

"Fitting in" vs "standing out": How Social Enterprises Engage with Stakeholders to Legitimise their Hybrid Position

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"Fitting in" vs "standing out": How Social Enterprises Engage with Stakeholders to Legitimise their Hybrid Position

We investigate how social enterprises actively engage with their stakeholders to legitimise their hybrid position in addressing both social and businesses audience. This is particularly important in their effort to capturing stability (expectation to ‘fit in’) within an emerging field and at the same time to address change and growth (expectation to ‘stand out’) with their limited resources, in order to be profitable enterprises, while creating social value. We analyse in-depth interviews to senior members of twenty-one UK-based social enterprises, and we find that for many SEs involved in legitimisation exercise through the supportive system, collective system, and stakeholders' impression. By outlining the integrated framework on stakeholder engagement for hybrid legitimacy, we found that (i) legitimisation exercise through collective sharing of SE identity help to build SE image and legitimise SE socially driven mission, while (ii) legitimisation through supportive system (resources and business advantage) help building credibility by demonstrating SE capability to grow economically.

Keywords: social enterprises; hybrid; legitimacy; collective system; supportive system

Introduction

The past years have seen discussions related to legitimacy of social enterprise (SE) proliferated (Ray and Ghosh 2014; Zainon et al. 2014; Nicholls 2010; Yang and Wu 2016; Huybrechts and Nicholls 2013; Ruebottom 2013; D. R. Marshall and Novicevic 2016; L. Smith and Woods 2015; Chris Mason 2012), spurred by the ethos of entrepreneurialism and organisational identity. The term social enterprise refers to organisations that combine social and economic missions in innovative ways to address some of the most pressing problems in modern societies (Santos, 2012). This definition implies the existence of what has been referred to as a ‘triple bottom line’, a structure that, according to Martin and Thompson (2010), includes: social aims, social ownership, and enterprise centred. On the other hand, Doherty et al. (2014, 418) defined

hybridity as ‘structures and practices that allow the coexistence of values and artefacts from two or more categories’. Although researchers, practitioners and policymakers are still discussing the boundaries of SE definitions, as an emerging field of study, it presents embryonic stages of development and conceptual definition (Zahra et al. 2009; Choi and Majumdar 2014), mainly due to the hybridity in delivering missions with both financial and social results (Ebrahim, Battilana, and Mair 2014; Battilana and Lee 2014; Doherty, Haugh, and Lyon 2014).

The hybrid business model of SEs can be challenging to manage, in balancing all their activities have to be balanced between being a profitable enterprise, and creating social value, which opens the door to countless debates around profit distribution, ownership, governance, and the relationship between mission and services (Hoogendoorn, Pennings, and Thurik 2010; Doherty, Haugh, and Lyon 2014; Battilana and Lee 2014; F. M. Santos 2012; Ebrahim, Battilana, and Mair 2014). For hybrids, a strong relationship with stakeholders is essential due to their integration into the value chain, allowing them to contribute and participate considerably in the organisation’s operation and strategy (Di Domenico, Haugh, and Tracey 2010; Kolk and Lenfant 2016), aiming to a mutually beneficial relationship (Kolk and Lenfant 2016). Hybrids are managed in a relational way where networks (Bacq and Janssen 2011; Corner and Ho 2010) and partnerships (Di Domenico, Tracey, and Haugh 2009; I A Davies 2009; Sakarya et al. 2012; Iain A Davies and Ryals 2010) are essential and common, emphasising constant and relevant communication and knowledge dissemination (Hahn and Ince 2016). Under these circumstances, legitimacy has been considered indispensable not only for these enterprises but also for the whole sector in regards with their relationship with stakeholders (Seelos et al. 2011; Sarpong and Davies 2014; Huybrechts and Nicholls 2013).

Building upon evidence from 21 social enterprises in the United Kingdom, our research aims to investigate how SEs actively engage with their stakeholders to legitimise their hybrid

position in addressing both social and businesses audience. This post as an essential question as literature has shown that hybridity can post a challenge for SEs to develop and maintain legitimacy from different audiences and multiple sectors (social and businesses) (Battilana and Lee 2014), and a possible reason for this is that each part of their mission requires a different legitimation process, as suggested by (Townsend and Hart 2008). Nevertheless, the work of Townsend and Hart (2008) only discussed this issue conceptually and required empirical support.

