly referred to as organizational sectors. Accordingly, in this context, sectors are defined as organizations that follow the same set of organizational principles that “provide a coherent explanation for meeting objectives and solving problems” (Billis: 47) for an organization’s management. Such a ‘logical liaison’ between an organization’s sector principles is important to highlight, as it provides the contrast against which organizational hybridity can be captured.

To operationalize the sector distinction, organisational elements can be identified as (Rainley & Chun 2005): (1) ownership, (2) governance, (3) operational priorities, (4) human resources and (5) distinct additional resources. Meanwhile the sector principles

<sup>4</sup> As noted by various scholars – as early as Weber & Parsons (1964) and again by Suchman (1995), ideal types of such a theorizing exercise hardly exist. In reality, organizations must be expected to vary when considering their individual interpretation of organizational elements. Nonetheless, clear patterns are identifiable that suggest a sector affiliation (Billis 2010).

that have been established by relevant literature for the private and public sector are listed in the following section and depicted in Table 1.

### 3.2.3 Distinguishing Private and Public Sector

Each of these five organisation elements “comes with a distinct set of principles for each sector” (Billis 2010: 49), which allows for the distinction between a private and public sector model – as shown in Table 1 below:

Organization Elements	Private Sector <i>Principles</i>	Public Sector <i>Principles</i>
Ownership	<b>Shareholders</b>	<b>Citizens</b>
Governance	According to principle of <b>size of share ownership</b>	According to principle of <b>public elections</b>
Operational Priorities	Working according to operational priorities driven by <b>principles of market forces</b>	Working according to operational priorities driven by principles of <b>public services and collective choice</b>
Human Resources	<b>Paid employees</b> in a managerial controlled environment	<b>Paid public servants</b> in legally backed environment
Distinct Additional Resources	Primarily from <b>sales and fees</b>	Resources by <b>taxation</b>

Table1: *Set of sector principles for private and public sector (Billis 2010: 49)*

### 3.2.4 Considering Ownership beyond the Private and Public Sector

In the case of organizations that seem to neither fit the private nor public sector, the organizational element of ownership needs to be reconfigured: Ownership has played a dominant role in most attempts at categorizing organizations – e.g. from a funding perspective (Wamsley & Zald 1976) or the later perspective of social control (Perry & Rainly 1988). Until recently, analyses of ownership have concentrated on two issues: “the possession of residual decision rights and allocation of residual returns” (Milgrom and Roberts 1992: 289 - 293). This approach has placed commercial, profit-driven organisations at the centre of attention. Problematically, on the basis of such a control

and residual-rights based definition of ownership, any organization that is not clearly owned by private shareholders or in public possession would be considered ownerless (Hansmann 1996).

To be able to group the plethora of organizations that elude such a conventional perception of ownership, a more holistic understanding of ownership becomes necessary: Hansmann (1996) suggests distinguishing between formal control and effective control. Tying into the same vein, Speckbacher (2003: 275) puts forward the idea of “key stakeholders who play the role of the firm’s owners (...) and have the right to interpret the mission in controversial situations”. Others, such as Ben-Ner and Jones (1995: 532) connect ownership more closely to managerial powers ranging from the “determination of the objectives of the organization” to the question of “how people are induced to carry out their functions”. In the absence of a universal alternative definition of organizational ownership, the above outlined determinations of ownership can guide the abandonment of residual returns as the exclusive determinant for ownership.

With this in mind, this thesis adopts the organizational ownership definition of Billis (2010: 49) based on “different levels of decision-making accountability”. These levels are: (1) formal, (2) active, and (3) principal. They reflect a range of non-traditional ownership models and enable the inclusion of organizations that are neither clearly private nor publically owned into the exercise of grouping organizations into sectors.

### 3.2.5 Introducing a Third Sector Model

Considering the large number of organization that are neither private enterprise nor public institutions, at least one additional set of principles can be found. It constitutes a third ‘rule set of the game’. Organizations that adhere to this third set of principles can this be grouped into a third sector (Billis 2010). Numerous scholars have engaged in the task of precisely determining this third set of principles (Evers & Laville 2004; Smith 2000). Literature reviews on the topic (Grønbjerg 2001; Salamon et al. 2000) reveal that certain principles reoccur: (1) A high degree of independence, (2) the use of voluntary labour, (3) sensitivity and closeness to users and (4) being explicitly driven by a mission.

Taking into account the origins of many of these organizations, the ideal form for third sector organizations has been determined as an association. It is generously defined as a

formally established organization by people to address their own immediate problems or those of others who they are connected to (Evers & Laville 2004). On this basis, characteristic sector principles for associations can be listed as: (1) ownership by members, (2) governance through private elections, (3) operational priorities on distinct social missions, (4) human resources represented by members and volunteers and (5) distinct additional resources in form of dues, donations and legacies – as shown in Table 2, (including the information from Table 1 to highlight the contrast between the three sectors).

Organizational Elements	Private Sector Principles	Public Sector Principles	Third Sector Principles
Ownership	<b>Shareholders</b>	<b>Citizens</b>	<b>Members</b>
Governance	According to principle of <b>size of share ownership</b>	According to principle of <b>public elections</b>	<b>Private Elections</b>
Operational Priorities	Working according to operational priorities driven by <b>principles of market forces</b>	Working according to operational priorities driven by principles of <b>public services and collective choice</b>	Commitment about <b>distinctive social mission</b>
Human Resources	<b>Paid employees</b> in a managerial controlled environment	<b>Paid public servants</b> in legally backed environment	<b>Members and volunteers in association</b>
Distinct Additional Resources	Primarily from <b>sales and fees</b>	Resources by <b>taxation</b>	<b>Dues, donation and legacies</b>

Table 2: Adding a distinct set of principles for third sector organizations (Billis 2010: 51)

Moreover, the distinct character of third sector organizations becomes apparent through the “the linkage and logical flow between their ownership by members, principles of governance, reliance on volunteer resources for operational work and principles of membership accountability which together enable it to function as a robust and effective organization” (Billis 2010: 52). While such associations might form certain hierarchies,

all positions can be filled by active members. Moreover, beneficiaries and customers tend to have a form of personal connection that goes beyond pure economic interests. Oftentimes past or present members are rooted within the immediate target community.

### 3.2.6 Defining Hybrid Organizations

Literature on the topic of hybrid organizations remains “sparsely spread across many academic fields and disciplines over several decades” (Billis 2010: 53). Attempting to categorize some of the ‘disparate’ literature, two ‘conventional’ approaches can be distinguished: A (1) continuum-based approach; which perceives hybrid organization as occupying a range of points in between the private, public and third sector (Demone & Gibelman 1989) and a (2) single sector-based approach that centres on a perspective from within a single sector and considers the effect that organizations at its periphery have on it (Kopell, 2003; Skelcher et al. 2005).

This thesis adopts a hybrid organization construct that combines the two, in so far as that it accounts for a movement in between sector, but ascribes organizations a fix ‘sector-origin’. Such an assumption that organizations have sector origins and a primary adherence to the principles of one specific sector is rooted in the above-identified conflicting principles between the three sectors (see Table 2). Conflicting principles prevent organizations from seamlessly crossing ‘organizational lines’ that divide one sector from the others (Billis 2010). This ‘prime sector approach’ suggests, that stakeholders, policy makers and members demand an organization to clearly adhere to one specific set of principles, which creates a clear “cut off point” (Billis 2010: 55). As a consequence, organizations can be determined to have their origin in one of the three sectors.

Despite their sector origin, however, organizations can adopt individual sector principles that are characteristic of an organizational sector that is not their native one. Organizational hybridity is the result of an organization permanently and structurally adopting principles from a ‘non-native sector’. Examples include a third sector organization starting to accept public funding on a regular basis; a private sector company arranging its operational priorities according to a distinctive social mission; or a public sector organization starting to involve local volunteers. Once an organization

does start to interpret one or more organisation elements through non-native principles, it ‘shifts’ into organizational hybridity. This notion can be depicted by three circles, each representing one sector and four overlapping areas. These overlapping areas represent the possible combinations for organizational hybridity (See Figure 1).

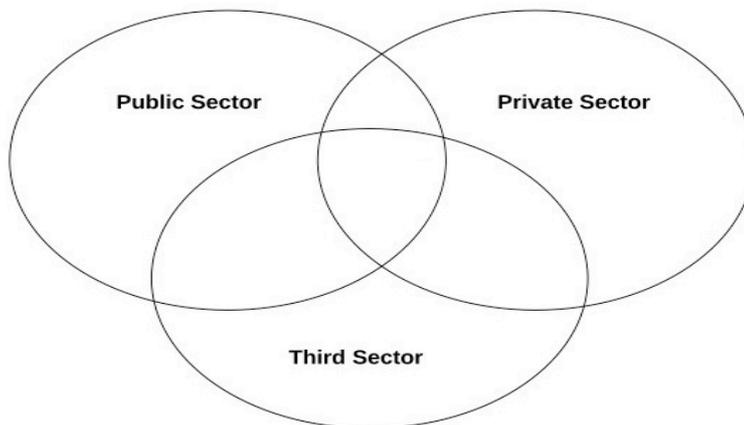


Figure 1: *Visualization of private, public and third sector, depicting areas of overlap (Authors design, commonly used in various literature on the topic)*

Following this prime sector approach – assigning organizations a ‘sector origin’ and understanding organizational hybridity as the permanent adaptation of non-native sector principles – two degrees of hybridity can be distinguished (Dees and Elias 1998; Defourney & Nyssens 2006).

### *Shallow Hybridity*

Shallow forms of hybridity refer to cases in which organizations have adopted non-native sector principles to a limited extent, “in a gentle fashion, without causing major disturbances“ (Billis 2010: 56). Such a development is usually the result of a managerial drive to extend the range or activities or the establishment of a stronger commercial branch. Such “modest forms of hybridity” (Billis 2010: 56) can also consist of the first-time hiring of paid staff, which is considered a common segway into organizational hybridity.