Addressing this issue is imminent, as part of our effort in supporting SEs in addressing the struggle between the need for a commercial legitimacy linked with the consistent quality of their products/services and economic viability, while at the same time maintaining focus on their social goals. This is particularly important in relation to capturing stability (expectation to ‘fit in’) within an emerging field and at the same time to address change and growth (expectation to ‘stand out’) with limited internal resources (De Clercq and Voronov 2009; Aaboen, Dubois, and Lind 2013) which help to contribute to the broader dialogue on purposeful entrepreneurship. The next section reviews the existing literature on hybridity and the search for legitimacy by SEs. This is followed by the methodology, empirical findings and a concluding section summarising the findings, contributions and implications.

Social Enterprise and its hybridity

While the academic literature on SE hybridity includes discussions on its social value (Ruebottom 2013), and the importance of SEs’ motivation and governance, (e.g., Ebrahim, Battilana, and Mair 2014), until recently, the emphasis has shifted from understanding “about” hybridity (its meaning and business model) (Doherty, Haugh, and Lyon 2014) to ‘for’ hybridity (i.e.: challenges and organisational transition in achieving a long term sustainability (Powell,

Gillett, and Doherty 2019; Henderson et al. 2017). As would be expected, these studies have focused on SE hybridity, structured around a series of opportunity development challenges (Battilana, Wang, and Lee 2014), derived from the tension of multiple and incompatible identities they have on their goals, norms and values (Costanzo et al. 2014; Pache and Santos 2013; W. K. Smith, Gonin, and Besharov 2013). The opportunity development challenges include:

- (1) In the search for organisational efficiency and survival through their commerce activities (Ebrahim, Battilana, and Mair 2014) while aligning with activities that generate impact (social or environmental) (F. Santos, Pache, and Birkholz 2015). This requires a management approach that ranges from business-like stewardship to a more civil society-like democratic orientation (C Mason 2010; Anheier and Krlev 2015; Mair, Mayer, and Lutz 2015) to reduce the tension that can result to ‘mission drift’ phenomena (Battilana and Lee 2014; Pache and Santos 2013; Ebrahim, Battilana, and Mair 2014).
- (2) In the search for sustainable growth, despite displaying slow growth (Hahn and Ince 2016). The sustainability of hybrid organisations is challenged as this tension prevents them from maximising either social or economic value to the exclusion of the other, resulting in limited access to and availability of financial and human resources (Austin, Stevenson, and Wei-Skillern 2006; Battilana et al. 2015; Nicholls 2010). Since hybrids are managed in a relational way where networks (Bacq and Janssen 2011; Corner and Ho 2010) and partnerships (Di Domenico, Tracey, and Haugh 2009; I A Davies 2009; Sakarya et al. 2012; Iain A Davies and Ryals 2010) are essential and common, balancing between acquiring resources to create and maintain competitive and sustainable advantages, and acquiring resources to address their social mission and engage with stakeholders (Doherty, Haugh, and Lyon 2014).

- (3) In the search of a coherent identity for both the socially-focused and business-focused stakeholders, to ensure that the impact on collaboration is reputable. For example, on one side, more socially-focused stakeholders can criticise the hybrid organisation for compromising their social mission by following big corporate interests, and on the other side, business-focused stakeholders can be sceptical on sharing their innovation with competitors that can take some of their market (Lee and Jay 2015). Moreover, because hybrid organisations rely on collective wisdom and experience rather than personal competence and knowledge (Bacq and Janssen 2011), the hybrid identity can be developed through a participatory, communicative and knowledge-imparting nature of engagement.

Summarising, the few studies that analysed the opportunity development of SE challenges have pointed to the role played by SE objectives, balancing between economic or social, and its outcomes, organisational efficiency for survival, sustainable growth and clear identity. Unlike the numerous studies that focused upon the SE hybridity in terms of its challenges and outcomes, those that focused on the impact of hybridity in organisations have not, to our knowledge, analysed how SEs engage with their stakeholders to create value and legitimise their hybrid position take advantage to and legitimise their hybrid position. Considering the importance of SE gaining legitimacy in delivering both economic and social mission, this is an important omission. Our empirical findings, focusing on SEs and the UK context, intend to fill this gap.

Social Enterprise legitimacy

Legitimacy involves cultural alignment in providing social value (Ruebottom 2013) which include interaction between the stakeholders' interpretations and judgments and the enterprise's

actions by which they construct a distinctive enterprise impression (Navis and Glynn 2010). Understanding SE legitimacy through strategic perspectives might help to open up discussion in relation to the role played by the activities of agents in managing perceptions to create SE legitimacy (Lounsbury and Glynn 2001; Zott and Huy 2007; Stringfellow and Maclean 2014; Westall and Chalkley 2007; L. Smith and Woods 2015; Chris Mason 2012; Nicolopoulou et al. 2015). The literature offers two areas of focus.