### *Entrenched Hybridity*

More substantial changes of principles can cause a genuine sectoral shift that – despite roots in one sector – can cause organizations to enter an ‘entrenched hybridity’ state (Billis 2010). Good examples in this regard are public or third sector organizations that permanently accept private or public sector representatives within their management to gain additional resources or influences. Entrenched hybridity can also be the result of permanent acceptance of private or public grants. At the operational level entrenched hybridity becomes established once professional and paid staff takes over key administrative and other internal tasks within a (hitherto) member organization.

Without taking into account the above-discussed degrees of organizational hybridity that an organisation can enter, the overarching definition of organizational hybridity must highlight the distinction between different sectors (public, private and third). Also, it must reflect the assumption that organizations are rooted in a ‘native’ sector and organizational hybridity being the result of an organization permanently adopting principles characteristic for a different sectors (Billis 2010; Somerville & McElwee 2010). Broadly following Defourney and Nyssens (2006) as well as Billis (2010), for the purpose of this thesis, organizational hybridity is defined as:

**The state organizations find themselves in, once they have permanently adopted principles not characteristic to their sector of origin, with regard to their ownership, governance, operational priorities, human resources or distinct additional resources.**

As highlighted at the end of this chapter, this definition directly applies to social enterprises. It captures their dual mission on commercial, profit-driven activity (characteristic for the private sector) and pursuing of social objectives (found both in the public and third sector.)

## 3.3 Institutional Entrepreneurship Theory

This section reviews literature on Institutional Entrepreneurship theory, which constitutes the theoretical lens through which SEM's accreditation scheme is examined. Initially, (1) Institutional Entrepreneurship theory's roots in Institutional Theory are highlighted, followed by the account of agency as a distinguishing factor. Thereafter, (2) the assessment of an organizational field's conditions through Institutional Entrepreneurship theory is demonstrated followed by (3) the approach to examine the conditions and strategies that can be distinguished through this theoretical perspective.

### 3.3.1 Institutional Theory Origin

Institutional Entrepreneurship theory is derived from Institutional Theory. Both share the key assumption that institutions – defined as “rules, norms, and beliefs that describe reality for the organization” (Hoffman, 1999: 351) - constitute ‘building blocks of society’ that are essential to understand and to make sense of social action (Battilana et al. 2009). Both theories also share the assumption that organizations<sup>5</sup> engaged with similar activities over time begin to identify with, influence and shape one another. DiMaggio & Powell (1983: 148) describe the process of such “institutional definition” as the “increase in the extent of interaction among organizations; the emergence of sharply defined inter-organizational structures of domination and patterns of coalitions; an increase in information load with which organizations must contend; and the development of a mutual awareness among participants”. Has it gone on for long enough, this process produces an institutional structure - here also referred to as an organizational field<sup>6</sup>.

<sup>5</sup> Also referred to as *actors* when embedded within an institutional structure.

<sup>6</sup> At a later stage, *the British social enterprise landscape* is introduced as an empirical example of a – recently emerged – institutional structure or organizational field.

Institutional structures<sup>7</sup> are difficult to define universally. For the purpose of this thesis they are defined as the result of the aforementioned processes and also referred to as ‘organizational environment’:

**Institutional structures are a group of organizations “characterized by the elaboration of rules and requirements to which individual organizations must conform if they are to receive any legitimacy” (Scott 1995: 132).**

Institutional Theory, assumes that – driven by an organization’s intrinsic quest for ‘institutional acceptance’ – a set of *isomorphic processes* is enacted, through which actors within an institutional structure further converge (DiMaggio & Powell 1983). While these processes comprise coercive, mimetic or normative factors, they are considered to occur automatically, as a result from the institutional structure they simultaneously consolidate (Garud et al. 2007; Battilana et al. 2009). Actors are perceived as a ‘cause and recipient’ of pressures within their institutional structure. As such they are *without* the ability to rise above these pressures and to develop the capacity – also referred to as *agency* - to act deliberately and independently (Garud et al. 2007; Battilana et al. 2009).

### 3.3.2 Introducing the Concept of Entrepreneurship

In recent decades, Institutional Theory has faced growing criticism for its narrow focus on explanations for the stability and persistence of institutional structures, which hardly allowed for the investigation of institutional change (Garud et al. 2007). Responding to the call for an institutional lens to investigate non-isomorphic but actor-based changes, DiMaggio (1988) identified actors’ potential to deliberately pursue institutional change that is conducive to their agenda. This work was further elaborated upon and eventually led to the development of Institutional Entrepreneurship theory as an “identifiable stream of research” (Battilana et al. 2009: 4).

<sup>7</sup> DiMaggio & Powell (1983: 148), for instance, assert, “the structure of an organizational field cannot be determined a priori but must be defined on the basis of empirical investigation. Fields only exist to the extent that they are institutionally defined.”

### 3.3.3 Addressing the Paradox of Embedded Agency

Institutional Entrepreneurship theory introduces the possibility of agency to Institutional Theory. This produces a “juxtaposing of institutional and entrepreneurial forces into a single concept” (Garud et al. 2007: 7). It offers a new stance on the “classical debate on structure versus agency” (Battilana et al. 2009: 4), also described as the *paradox of embedded agency* (DiMaggio & Powell, 1991; Holm 1995; Seo & Creed 2002). It raises the overarching question how actors are able to envision and propagate change while embedded in an institutional structure that subjects them to pressures defining their cognitions, interests and identities.

Institutional Entrepreneurship theory does not provide a definitive answer to this “theoretical puzzle” (Garud et al. 2007: 8), but proposes a perspective that balances the acknowledgement of structural pressure and the potential for actors’ agency. In doing so, Institutional Entrepreneurship theory falls in line with attempts from various disciplines to combine structure and agency “in some form of mutuality constitutive duality” (Garud et al. 2007: 9) – notably, Giddens’s (1984) work on ‘structuration’ and Bourdieu’s (1977) notion of ‘habitus’ (Mutch 2007).

Importantly, this perspective does not contradict Institutional Theory’s perspective, but on its tenets builds a “theory of action” (Fligstein 1997: 397) as reviewed in the following section.

### 3.3.4 Operationalizing Institutional Entrepreneurship Theory

Approaching the ‘paradox of embeddedness’, Institutional Entrepreneurship theory suggests that actors embedded in an organizational structure can assume roles as “both enablers and constraints on action” (Battilana et al. 2009: 5). Actors that have “an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones” (Maguire, Hardy & Lawrence 2004: 657) can take action to create change within the structure they are a part of.

To investigate such action, Institutional Entrepreneurship theory offers two lines of inquiry (Battilana et al. 2009: 10): An investigation of the *conditions* within an organizational field and one of the *resources and strategies* employed by an

organizational actor seeking to promote institutional change. Both are further discussed in the following sections, as they inform the subsequent research design and analysis.

### 3.3.5 Conditions for Institutional Entrepreneurship

Institutional Entrepreneurship theory suggests three categories of conditions influence actor's ability to develop the necessary agency to deliberate instigate institutional changes: (1) field-level conditions, (2) actors' social position and (3) actor specific characteristics (Battilana et al. 2009: 10; Strang & Sine 2002). These conditions are by no means mutually exclusive and oftentimes interrelated. Moreover, the operationalization of Institutional Entrepreneurship theory focuses on the identification of conducive conditions. Their absence should not necessarily be considered a hindrance, but possibly lends more power to restraining influences. Furthermore, a relatively established consensus exists regarding the majority of the following conditions. In some cases, however, the effect of these conditions is somewhat disputed. At this stage, these are not further discussed, but similarly integrated into the analytical approach and highlighted during the analysis in Chapter 6.

#### *Organizational Field Conditions*

A first type of conducive conditions are such that effect the entire organizational field and in some form; for instance, disrupt the institutional consensus and thus pave the way for new ideas to take hold (Child et al. 2007; Greenwood et al. 2002; Fligstein 2001). Common examples are major crises, technological disruption or social upheaval. Similarly, ongoing and complex problems – climate change for instance – can encourage entrepreneurial roles (Durand & McGuire 2005).

Furthermore, organizational field's characteristics constitute an important factor, more specifically, its degree of actor heterogeneity (Battilana et al. 2009): A higher degree of heterogeneity is considered conducive to the development of agency among individual actors (Sewell 1992; Clemens & Cook 1999). The same goes for prevalent contradictions and tensions within an organizational field. Both factors have been found to cause a “shift in collective consciousness” and convert passive actors – only

reproducing existing structure – into institutional entrepreneurs (Battilana et al. 2009: 8).

Another type of conducive condition is the degree of institutionalization of an organizational field (Battilana et al. 2009; Tolbert & Zucker 1996). However, contrary views exist regarding its effect: Some scholars argue that actors are more likely to develop agency in highly institutionalized organizational fields, as they experience environmental certainty, which boosts their confidence to prompt change according to an individual agenda (Dorado 2005; Beckert 1999; Oliver 1992). Other scholars present the contrary view, that a low degree of institutionalization and uncertainty increases the likelihood of actors developing agency (DiMaggio 1988; Fligstein 1997; Phillips et al. 2000).

Connecting the factors *heterogeneity* and *degree of institutionalization*, Dorado (2005) provides an insightful typology of (1) *opportunity opaque*, (2) *opportunity transparent* and (3) *opportunity hazy* organizational fields. This typology is used in the analytical framework below.

### *Social Position of Actors*

Actors' social position within an organizational field is another condition that influences their ability to trigger change (DiMaggio 1998; Garud et al. 2002; Levy and Egan 2003; Battilana 2006). It shapes their perception of the field (Dorado 2005) and, similarly, their capacities to mobilize necessary resources and contacts (Lawrence 1999). Whereas some scholars consider actors at the margin (Haveman and Rao 1997; Garud et al. 2002) or overlap of organizational fields most likely to develop agency (Boxenbaum & Battilana 2005; Phillips et al. 2000), others suggest, that actors at the center of organizational fields are in a favourable position (Sherer and Lee 2002; Greenwood & Suddaby 2006).

### *Actors Specific Characteristics*

Literature focusing on actor specific characteristics as a relevant condition for agency (Dorado 2005; Fligstein 2001; Maguire et al. 2004; Seo & Creed 2002), has identified the ability to “abstract from the concerns of other [actors] and take an autonomous

reflexive stance” (Battilana et al. 2009: 10; Mutch 2007). Moreover, the organizational skills of “finding and maintaining collective identity of a set of social groups and the effort to shape and meet the interests of those groups” (Fligstein 1997: 398) are highlighted. Generally, characteristics that tie into high levels of empathy are considered of great importance, as they enable actors to understand and relate to the situation other actors find themselves in and build rapport with them (Fligstein 2001).

### 3.3.6 Agency in Institutional Entrepreneurship Theory

Institutional Entrepreneurship theory provides a number of categories to conceptualize the process of developing agency. Generally, it constitutes a “complex political and cultural process” (Battilana et al. 2008: 11; DiMaggio 1988; Fligstein 1997), as alliances need to be built and opposing interest are likely to conflict. Two factors can be identified (Battilana et al. 2009): discursive strategies and the employment of specific resources. An additional strategic aspect is the development of institutional arrangements to consolidate structural changes in the long term.

#### *Discursive Strategies*

Numerous scholars emphasize the importance of discursive strategies for the development of agency (Creed et al. 2002; de Holan & Phillips 2002; Dorado 2005; Maguire et al. 2004; Seo & Creed 2002). Discursive strategies refer to practices through which organizations “generate discourse and texts aimed at affecting the processes of social constructions that underlie institutions” (Battilana et al. 2009: 12). For this purpose, they must communicate advocated change in a form that resonates with other actors of the organizational environment (Boxenbaum & Battilana 2005; Fligstein 2001). Discursive strategies refer to actors’ ambition to portraying themselves as ‘neutral brokers’, who act for an organizational field’s ‘greater good’ and by this means gain the necessary levels of legitimacy (Leca et al. 2002).

Moreover, the literature suggest that actors with agency adjust the kind of discursive strategies to their organizational field’s conditions (Battilana et al. 2009): In highly institutionalized fields, actors are likely to tailor their communication towards dominant actors and specifically reflect their values and interests (Greenwood et al.

2002; Suddaby & Greenwood 2005). In the context of less institutionalized fields with greater fragmentation, discursive strategies target a larger number of actors to design an inclusive discourse that mirrors heterogeneous perspectives (Fligstein et al. 1996). Meanwhile, in nascent organizational fields actors with agency have been found to launch a discourse that promotes a common identity among actors of the field (Rao et al. 2000).

### *Form of Resources*

The success of discursive strategies largely depends on actors' "access to, and skills in leveraging scarce and critical resources" (Battilana et al. 2009: 14; Lawrence et al. 2005). In this context, the distinction can be made between tangible resources and intangible resources.

Tangible resources mainly comprise financial assets. Large and financially powerful actors are in an advantageous position in this regard. (Greenwood et al. 2002; Demil & Bensédrine 2005). Intangible resources refer to assets within the cultural and symbolic dimensions (Meyer & Rowan 1977; DiMaggio 1983), such as forms of social capital, legitimacy and formal authority. Actors in central position have been suggested to show particularly high social capital. This can constitute an advantage throughout coalition building. Phillips et al. (2004) suggest that an actor's central position aids the attempt at broadcasting its agenda and to produce acknowledgement and eventually acceptance for it. Actors gain legitimacy – "the extent to which an actor's actions and values are viewed as consistently congruent with the values and expectation of the larger environment" (Battilana et al. 2009: 16) – through the formation of an identity that is respected and acknowledged by institutional peers (Durand & McGuire 2005; Rao et al. 2003). Lastly, formal authority – studied less thoroughly – refers to an "actor's legitimate and recognized right to make decisions" (Phillips et al. 2000: 33). In this context, state authority (DiMaggio & Powell 1983) and authorities connected to other official positions have been the center of research. It has been shown that actors that hold such authority can aid an actor's agenda by framing stories a certain way (Fligstein 2001) and thus produce a general disposition for a 'discourse of change' (Phillips et al. 2004).

### *Developing Institutional Arrangements*

Beyond the consideration of conducive conditions for actor's development of agency, Institutional Entrepreneurship theory also deals with the question of how successfully introduced changes can be implemented in a sustainable fashion (Hwang & Powell 2005; Jain & George 2007; Wijen & Ansari 2007).

Strategies to 'structurally anchor' such changes, are referred to as *institutional arrangements* (Wijen & Ansari 2007; Battilana et al. 2009). These are designed to make structural changes be seen as legitimate and even "prescribed", making it difficult for opposing actors to deviate from them in the future (Garud et al. 2007: 4).

These can be categorized as either relying on (1) regulative carriers, or (2) normative carriers: Regulative carriers refer to the introduction or amendment of legal provision to reflect the desired institutional change and convert it into mandatory practice (Maguire & Hary 2006). In contrast, normative carriers do not possess powers to change legal structure. Instead, they promote the structuring and professionalization of an organization field (Déjan et al. 2004), through measures such as the definition of organizational membership schemes (Lawence 1999), certification contests (Rao 1994), tournament rituals (Anand & Watson 2004) and the establishment of standards (Garud et al. 2002). Normative carriers are considered of particular importance in the context of emerging fields in "which boundaries need to be set and a common identity is yet to emerge" (Battilana et al. 2009: 18). In such environments, normative carriers are likely to face less resistance than in more structured and established fields.

## 3.4 Analytical Approach

This chapter has reviewed Institutional Entrepreneurship theory, as well as organizational hybridity and the organizational category of social enterprises. The underlying objective is to merge these into a comprehensive analytical framework to be used for the remainder of this thesis. As stated in the introduction and emphasized in the chapter on the study's research focus, the organizational concept of social enterprises has gained major prominence, particularly in the sector of welfare service provision. This is in part due to the retrenchment of publicly provided welfare services in the

majority of industrialized countries, but is also promoted by a great number of people, who consider social enterprises as a promising format, to become involved in – as a volunteer, community member, or full time employee. Against this background, the questions were raised, which influences shape the development of nascent social enterprise landscapes and which role social enterprises themselves play during this process.

This analytical approach conceptualizes social enterprises by means of their defining characteristic of a high degree of organizational hybridity. This captures the essence of social enterprises and constitutes as much strength as challenge when dealing with social enterprises, due to their ‘cross-sector’ activity. Understanding social enterprises as hybrid organizations provides the bases to investigate the case study of SEM’s accreditation scheme for social enterprises by help of Institution Entrepreneurship Theory. By applying this theoretical lens to the context of hybrid organization, this thesis explores its ‘range of applicability’ and derives conceptual categories to inform the analysis in Chapter 5. Their focus lies on factors that explain how SEM as an individual actor within an organizational field made up of social enterprises could develop the agency to change its surrounding structure.

# 4 Research Design

This chapter addresses the decision making process leading up to the thesis' research design, serving as a 'roadmap' to its empirical work (Flick 2006). The underlying motivation is to provide the highest possible level of transparency and traceability – paramount criteria throughout social sciences, regardless of the specific research topic at hand (Arnold 2003).

## 4.1 Ontological and Epistemological Foundation

A research design is shaped by two fundamental considerations: An ontological stance regarding the very nature of reality (Hudson & Ozanne 1988) and an epistemological stance concerning the relationship between researcher and reality (Carson et al. 2001). Commonly, the distinction is made between two dominant stances – Positivism and Interpretivism.

This thesis' research design subscribes to an interpretivist stance, characterized by the underlying assumption that reality is multiple and relative (Hudson & Ozanne 1988) and that knowledge is socially constructed as opposed to objectively determined (Carson et al. 2001). Methodologically, interpretivist research tends to avoid rigid frameworks – such as experiments – and instead employs more flexible and personal research structures (Black 2006) to study social behaviour based upon “the meaning and purpose that individuals attach to their personal action” (Bhattacharjee 2012: 8).

In doing so, interpretivist researchers are encouraged to approach their field of inquiry well-informed, but nonetheless employ research designs that account for the unpredictability of reality, as research subjects will present their very own versions (Hudson & Ozanne 1988). More specifically, the research design should allow for the

possibility of new and unforeseen perceptions of reality to emerge. This can in turn influence the original research focus and other aspects of its design.

In essence, an interpretivist research design serves the overarching objective to understand what is perceived as reality by individuals within a specific context, by way of interpreting subjective experiences, such as motives, meanings and reasons for action (Hudson & Ozanne 1988).

## 4.2 Methodology

At the methodological level, this thesis' interpretivist ontological and epistemological stance is reflected by (1) the research purpose, (2) the techniques that are employed for data collection and analysis and (3) the researcher's role during these processes (Carson et al. 2001: 6).

The following sections focus on arguments in favour of the respective methodological decisions, while a critical discussion is provided in Chapter 6.

### 4.2.1 Exploratory Research Design

Considering scientific research as the iteration of observation, rationalization and validation (Coffey & Atkinson 1996), this thesis' purpose is to engage in the first step: It employs an *exploratory research design* to provide new insights into a specific phenomenon that lead to assumptions on how it can be understood more accurately.

To operationalize exploratory research, a *case-centred approach* has been chosen, focusing on the Social Enterprise Mark's accreditation scheme for social enterprises in the United Kingdom. This research design is considered most suitable for studies, at the "outset of theory generation" in areas where the process of theory building is still at a "formative stage" and the "experience of participants and contexts of actions are critical [to gain an] understanding of complex processes" (Bhattacharjee 2012: 94). Moreover, a case-centred approach helps to capture organizational processes

that involve numerous participants, interconnected events and relations, which are thought to trigger some form of organizational change (Coffey & Atkinson 1996).

The data collection in the real life setting of an organizational actor's case, provides the empirical foundation, for subsequent analysis by means of pre-existing theory (Blumberg, Cooper & Schindler 2000; Bell 2000) – as elaborated in Chapter 5.

#### 4.2.2 Qualitative Methods

For the collection of interview data *qualitative methods* have been employed. These have become well established in recent decades (Flick 1990). They offer an extensive 'toolkit' of research methods within the fields of social and political science (Arnold 2003; Kelle 2001). Qualitative methods are well in line with this thesis' interpretative stance (Cason et al. 2001) and are commonly used for the exploration of new research areas and theory developing concerning a specific phenomenon (Flick 1998; Arnold 2003; Blumberg et al. 2005).