Some see SE legitimacy as SE ability to access to resources (Shaw and Carter 2007; Seelos et al. 2011; Chris Mason 2012; Nicolopoulou et al. 2015). Navis and Glynn (2010) argue that enterprises must draw on external fields and strategic resources to gain legitimacy in order to obtain resources, survive and achieve long term sustainability (Dart 2004; Townsend and Hart 2008; Sharir and Lerner 2006; Kostova and Zaheer 1999). In this first view, access to external resources is seen as new opportunities for potential income streams from diverse relationships (Meyskens et al. 2010; Hynes 2009; Huybrechts and Nicholls 2013; L. Smith and Woods 2015). It goes beyond mere access to resources but involves the external networks of exchange, with whom opportunities are co-created, resources acquired and organised, as part of elements to gain legitimacy (Adler and Kwon 2002). More specifically, it relates to actual and potential resources derived from the network of relationship (Nahapiet and Ghoshal 1998), which can be made available after the initial relationship, or embedded within/throughout the relationship (Saxena 2015). Even though enterprises with more significant and richer access to relevant information and capabilities, it is the quality of the relationship between network partners that enables the actual and full realisation of this potential (Yli-Renko, Autio, and Sapienza 2001).

The second focus concerns “latent” or impact of SE legitimacy (Jokela and Elo 2015; Holt and Littlewood 2015; Nicolopoulou et al. 2015) where they see SE legitimation to have its roots in the opportunity recognition process, which predominantly focus on the market in which

the opportunity will be exploited (Stam, Arzlanian, and Elfring 2014). This view highlights their legitimisation and opportunity development (Hormiga, Batista-Canino, and Sanchez-Medina 2011) that emphasises on the importance of organisational cultural alignment with market needs in providing social value (Ruebottom 2013) and also its potential impact through their value creation activities (Holt and Littlewood 2015). The social mission followed by these enterprises is considered one of the primary sources of their legitimacy, which can result in competitive advantages in the marketplace (Dart 2004; Dacin, Dacin, and Matear 2010; Doherty, Haugh, and Lyon 2014; Townsend and Hart 2008; Nicholls 2010). When legitimacy is discussed in this literature category, the emphasis is generally on the opportunity recognition strategies (Zeyen et al. 2013) and SE expectation to ‘fit in’ within and outside the sector (Townsend and Hart 2008; L. Smith and Woods 2015).

Indeed, this raises an issue of gaining legitimacy within and outside the sector, and how legitimacy can also affect stakeholder alignment (Zimmerman and Zeitz 2002). Drawing from both areas of literature focus in SE legitimacy, and following recommendation to research on SE legitimisation strategy (Townsend and Hart 2008), our research aims to investigate how SEs actively engage with their stakeholders to create value and legitimise their hybridity. An understanding of the relevance of hybridity as a link to legitimacy provides a useful starting place for this research, which can emerge to be impactful capacity for SEs.

Research setting and design

Recent literature points out the need for a qualitative work to address unanswered questions on how stakeholder engagement emerged (e.g.: Hoang and Antoncic 2003). In line with this notion, our research employs a qualitative and interpretive approach which allows us to understand the broader perspectives that can be captured through face-to-face interaction with key informants

from the social enterprises, and observation in the more normal setting of interview (Hennink, Hutter, and Bailey 2011; C. Marshall and Rossman 2011).

The UK SE settings act as a unique provision because of the rapid growth presented in the sector, with 70,000 SEs contributing at least £24bn to the economy and employing approximately million people, with 31% of SEs concentrated in the most deprived communities (Villeneuve-Smith and Temple 2015). Moreover, for the last few years, the sector has seen the proliferation of Social Enterprise Networks, most of them organised geographically, and on a membership-based scheme (Granados and Rivera 2018), providing an excellent context to study stakeholder engagement and legitimacy.

Data collection and analysis

The data for the research was collected through 21 in-depth interviews of founders/senior managers of social enterprises in the UK, each lasting between 30 to 75 minutes, conducted over six months. The interview participants were selected from a group of respondents, as part of the previous study exploring Knowledge Management Capabilities in Social Enterprises. The social enterprises, as described in Table 1, were mainly micro (less than ten members) and small (less than 50 members) in size and more than half of them with at least four years of existence. The social enterprises had different social, environmental and economic activities, such as, consultancy, publishers, financial institutions (credit unions), community centres and health centres, which ensured that our samples were sufficiently varied to help understand the phenomenon under investigation (Eisenhardt 1989; Miles and Huberman 1994; Yin 2009).