Qualitative interviews are used, which are among the most common methods of data collection when performing case-centred studies (Langmar 2005). They have the ability to capture meaning that interviewees attach to certain issues and actions (Easterby-Smith et al. 2002). More specifically, this research design employs *semi-structured interviews*: These entail open-ended and follow-up question to encourage interviewees to describe matters of specific interest freely and in their own words (Lundahl & Skävad 1982). Interview techniques are further discussed in Section 4.4.2., while the full interview guide can be found in Annex 1. In essence, semi-structured interviews constitute a compromise, as they allow the researcher to set a general interview focus, while granting interviewees the necessary 'leeway' to expand upon topics of particular importance to them and share their perception of reality (Bryman & Bell 2007). Whereas all interviews are based on the same interview guide, conversations in between can develop differently, depending on interviewees' subjective experience and willingness to share it with the interviewer.

The strength of this design is its ability to “discover a wide variety of social, cultural and political factors potentially related to the phenomenon of interest that may not be known in advance” (Bhattacharjee 2012: 40).

### 4.2.3 Role of the Researcher

The role of the researcher is similarly shaped by the interpretivist stance, as it represents a significant – subjective – factor throughout the data collection and analysis process (Carson et al. 2001): Instead of questionnaires or machines, the researcher becomes an ‘instrument of data collection’ (Denzin & Lincoln 2003).

For the purpose of data collection, a personal link between researcher and interviewees is established, which influences the collected data to a certain degree. (Punch 1998).

Beyond the notion of personal rapport, the researcher influences interview data through the formulation of the interview guide to deliberately shape the interviews’ trajectory, as justified in the previous section,

At a later stage, the researcher assumes the role of an ‘analysis instrument’, interpreting interview data by means of personal scholarly abilities and pre-existing knowledge of the research topic. The latter specifically entails the employment of conceptual coding categories, as developed in Chapter 4.5.

At both stages, the researcher’s subjectivity constitutes an intrinsic part of the research design and offers a range of advantages, particularly in the context of exploratory research. Nonetheless, it remains important to reflect upon the ‘human element’ in interpretivist research and be aware of its limitations (Greenbank 2003).

## 4.3 Case Selection

The selection process of interviewees is of major importance for this research design and is discussed in this section. The overarching aim is to identify the best-suited interview partners that can provide relevant interview data to the thesis' research questions (Langmar 2005; Kelle 2001) – considering also time and resource restraints.

A first decision in this regard concerns the unit of analysis, referring to the principal entity this thesis seeks to examine (Coffey & Atkinson 1996; Yin 2009): Considering the research focus on the Social Enterprise Mark's accreditation scheme for social enterprises from an Institutional Entrepreneurship theory perspective, the unit of analysis is the *organization*. The organization at the centre of the data collection is the Social Enterprise Mark. Four additional British social enterprises that have chosen to become accredited are also part of the data collection. These are included to represent part of the organizational environment that SEM's activity is located within.

The case selection can be visualized as a funnel, whereas the initial 'layers of selection' are directly informed by the specific research question, while some of the final selection decisions are based on practicality and convenience.

As outlined above, the initial research interest is in social enterprises as a novel and increasingly important organizational category in the area of welfare provision and management. Next, the decision was made to examine influences that shape the organizational environment of social enterprises within a particular domestic frame. At this stage, the European Commission's (2015) landscape report (described in Chapter 3.1.1) serves as the empirical basis.

It helps to single out the United Kingdom as the domestic frame well suited for this thesis' inquiry: The British social enterprise sector constitutes one of the furthest developed and most institutionalized social enterprise environments (European Commission 2015b; Defourny & Nyssens 2010). This justifies the selection of the United Kingdom as a 'geographical delimitation' from a theoretical as well as a practical level: (1) The high number of active social enterprises in the United Kingdom and the far-developed domestic understanding and acceptance of the organizational

category, indicate a well-established organizational environment – especially in comparison to the situation in other countries. Also, it can be assumed that in an advanced organizational environment, an actor’s development of agency is more easily observable. (2) On a practical note, in an advanced organizational environment the likelihood of finding an adequately sized ‘pool’ of potential interviewees increases.

Following the decision in favour of the British social enterprise environment, the European Commission’s (2015) country report on the United Kingdom was scanned for actors that are described as taking up a unique role by showcasing the drive to bring about some form of change. At this stage, the establishment and activity of the *Social Enterprise Mark (SEM)* is highlighted as the only “certification scheme and kitemark” for British social enterprises, operating as “an independent certification authority” (European Commission 2015b: 10). Considering the fact that the Social Enterprise Mark has not been externally imposed, but goes back to an initiative from within the organizational environment, SEM seemed to be a particularly promising case to examine from an Institutional Entrepreneurship theory perspective.

Accordingly, SEM has been identified as the case study that this thesis’ data collection and subsequent analysis focuses on.

Interview I: (Centre of the case study)	<b>Social Enterprise Mark</b>	(03.03.2017)
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Subsequently, additional British social enterprises were identified that are part of the organizational environment, which SEM seeks to influence through its accreditation scheme. This step is directly in line with Battilana et al.’s (2008: 20) argument that “empirical research [making use of Institutional Entrepreneurship theory] must encompass a larger number of actors to account for the strategic actions not only of actors promoting change, but also of the actors who support or oppose them”.

Considering the large number of social enterprises in the UK, comprehensive selection criteria were necessary to decide which ones to contact with an interview request. For this purpose, a combination of nonprobability and opportunity sampling has been

employed (Coffey & Atkinson 1996). This selection strategy comes with certain limitations (as discussed in Chapter 6), but is well in line with the exploratory character of this thesis and the uncharted territory it embarks upon: The decision was made to focus exclusively on social enterprises that have been successfully accredited by SEM. Having been subjected to SEM’s accreditation criteria (perfectly congruent with this thesis’ definition of social enterprises) accredited social enterprises constitute a pool of suitable interview partners without the need for further individual scrutiny.

Furthermore, all accredited social enterprises are sure to stand in some form of direct contact with SEM and form part of its immediate organizational environment. In the same vein, these social enterprises have made the deliberate choice to become accredited by SEM and are likely be able to provide an insight into their managerial rationale to do so.

In a first practical step, from the pool of around 350 currently accredited social enterprises, those located in the greater cosmopolitan area of London were located for convenience’s sake as they could be visited for in-person interviews within a reasonable time frame and by means of available resources.

40 social enterprises met these practical requirements. Further narrowing down the number of interviewees, the following selection criteria were employed – with the objective of achieving a highly diverse combination of interviewees within the frame conditions: (1) Operational activity in different domains, (2) a foundation at different points in time and (3) a different degree of organizational hybridity and/or different ‘sector origin’ (See Chapter 3.2.6). Chapter 4.4.3. lists interviewees’ data with regard to these selection criteria.

On this basis, 14 social enterprises were contacted. Four were able to schedule an interview in the available time frame and have been part of this thesis’ data selection.

Interview II:	<b>Hackney Co-Operative Development Centre</b>	(07.03.2017)
Interview III:	<b>Evenbreak</b>	(09.03.2017)
Interview IV:	<b>Manor House Development Trust</b>	(10.03.2017)
Interview V:	<b>Community Transport Waltham Forest</b>	(13.03.2017)

## 4.4 Data Collection

This chapter describes the practical process of data collection by means of semi-structured interviews. The objective is to provide high levels of transparency and comprehensibility regarding the circumstances under which interview data was collected to increase the subsequent analysis' plausibility (Greenbank 2003).

### 4.4.1 Practical Considerations

Once interview partners were identified, the practical part of the data collection process started by determining appropriate environments to conduct the interviews. Due to the Social Enterprise Mark's office location well outside the metropolitan area of London, this interview was conducted via telephone, whereas the interviews with accredited social enterprises were all conducted in person. In three out of four cases the social enterprise's regular office was chosen as an interview location. One interview partner (Evenbreak) preferred to schedule the interview in a public conference room. With the approval of the respective interviewee, all interviews were fully recorded and thereafter transcribed<sup>8</sup>. In part, because not all interviews could be conducted in person, but also, because topics of discussion were of a personal but rather a professional nature, the data collection has exclusively focused on interviewees answers. Additional aspects such as personal observations of body language, tone of voice or other nonverbal forms of communication have been disregarded during this data collection.

Interviewees were chosen to represent the respective social enterprise's strategic management leadership – whose decisions are of particular interest in the context of the Social Enterprise Mark accreditation. Against this background, interviewees were asked to speak in place of their organization as much as possible, as opposed to their personal opinions. As Bhattacharjee (2012: 9) points out, however, an entirely clear distinction is difficult to assure and the interview data should be considered to reflect some personal

<sup>8</sup> For reasons of brevity, full interview transcripts are not included in the thesis text, but are available upon request.

opinion. No employee should be expected to talk entirely unbiased concerning her or his organization. With this in mind, interviewees appeared well reflected and realistic about their organization's abilities, limitations and shortcomings.

The atmosphere throughout all interviews was of a friendly nature and interviewees were open to share insights into their management experiences and appeared generally well informed on and interested in the academic discourse on social enterprise related topics. Interviews were conducted until a 'point of saturation' was reached, at which little new information is shared by participants (Firmin 2008) – which is reflected by different interview lengths, ranging from around 60 to 120 minutes.

Regarding the sequence, the interview with a Social Enterprise Mark representative was deliberately scheduled as the first interview. This course of action was chosen to gain a more detailed understanding of the Social Enterprise Mark's establishment and accreditation process to inform the interview guideline for the following interviews where relevant.

At the onset of each interview the interviewer's background was briefly outlined, as well as the general topic and motivation for the research. Moreover, this introduction served as an opportunity to clarify and address any confusion or concerns interviewees might have had (Coffey & Atkinson 1996).

#### 4.4.2 Interview Techniques

The overarching ambition throughout the interview was to influence interviewees' answers as little as possible – beyond the deliberate (re-)focusing on research specific topics by following the interview guide (See Annex 1). For this reason, sentences were not finished by the interviewer, as commonly happening in regular conversation. Nonetheless, in line with common methodological standards (Bryman & Bell 2007), certain probing techniques were employed at times when an interviewee's answer was rather cursory and an elaboration seemed desirable.

Such techniques would include the usage of (1) silent probing; essentially constituting a deliberate pause by the interviewer before proceeding to the next question, (2) overt

encouragement; which are verbal or nonverbal signs of high interest in a particular topic, while remaining neutral and without valuing previous statements, (3) openly asking for the elaboration on a certain matter and (4) the reflection on a previous answer that might encourage the divulging of additional information.

### 4.4.3 Basic Information of Interview Partners

The following section provides brief descriptions of the five interview partners consulted during the data collection. These ‘interviewee profiles’ include information regarding the final selection criteria as mentioned above: (1) Opening date, (2) key areas of commercial trading and social value creation and (3) estimated degree of organizational hybridity and organizational sector of origin.

<b>Interview I:</b>	<b>Social Enterprise Mark (SEM)</b>
Opening date:	2012 (in its current form) / 2003 (when including predecessor)
Number of employees:	6
Key activities of trading:	Accreditation service provision for social enterprises
Key activities of social value creation:	Safeguarding social enterprises’ mission balance and promoting a strong focus on social value creation
Degree of hybridity:	Embedded (e.g. paid staff and partially publically funded)
Sector of origin:	Third sector (initiated by other third sector organizations)
Interviewee partner’s position:	Assessment and Accreditation Manager
Interview duration:	03.03.2017 / 102 Minutes
Website:	<a href="https://www.socialenterprisemark.org.uk">https://www.socialenterprisemark.org.uk</a>
Logo:	

<b>Interview II:</b>	<b>Hackney Co-Operative Development Centre (HCD)</b>
Opening date:	1982
Number of employees:	6
Key activities of trading:	Property management and development
Key activities of social value creation:	Business support and courses for local entrepreneurs and job qualification courses
Degree of hybridity:	Shallow (e.g. few paid staff)
Sector of origin:	Third sector (initiated by other third sector organizations)
Interviewee partner's position:	Social Enterprise Development Manager
Interview duration:	07.03.2017 / 118 Minutes
Website:	<a href="http://www.hced.co.uk/home/">http://www.hced.co.uk/home /</a>
Logo:	

<b>Interview III:</b>	<b>Evenbreak (EB)</b>
Opening date:	2011
Number of employees:	2 Full-time / 5 Part-time
Key activities of trading:	Support for job seekers with disabilities / Sensitization course for potential employers
Key activities of social value creation:	Business support and courses for local entrepreneurs and job qualification courses
Degree of hybridity:	Shallow (e.g. paid staff, but privately funded)
Sector of origin:	Private sector (Founded as a private sector company)
Interviewee partner's position:	Founder and General Manager
Interview duration:	07.03.2017 / 72 Minutes
Website:	<a href="http://www.evenbreak.co.uk">http://www.evenbreak.co.uk</a>
Logo:	

<b>Interview IV:</b>	<b>Manor House Development Trust (MHDT)</b>
Opening date:	2007
Number of employees:	8 Full-time / Varying number of volunteers
Key activities of trading:	Property Management and business consultancy
Key activities of social value creation:	Community development
Degree of hybridity:	Embedded (e.g. paid staff and partially publicly funded as well as member and commercially funded)
Sector of origin:	Private sector (State-initiated as part of a major housing construction scheme)
Interviewee partner's position:	Chief Executive Officer
Interview duration:	10.03.2017 / 98 Minutes
Website:	<a href="http://www.mhdt.org.uk">www.mhdt.org.uk</a>
Logo:	

<b>Interview V:</b>	<b>Community Transport Waltham Forest (CTWF)</b>
Opening date:	1997
Number of employees:	5 Full-time / Varying number of part-time
Key activities of trading:	Community transport service / transport license training
Key activities of social value creation:	Excursion for residents of elderly homes and people with disablements
Degree of hybridity:	Shallow (e.g. only paid staff and commercially funded)
Sector of origin:	Private sector (Evolved form a

	private transport company)
Interviewee partner's position:	Business Development Manager
Interview duration:	13.03.2017 / 54 Minutes
Website:	<a href="http://communitytransportwf.co.uk">http://communitytransportwf.co.uk</a>
Logo:	

## 4.5 Data Analysis and Interpretation

This section summarizes the methodological steps which served to process the collected interview data. Chapter 5 then provides the resulting analysis and discussion.

The first step is the full transcription of the interviews, as the following steps rely on the availability of text rather than the audio files that have been recorded during the actual interview sessions. The transcription process was quite straightforward; writing down the full conversation from the audio file, as accurately as possible. At times, short sections have been skipped, in the few cases the content was not at all connected to the topic at hand.

The second step was the formulation and application of codes to the transcribed interview data. Coding refers to the organizing and structuring of collected data (Coffey & Atkinson 1996; Gibbs 2007). Preliminary interview summaries and synthesis of key messages were formulated to gain an initial overview of the interview data. The actual coding included a combination of 'pre-set' and 'emergent codes' (Taylor & Bogdan 1998). The process started with a pre-formulated list of words that were highlighted within the interview transcripts. Pre-set codes directly reflect the research questions and are informed by the theoretical framework. A second part of this step was the scanning for emergent codes. These are reoccurring statements throughout one or more of the

interviews and appear to have a connection to the research question. In the case of pre-set and emergent codes, guiding questions while reading were; ‘What is this saying and what could it represent?’, ‘What is the underlying message that might be conveyed with this statement?’ (Lofland & Lofland 1995). The following analysis chapter features both kinds of codes as ‘conceptual categories’ that structure the analysis and discussion.

In a third step, the coding results from the five interview transcripts were sorted into text files (Gibbs 2007; Taylor & Bogdan 1998). Text files that thematise similar topics – possibly conveying similar positions or contrary ones – were grouped together and served as the basis for further discussion of the topic at hand.

## 5 Analysis and Discussion

This chapter presents the analysis of collected interview data, which constitutes the final result of the working steps presented by the previous section. The objective is to discuss findings regarding this thesis' research questions as well as closely related aspects. The first focus is placed on how the Social Enterprise Mark's (SEM) accreditation scheme is described by SEM and already accredited social enterprises and how it can be understood from the perspective of Institutional Entrepreneurship theory. The second focus lies on the strategies and resources that SEM has employed to promote its accreditation scheme as institutional change and which effect social enterprises' organizational hybridity has had throughout this progress.

Interview data is approached systematically, referring back to the analytical approach derived from this thesis' theoretical framework (Firmin 2008). A number of conceptual categories have been developed deductively, served as codes and eventually 'lenses' through which interviewees' responses have been grouped and processed.

Specially, such a thematic analysis constitutes the "process of categorizing qualitative textual data into clusters of similar entities, or conceptual categories to identify consistent patterns and relationships between variables or themes" (Julien 2008: 120). To a lesser extent, the categories have been shaped inductively too, as additional nuances became apparent during the transcription and processing of interview data (Sachweh 2011). This analytical approach is in line with the theory-based nature of this thesis: In contrast to less theory-guided, inductive approaches to qualitative analysis, in the context of this thesis – and especially in conducting the analysis – the theoretical framework plays a "pervasive role that affects all aspects of the research process" (Ayres 2008: 868).

Three sections that discuss the respective conceptual categories structure the analysis: (1) Conditions of the organizational field, (2) SEM's resources and strategies to develop agency and (3) the effect of organizational hybridity. The individual conceptual categories are the following:

- (a) Stage of development of organizational fields
- (b) Actors' receptiveness to structural change
- (c) Social position of actors promoting change
- (d) Organizational characteristics of actors promoting change
  
- (e) Strategies and resources of actors promoting change
- (f) Institutional arrangement
  
- (g) Effect of organizational hybridity

Due to the interpretative and explorative research design at the basis of this analysis, findings are limited to the specific context of SEM and the accredited social enterprise that are part of the data collection. To the extent that interview data allows for it, the attempt is made to abstract from SEM's specific case and develop assumptions that might apply in the contexts of other cases. Generally, findings should be considered as points of departure for future research, potentially exploring similar research questions in different settings or testing individual aspects by means of a quantitative research design.

## 5.1 Conditions of the British Social Enterprise Landscape

Considering the underlying conditions of the organizational field within which SEM's has sought to promote its accreditation scheme, three key aspects can be derived from

the interview data: (1) The British social enterprise landscape as a nascent organizational field with a considerable dynamic of institutionalization; signalled in part by (2) social enterprises' call for identity-founding forms of accreditation, (3) answered by SEM's establishment process characterized by limited levels of actor-involvement.

### 5.1.1 A Nascent Organization Field

Before considering the interview data, it is worth pointing out that the British social enterprise landscape has been described as at a nascent stage, but with considerable dynamic towards a higher degree of institutionalization (European Commission 2015b).

As the following interview data shows, interviewees – if only indirectly – confirm this finding. Mainly in response to questions 1 and 2; interviewees describe their organizational environment as its own distinct category, within which actors are aware of their organizational category as social enterprises. Question 3 – asking about social enterprises' motivation to set themselves apart - has the interviewees reflect on the forming of a common identity within their organizational environment. One interviewee highlights this development, by contrasting the deliberate choice that people nowadays make in favour of the social enterprise model with the non-existence of social enterprises before:

*“Today [founding a social enterprise] seems a choice, while I rather fell upon it by accident. Now, people consider: ‘Do I want my business to be a business or a social enterprise?’ And that’s not really a conversation people would have had a couple of years ago. (...) Also, nowadays some companies would set the target to spend a certain amount of money with social enterprises, and that would certainly not have been the case before, so that’s quite new. It has definitely becoming a thing.” (EB: 11)*

The recent development of the social enterprise landscape – especially through a sector shift of previously public organizations – is further emphasized by statements such as:

*“With the dismantling of the social state in [the United Kingdom], we see more and more aspects of social services being delivered by private businesses in effect, many of which may have been the department of local governments before, which have been separated and recently set up as social enterprises.” (SEM: 9)*

Even though other interviewees do not explicitly refer to their perception of the British social enterprise landscape, they do mention an increased awareness of the social enterprise model and acceptance by organizations from other sectors. Placing this interview data within the context of Institutional Entrepreneurship theory, the British social enterprise landscape can be understood as an organizational environment with a relatively high level of heterogeneity, coupled with a still unclear institutional order. Both aspects are generally considered conducive to actors’ ability to develop agency and promote change (Battilana et al. 2009; Oliver 1992). This finding can further be theorized by Dorado’s (2005) typology of an “opportunity hazy” organizational environment. It is characterized by low levels of institutionalization, a relatively heterogeneous composition of organizations and high interaction with other organizational fields. The empirical findings overlap with the theoretical assumption that in such an organizational environment, actors can quite easily instigate change, but find it difficult to widely implement it. This is due to the unpredictability that actors experience and that causes scepticism to actively supporting structural change with an unclear outcome.

### 5.1.2 A Call for a Common Identity

SEM’s establishment of its accreditation scheme and the change it seeks to promote needs to be considered within the context of the nascent organizational environment it is a part of. Questions 3, 4 and 5 touch upon social enterprises’ motivation to clearly distinguish themselves, the drafting process of adequate accreditation criteria and the important issue of legitimacy in this regard.

The interviewee representing SEM emphasizes repeatedly that SEM was founded ‘from within’ the organizational environment as the result of increasing demands for a form of accreditation:

*“[Our coming into existence] was driven by the social enterprise sector in the UK. There was this general recognition of a lack of a strict legal definition or structure for social enterprises. The government had provided a definition (...) of a company which serves primarily social objectives that uses the profits it generates to support those social objectives. But lots of organizations out there were calling themselves social enterprise that didn’t even meet such broad criteria. So, the sector felt that some more distinct recognition was needed for genuine social enterprises. So, essentially the Social Enterprise Mark is about meeting that demand.”*  
(SEM: 1-2)

The advocacy for a form of accreditation from *within* the organizational environment of social enterprises is supported by another interviewee’s statement:

*“I do support [the call for a social enterprise accreditation], yes. Because there is big section of organizations – especially within the private sector – masquerading as social enterprises.”* (HCD: 19)

These answers – and the very fact of SEM’s accreditation scheme being implemented – are indicators for the demand of some form of accreditation, in an organizational environment that has started to form a common identity, but had little concrete guidelines to go by. In 2004 the British government introduced a symbolic ‘status’ for social enterprises. However, the low requirements to receive this status, are likely to have blurred the understanding of what constitutes ‘genuine’ social enterprises. In doing so, it might have further catalysed the development of a stricter accreditation scheme as social enterprises with a pronounced social focus wanted to visibly set themselves apart.

### 5.1.3 Limited Levels of Actor-Involvement

Interviewees' responses to question 4 – concerning details of the drafting process of SEM's accreditation criteria – highlight a different perception regarding the degree of involvement and the effect this has had on the accreditation scheme's legitimacy. It appears somewhat contested to which extent self-identified social enterprises, other institutions and scholars have been included in the drafting of accreditation criteria:

*“The criteria were developed by consulting social enterprises up and down the country, other support agencies, and people with an interest in social enterprises and they came up with the criteria. And then the company was formed to actually provide the accreditation services.”*

(SEM: 2)

This perception of SEM's accreditation scheme as the product of input from an adequate representation of its organizational environment is underlined by the statement that:

*“[The foundation process] was a wide consultation that involves social enterprises of all shapes and sizes (...) and included numerous real businesses to ask them what they felt the [Social Enterprise Mark] should look like ultimately.”* (SEM: 3)

Other interviewees, however, have perceived (their) representation throughout the drafting process quite differently: The interviewee from Hackney Co-Operative Development Centre expressed a rather critical view when asked how he views the lead up to the accreditation:

*“I do think it [the accreditation scheme] should be determined within the social enterprise community. But in case of the Social Enterprise Mark, it was small group that got together and established it [in their area first] and then decided (...) to open it up. (...) Now they are already a little more successful, but it's not really driven by the wider community.”* (HCD: 20)

The answers from other interviewees in this regard are less critical in respect to the actual level of participation, but also far from voicing a sentiment of involvement. Their responses to question 4 of the interview guide range from relative indifference; *“To be honest, I can’t remember too much about [the criteria]”* (EB: 10) to something that can be described as unenthusiastic support: *“I suppose [the criteria] are about right.”* (MHDT: 7)

Regarding the extent of involvement throughout the drafting of the accreditation criteria, it is difficult to estimate how much of a hurdle a lack of inclusion may have presented. A critical perception of the process by a part of the organizational environment – as exemplified by the statements above - is likely to have constituted some hindrance to SEM’s promotion of change.

## 9.2 The Process of Institutional Entrepreneurship

Considering the overall process of SEM’s promotion of their accreditation scheme, certain aspects can be distinguished: (1) specific organizational characteristics, (2) employed strategies and resources and (3) the development of institutional arrangements.

### 9.2.1 Organizational characteristics

The interview data highlights that one of the most important organisational characteristic that has – positively – influenced SEM’s development of agency is a high degree of legitimacy within their organizational environment: Strict accreditation criteria coupled with a transparent and comprehensible accreditation process have provided SEM with considerable legitimacy as the following discussion reflects. The Manor House Development Trust’s interviewee, for instance, states:

*“The Social Enterprise Mark is very good, because I don’t have to argue with anybody that we are a social enterprise – I am accredited after all.”*

*There are things you can apply for and people ask; 'Are you a social enterprise?' And there is no question in our case; we have gotten the [Social Enterprise Mark accreditation] after all. So the [Social Enterprise Mark's] legitimacy is transferred to our social enterprise." (MHDT: 6)*

The importance of legitimacy seems to have similarly been recognized by SEM. Accordingly, SEM never aimed at becoming an accreditation for the large majority of – self-declared – social enterprises. Instead, SEM seeks to become established as an accreditation ‘of excellence’ which enables social enterprises with an especially pronounced social focus to stand out.

*“We have realized, we’re not going to win the numbers game. And (...) we learned from accredited social enterprises (...) is that what they value is the credibility the [Social Enterprise Mark] brings to them.” (SEM: 7)*

In the same vein, SEM wants to strengthen their current level of credibility and on create a benchmark for ‘genuine’ social enterprises to shape the term’s understanding at a general level:

*“We see ourselves rather as a leading authority in what credible social enterprises should look like and provide a standard, for people to work with in order to get better and be able to show; ‘We’ve achieved this and it means something, to us as an organization and hopefully to our customers’.” (SEM: 7)*

At a theoretical level, legitimacy as the central characteristic that SEM is associated with and consciously strives for can be understood as the successful ambition to (1) “abstract from the concerns of others and take an autonomous reflexive stance” (Battilana et al. 2009: 10) and to (2) “finding and maintaining a collective identity of set of social groups and the effort to shape and meet the interests of those groups” (Fligstein 1997: 398).

#### 5.1.4 Strategies and Resources

The actual process of SEM's promotion of its accreditation scheme can be understood as a set of strategies that are employed and resources that have been invested to pursue these strategies.

Institutional Entrepreneurship theory suggests the distinction between two kinds of discursive frames can be made; (1) one of which accentuates the criticism of existing institutional norms, whereas the second (2) centres on a positive depiction of the intended change (Greenwood et al. 2002; Maguire et al. 2004).

Interviewees' responses to question 6 indicate SEM's usage of the latter discursive frame; emphasizing the advantage their accreditation scheme will bring to the organizational environment. There is no explicit critique of the lack of strict accreditation schemes. Instead, SEM's accreditation scheme had been promoted as a valuable addition to the organizational environment:

*“What we see ourselves as a company is as enablers. Through enabling social enterprise we're helping them to achieve their social purposes. So that's how we recognize our social purpose manifesting itself.”* (SEM: 5)

This focus on a positive discursive frame ties into Institutional Entrepreneurship theory's assumption that within nascent organizational environments, actors seeking to promote change tend to “exploit the fascination with novel practices” and to establish benchmarks where none had existed before (Zimmermann & Zeitz 2002: 17). Moreover, the communication of benefits the accreditation brings has mainly been directed at social enterprises directly, as opposed to governmental decision makers. While SEM does understand itself as a representative of the social enterprises it accredits, it engages in little explicit lobbying:

*“I do suppose to some degree we are lobbying, (...) so we do see ourselves as having a role there, but we don't regard it as our primary one.”*  
(SEM: 7)

Considering the kind of resources used by actors – such as SEM – Institutional Entrepreneurship theory makes the distinction between tangible and intangible resources (Battilana et al. 2009): Tangible resources – mainly referring to financial resources – are considered of major importance during the early stages of an actor developing agency. This is in part to deal with forms of ‘punishments’ such actors oftentimes face, as challengers of the status quo (Greenwood 2002).

The interview data, however, suggests that SEM has faced little active opposition or forms of financial punishment, allowing it to operate with limited tangible resources.

*“I wouldn’t say we got a lot [of criticism]. I mean, it crops up yes, but I’ve not noticed it a lot.” (SEM: 12)*

The most explicit opposition came from founders of organizations, that wanted to be perceived as social enterprises, but did not meet the accreditation criteria of SEM’s newly introduced scheme:

*“I received calls from what I would call social entrepreneurs (...) about the accreditation criteria, saying they weren’t fair and saying we should get rid of them; saying we were actually preventing more social business from setting up by not relaxing them, which I don’t agree with. You can still form a social business if you want to, without our accreditation. We’re there to recognize a very distinct type of social business, which we call social enterprise.” (SEM: 13).*

A possibly explanation for the limited pushback that SEM has received is the nascent stage at which the organizational environment still is: No alternative accreditation schemes or otherwise powerful coalitions had formed yet, to actively undermine SEM’s initiative to promote change. Instead the most common form of – subtle – criticism would have been to ignore and forego the newly established accreditation.

Against this backdrop, the use of intangible resources – referring to the usage of cultural and symbolic messages and methods – is likely to have played a much greater role for SEM. Whereas SEM has no formal or legislative authority, its most valuable

intangible resources seems to have been the provision of external control as well as validation:

*“[Accredited social enterprises] recognize the accreditation actually as useful, to help them review what they’re doing and to keep them honest, if you like, and they take pride in the identity as well (...) helping them define who they are and making sure that by examining themselves against the criteria they continue to perform well.” (SEM: 2)*

This notion is reflected by other interviewees, who consider the accreditation more than a mere means to an end, but arguably a subtle form of consultancy:

*“[Beyond the effect towards stakeholders], I quite like the fact that we are externally reviewed and it’s not just us that go; look we are a social enterprise. I do think there is great merit in that.” (EB: 10)*

In essence, regarding the specific strategies and resources used by SEM, a key finding is the employment of a positive discursive framework, well suited to the nascent organizational field. The lack of substantial opposition reduced the immediate need for tangible resources. Meanwhile, SEM has likely benefitted from its external authority and its ability to provide social enterprises with a source of pride and validation.

### 5.1.5 Developing Institutional Arrangements

Beyond the underlying conditions effecting SEM’s promotion of change and the strategies and resources it made use of, another important aspect is the design of institutional arrangements. These refer to types of ‘anchors’ that safeguard newly introduced changes and establish these on the long run within an organizational environment (Wijen & Ansari 2007; Battilana et al. 2009). In this context, Institutional Entrepreneurship theory distinguishes between two types of arrangements; regulative carriers and normative carriers (Wijen & Ansari 2007). The former comprises mainly legislative amendment and thus a change to the organizational environment’s legal

structure (Maguire & Harry 2006). In contrast, normative carriers refer to less tangible measures. These aim to restructure and professionalize the organizational environment by non-legal means.

In the context of SEM, the latter approach is quite clearly distinguishable. Beyond minor lobbying efforts as discussed before, it lies well outside SEM's power – or ambition – to have their accreditation criteria become reflected by law.

What responses to question 7 show instead, is that the SEM employed normative carriers. For instance, the mentioning of introducing a second – more elaborate – accreditation standard can be considered an attempt to broaden the 'range of accreditation':

*“We've been talking about [the introduction of an additional accreditation standard] for quite some time now and have been looking more closely at how that could work in practice.” (SEM: 10)*

Such an extension of the available accreditation standards is arguably intended to more fundamentally establish the notion of social enterprise accreditation and on the long run convert it into a widely acknowledged aspect of the British social enterprise landscape. With the objective of further structuring and institutionalizing its organisational environment, SEM has already begun to adjust its accreditation, making it more rigorous and thorough:

*“What has changed quite fundamentally is how we assess [accreditation applicants]. In the early days, it was quite a light-touch assessment in comparison to what we do now. (...) So that has changed and we'll continue, as we move forward, to make it more robust, possibly stricter, to become more of a standard by which people show that they are meeting standards in practice.”(SEM: 3-4)*

Another notion which ties into the attempt to cement its accreditation as an integral part of its organizational environment, is the introduction of a regular re-accreditation cycle, which has been modified recently:

*“To maintain their accreditation [accreditation holders] have to renew their application regularly. (...) We have been reviewing peoples’ eligibility on an annual basis but we just have changed the process and we’re going to what we call a ‘full review’ every three years, which will be slightly more intensive and just do certain core checks, to make sure things are okay.” (SEM: 1)*

The institutionalizing effect that has already been achieved is well exemplified by the following interviewee statement, explaining the imperative that is created by accreditation and especially the system of regular re-accreditation:

*“It’s one of those things; once you’ve gotten [the accreditation], you’ve got to keep it. Because otherwise external stakeholders might think; ‘Why don’t you have it now; have you lost it and done something wrong which meant you couldn’t get accredited anymore?’” (EB: 10)*

Regarding its effort to sustain the change it has implemented, interview data shows that SEM has placed its strategic focus on normative carriers; namely the broadening of its accreditation range and a system of regular re-accreditation. Both are likely to contribute to the further professionalization of the organizational environment by securing a central role for SEM.

## 5.2 The Influence of Organizational Hybridity

SEM’s accreditation scheme constitutes a special case due the organizational hybridity of the social enterprise landscape it is operating in (as introduced in Chapter 3.2). Interviewee’s responses to Question 8 allow for a discussion of organizational hybridity’s effect on SEM’s promotion of their accreditation scheme.

All interviewed social enterprises have consciously made the decision to become accredited by SEM and appear generally satisfied. Nonetheless, they interestingly highlight that the accreditation’s positive effect is almost exclusively limited to external stakeholders. For instance, the Hackney Co-Operation Development Centre interviewee

points out the accreditation's legitimizing effect when dealing with non-local public institutions and major banks – such as UBS in their case:

*“The [Social Enterprise Mark] accreditation helps to buy in certain types of stakeholders – the council for instance (...) and perhaps with banks.”*  
(HCD: 13)

The aspect of the accreditation being of importance to external stakeholders – operating relatively far removed from the social enterprise's day-to-day activity is further underlined by a the statement that:

*“The [Social Enterprise Mark] accreditation would be important [towards] organizations, such as external funders, council members, UBS and the wider social enterprise sector, who believe in it. Because we're quite a well-known social enterprise, also internationally, it would look strange to some external partners, if we didn't have the [Social Enterprise Mark] accreditation”* (HCD: 15)

Other interviewees mirror this perception of the accreditation's specific use, such as the interviewee from Evenbreak, who responds to Question 8 that:

*“The motivation was that I assume that some of the employers [constituting one part of the job platform designed for people with disablements] like the fact that we are a social enterprise and not a for-profit company. And the accreditation serves this purpose well.”* (EB: 8)

The Community Transport Waltham Forest interviewee similarly describes the accreditation as a way of gaining credibility towards organizations from outside the immediate sphere of activity:

*“We got the [Social Enterprise Mark] accreditation to be able to show external bodies; We're legit we're not just talking the talk.”* (CTWF: 6)

The interviewee from the Hackney Co-Operation Development Centre provides the most accurate explanation for this ‘targeted showcasing of the accreditation’; by highlighting the lack of insight external stakeholders have into the daily operations of social enterprises:

*“Because [external stakeholders] only see a little bit from a distance and they know the Social Enterprise Mark, they might end up wondering; ‘Why doesn’t Hackney Co-Operation Development Centre have it? So not having it would be incoherent for the way we need to project our enterprise.’” (HCD: 15)*

Meanwhile, interview data provides a clear indication towards which stakeholder group the accreditation plays hardly any role –in contrast to its function of satisfying external stakeholders:

*“We don’t need to project our ‘social enterpriseness’ to the client we work with directly – so not to the tenants, nor to the community or any other local social enterprise. (...) It’s stakeholders outside of the social enterprise sector, which are reassured by [the Social Enterprise Mark] accreditation. That’s whom we do it for – we are reassuring external stakeholders. I don’t think it’s very important within the social enterprise sector.” (HCD: 16)*

Tying into the same vein, the Evenbreak interviewee makes the distinction between large-scale employers – who are likely to value the accreditation– and individual job seekers, who care much more about the staff composition within the social enterprise than about an accreditation:

*“I don’t think the [job seeker stakeholders] care very much about [the accreditation] as long as we can get them a job. They care more about the fact that our staff is made up of people with disablements. That seems to really resonate with them.” (EB: 9)*

In essence, social enterprises consider the accreditation as generally helpful when dealing with external stakeholders that operate far removed from their organizational environment. Accordingly, dealings with banks (private sector) as well as high-level governmental institutions (public sector) are facilitated by the accreditation. During social enterprises' interaction with partners from the immediate community or local beneficiaries, however, the accreditation hardly plays any role.

On this basis, it can be hypothesized, that the organizational hybridity that characterized social enterprises and their organizational environment has had a decelerating effect on SEM's attempt at introducing their accreditation scheme: Beyond a general 'boost' of legitimacy through SEM's accreditation, interview data indicates that it only makes a tangible difference for social enterprises when dealing with external stakeholders – from the private sector and in part from the public sector. Social enterprises' organizational hybridity, however, entails the dealing with stakeholders from multiple sectors. And stakeholders from the third sector – oftentimes community based – are hardly impressed by social enterprise accreditation by SEM, as this is largely irrelevant to them. Arguably, the accreditation is therefore primarily sought after by social enterprises with a relatively high number of external stakeholders. In contrast, for social enterprises, whose stakeholders are mainly located within the third sector, SEM's accreditation remains irrelevant. In essence, social enterprises' organizational hybridity and the multisectoral stakeholder composition it entails, does not appear to prevent SEM's introduction of its accreditation scheme, but decelerates its establishment.

## 5.3 Key Findings

This chapter has engaged in a thematic analysis that applies pre-set and emergent codes to the interview data, both informed by this thesis' Institutional Entrepreneurship theory perspective. A number of tentative findings regarding SEM's specific case are developed, as well as more broadly applicable tentative findings concerning the effect of organizational hybridity on an actor's attempt at instigating institutional change.

*Finding I:* The conditions of the British social enterprise landscape as a distinct organizational environment have generally been conducive to SEM's attempt of promoting change. The combination of a low degree of institutionalization, high heterogeneity and explicit call for identity-establishing measures throughout the organizational environment aided SEM's initiative. The favourable timing of its establishment was of high importance and a similar only a couple of years later might have proven considerably more difficult and would have faced more opposition.

*Finding II:* The level of inclusion throughout the drafting process of SEM's accreditation criteria has effected the reception of the promoted change throughout the organizational environment. A discrepancy exists between SEM's perceptions of a highly inclusive and transparent drafting process and other social enterprises' experience of limited to no involvement. This somewhat conflicting narrative tends to weaken SEM's position within the organizational environment.

*Finding III:* The key organizational characteristic that SEM could benefit from is its high level of legitimacy. It confirms SEM as an institution as much as it lends credibility and worth to the accreditation SEM provides.

*Finding IV:* In part due to the nascent stage of the British social enterprise landscape as an organizational environment, SEM has employed a positive discursive framework – highlighting the advantages of the change it offers – in combination with non-tangible resources – mainly in form of informal and symbolic authority.

*Finding V:* In the attempt to anchor the change it seeks to promote more firmly within the organizational environment, SEM has been pursuing the broadening of its accreditation range as well as the requirement of a regular re-accreditation with success.

*Finding VI:* The social enterprise landscape's characteristic organizational hybridity has not directly affected the organizational environment's conditions. Instead, it has had a decelerating effect on the process of promoting SEM's accreditation scheme. Based on hybrid organizations' adaptation of cross-sectors principles and multi-sector stakeholder groups, the accreditation scheme is perceived differently among them and only played a considerable role with regard to external stakeholders. This structural characteristic of hybrid organizations – prominently including social enterprise – is likely to influence other cases similarly and complicate attempts to promote any form of structural change in such organizational environments.

## 6 Critical Reflections

Despite efforts to design this research in a fashion that allows for a précis and satisfactory engagement with the research focus, certain limitations remain. These are in part due to the thesis' overarching ontology, epistemology and choice of methodology. Other limitations are due to financial and temporal restraints in the context of this thesis.

### 6.1 Design

As any research design, case research comes with certain “inherent weaknesses” (Bhattacharjee 2012: 93), which should find mentioning at this stage: As with most related research designs no experimental control is included, which leads to low levels of internal validity.

Due to the interpretive research design, the quality of inferences depends on the researcher's “integrative powers” (Ibid: 93). Consequently, research results can – with certain justification be criticised as subjective and little replicable.

Limited generalizability is furthermore a result of the quest of producing highly contextualized descriptions to serve theory building. It would need more extensive empirical research in this vein and eventually some form of deductive research design to draw credible generalizable conclusions.

### 6.2 Methodology

Some limitations are due to methodological decisions. The first concerns the selection of interview partners: While the Social Enterprise Mark has been deliberately chosen due to its prominent and unique position within the advanced British social enterprise

landscape (European Commission 2015b), the other interview partners have to some extent been chosen based on reasons of convenience. In essence, the decision to focus on the British social enterprise landscape, the Social Enterprise Mark and successfully accredited social enterprises for the collection of interview data was directly in line with the research focus. In contrast, the ultimate ‘layer of selection’ of social enterprises within the metropolitan area of London was less methodologically justified, but based on logistical requirements.

### 6.3 Analytical Approach

A less technical aspect of criticism this thesis could face is the adaptation of Institutional Entrepreneurship theory’s consideration of actors’ agency within organizational environments. The impossibility to definitely resolve the paradox of embedded agency has been acknowledged by both sides of the theoretic spectrum. Nonetheless, the critical argument might be made that this thesis’ theoretical lens underestimates the institutional pressure on actor’s behaviour (Cooper et al. 2008). In a similar vein, Institutional Entrepreneurship theory has faced criticism of “unskillfully reintroducing agency to institutional change” (Delmestri 2006: 1536) and not providing an adequate “viable endogenous explanation” of institutional change within the realm of Institutional Theory (Meyer 2006: 732). This critique is relevant, but arguably constitutes less of a limitation to this thesis’, but a reminder of the overarching theoretical debate regarding the role of agency in organizations’ behaviour.

## 7 Summary

Social enterprises are shaping up to become a player of major importance within the area of welfare management and service provision. Moreover, they showcase a novel organizational model that promises to merge the dynamic and professionalism of private sector companies with the social objectives, commonly associated with public or third sector organizations. With this in mind, social enterprises constitute a fascinating research subject for political, sociological and economic scholars alike and are highly relevant to the work of welfare policymaking and management.

Specifically, this thesis has set out to explore a particular aspect surrounding the formation of social enterprise landscapes: The possibility of institutional change occurring ‘from within’ the organizational environment, instigated by individual social enterprises – in contrast to imposed laws, guidelines or other forms of involvement from external actors.

Drawing on Institutional Entrepreneurship Theory, social enterprise landscapes are understood as institutional structures. These structures shape the behaviour of organizations within them. Under certain circumstances, however, organizations can also shape the institutional structure they are in, once they develop sufficient agency to instigate change. On this basis, the particular case of the British Social Enterprise Mark (SEM) is examined. Its attempt to establish an accreditation scheme for social enterprises lies at the centre of this thesis’ inquiry. In addition, to capture the defining characteristic of social enterprises, this thesis carves out organizational hybridity.

The thesis initially explores the kind of conditions that are likely to have influenced – positively or negatively – the Social Enterprise Mark’s promotion of a new accreditation scheme. Next, a set of strategies and resources are highlighted that SEM has been employing in this context. The second research focus addresses the question how social enterprises’ organizational hybridity is likely to have influenced SEM’s promotion of its accreditation scheme.

A qualitative research design has been employed for the purpose of this thesis. In a first step, the case-centred approach has identified the well-developed British social enterprise landscape as a suitable point of entry. In its context, a recently founded accreditation agency for social enterprises – the Social Enterprise Mark – has been determined as a promising empirical case of an organisation’s attempt at developing the agency to promote institutional change: The attempt to introduce strict and tangible criteria for what ought to be perceived as ‘genuine’ social enterprises, to set these apart from other organizations that claim the same title, but either lack the necessary social objectives or commercial activity.

In line with Institutional Entrepreneurship theory, SEM is examined as an actor, who has developed the necessary agency to instigate change to its surrounding organizational environment. To capture part of this organizational environment empirically, four social enterprises that have chosen to become accredited by SEM have been included into the data collection. Semi-structured interviews were chosen as the method of data collection.

The resulting interview data has been subjected to a thematic analysis, based on conceptual categories that have been derived deductively from the thesis’ theoretical framework. Spanning over three general topics, these categories comprise: the (1) stage of development of organizational fields, (2) actors’ receptiveness to SEM’s accreditation scheme, (3) the social position of SEM, (4) organizational characteristics of SEM (5) the strategies and resources used by SEM (6) institutional arrangements and (7) the effect of organizational hybridity in the case of SEM.

The application of these conceptual categories to interview data has produced a number of case-centred findings: SEM’s agency has likely benefited from the nascent state of development that the British social enterprise landscape still finds itself in. While an institutional structure has become discernable, the restraint it exercises on actors remains relatively low. SEM has received little explicit critique and other actors have generally received its introduction of stricter accreditation criteria for ‘genuine’ social enterprises favourably. This ties into the finding of an apparent demand of identity-

fostering initiatives throughout the young British social enterprise landscape, which has most likely constituted a conducive condition for SEM's agenda.

SEM's social position within its institutional structure has been significantly determined by its process of establishment and similarly other actors' involvement through the drafting of the accreditation criteria. Some discrepancy seems to exist between SEM's own reflection in this regard and the perception throughout the organizational environment. On the basis of the interview data, it has been difficult, however, to determine whether this condition has rather had a positive or negative effect on SEM's activity.

Considering the key resource that SEM could build its efforts on, interview data quite clearly indicates, that its high levels of legitimacy have been most significant. SEM's legitimacy arguably constituted the very basis of the positive discursive framework it employed.

Possibly due to its relatively short existence, SEM has not visibly engaged in extensive attempts at establishing institutional arrangement to root its accreditation scheme more deeply within the institutional structure. However, the broadening of its accreditation scheme as well as the introduction of regular re-accreditations can be considered a step into this direction. Interestingly, some of the interviewees' responses indirectly reflect upon this aspect, which can be understood as a tentative sign of success.

Lastly, social enterprises' organizational hybridity has been found to have a decelerating effect in the context of SEM's accreditation scheme. Referring to the construct of Organizational Hybridity, this effect can be traced back to the cross-sector stakeholder composition that social enterprises have to account for. Despite their decision in favour of an accreditation by SEM, interviewees have highlighted certain reservation: This was based on their experience that the accreditation is of good use to them when dealing with private or public sector stakeholders, but largely irrelevant throughout the interaction with third sector stakeholders. This might to some extent be similar in the case of non-hybrid organisations. But social enterprises' organizational hybridity is likely to widen the 'stakeholder range' across more than one sector. This in turn exacerbates differences among stakeholders regarding their receptiveness towards

the accreditation – and possibly other aspects of management, which have not been the subject of this thesis, but could constitute the focus of further research.

Other questions that emerge from this thesis and could serve as points of departure for upcoming research, relate to the effects of organizational hybridity on external attempts at shaping social enterprises' development. Additionally, it would be interesting to apply the conceptual categories used in this thesis to the British social enterprise sector at a later stage, once it has further matured and exhibits a more consolidated institutional structure. Considering the thesis exploratory and case-centred approach, a similar research design could be applied to different contexts, to enable comparative case studies and eventually promote the employment of quantitative method to produce generalizable findings beyond the context of individual cases.

In summary, this thesis has operationalized Institutional Entrepreneurship theory to examine the case of one specific actor to promote change within an organizational environment that is characterized by organizational hybridity. Welfare policy makers and managers alike are well advised to take social enterprises' organizational hybridity into special consideration when dealing with this organizational form. After all, organizational hybridity allows social enterprise to draw on the strengths of more than one organizational sector, but appears to also bear more than one sector's complexity upon them.

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## ANNEX 1

### **Interview Guide**

(1) How would you describe the decision-making process leading up to your organization developing into/as a social enterprise?

(2) Are there any economic, political or societal trends that you considered to have promoted the establishment of social enterprises in general?

(3) How would you describe social enterprises' ambition to set themselves apart as a specific kind of organizational form?

(4) *Considering the Social Enterprise Mark*; how would you describe the drafting process of the currently applied accreditation criteria?

(5) *Considering the Social Enterprise Mark*; what would you consider prerequisite conditions for a legitimate and credible accreditation scheme?

(6) *Considering the Social Enterprise Mark*; which strategies are pursued by means of establishing such an accreditation and organizations applying for it?

(7) *Considering the Social Enterprise Mark*; is there any attempt to establish the Social Enterprise Mark on the medium to long-term future?

(8) *Considering the Social Enterprise Mark*; how would you describe your organization's experience with the accreditation so far concerning its effect on its different stakeholders?