Insert Table 1 about here

The interviews were analysed through coding using NVivo software. This involves the grouping and labelling of data in free codes, in the process of making it more manageable to

display and provide evidence in support of the research aims (Grbich 2013). Following the Hennink (2011) recommendation, only one-third of the data, seven transcripts, was read and coded first by both researchers, which forms our first-order codes before the data were re-examined and re-coded trying to remain faithful to participants' terms. This second phase of coding enables the researchers to understand the meanings that were well rooted in the data and to classify them accordingly in the inductive codes by combining several similar codes into higher-level categories of second-order codes. This helps with the reliability of the findings. Here, the aim was to identify similar patterns in the cases, where we coded categories and dimensions for each case to reveal similar patterns (Eisenhardt 1989; Sundaramurthy, Musteen, and Randel 2013).

Our final coding process resulted in three aggregated dimensions, which are concepts that can help to describe and explain the research phenomena. Figure 1 presents our coding data structure. To improve the internal validity of the research, we triangulated our data during the intra-case and cross-case analysis (Eisenhardt 1989) by ensuring that empirical data obtained from different informers supported each dimension. At the end of our analysis, we identify the linkages among those fundamental dimensions in order to develop an integrated framework, as suggested by Corley and Gioia (2011) and Gioia et al. (2013), to help explain the process of legitimacy through stakeholder engagement for SEs. Here, we attempted to draw the connection between our interpretation and the interview answers, supported by the literature.

Insert Figure 1 about here

Findings and discussion

Figure 1 highlights the emergent framework, comprised of three aggregated theoretical dimensions, legitimisation through supportive and collective systems, and stakeholder's

impressions. The Appendix shows more comprehensive information of the representative quotes that support the three elements, which is also discussed next.

Legitimisation through the supportive system

Legitimisation through supportive system represents the actual and potential resources and benefits derived from relationships that support the SE. Four second-order themes emerged from our data that suggest what SEs seek when they interacted with various counterparts and carried out various practices through their support system. The first second-order theme describes SEs' resource provision gained from other stakeholders, such as financial, labour and technical support. These elements reflect the significance of these acquired resources gained not only from fellow SEs but also from other stakeholders such as association, governmental institutions and private companies. These type of legitimisation effort was essential for SEs in facilitating access to resources, information and knowledge (Nahapiet and Ghoshal 1998). As our findings suggested, SEs often gained resource benefits from these stakeholders to adequately support their existing operations, particularly in supporting their social mission.

The second second-order theme is a business advantage. Similar to the first second order theme, this theme relates to the advantage SEs obtained due to their social mission, but beneficial in supporting their commercial operations. There are three elements in this theme, which relates to gratuity, informal deal and business advantage. From the interview data, we found that SEs received discounts, rebates and gained favour from other stakeholders, particularly from private sectors as part of Corporate Social Responsibility programmes or government funding opportunities.

The third second-order theme is experiential knowledge/learning. This theme describes that SEs often learn and increase their knowledge through informal way of sharing experiences,

mentorship, networking and also benchmarking. Our findings suggest that these learning avenues only can be benefited due to the supportive nature of SEs communities. More specifically, those who are more experienced from the SE, private or public sector can provide information and knowledge about their business operations, providing valuable knowledge on how to be more market-driven and business focus. This is supported by Aaboen, Dubois and Lind (2013, 1040) which suggested that SEs interact with many counterparts that they need in their network in order to 'get up and running'. These findings also concurred with previous studies in SEs (Haugh 2005; Bull and Crompton 2006; Chell 2007; Shaw and Carter 2007; Meyskens et al. 2010; Vickers and Lyon 2012), which suggested how SEs learned tacitly through collaborations and partnerships with other organisations in terms of both service delivery and in dealing with management and organisational issues, preferring this method normally over formal training, business consultants, advisors and educational institutions.

The final second-order theme relates to creating awareness. We found that SEs are acutely aware of not only what is happening within their social dimension, but also other relevant business information that is crucial to support their operations. This legitimisation effort includes awareness of funding information, market and trend, policy and legal aspect and other new opportunities arise. Stam et al. (2014) pointed out that interacting with other stakeholders can help with opportunity recognition process, particularly concerning market opportunity.

Legitimisation through the collective system

A second theoretical dimension is a legitimisation through the collective system, which describes how SEs relate to others to build collective advantages. The first second-order theme is cooperation. In the situation of the collective system, we found that SEs cooperate with local and regional stakeholders, and collaborate across different stakeholders. Our findings suggest that

SEs establish very close relationships with their stakeholders, especially with the local community. Moreover, SEs are considered to have cultures that promote collaboration and trust (Chell 2007; Shaw and Carter 2007; von der Weppen and Cochrane 2012). This is important for legitimisation effort especially since SEs have limited resources (Doherty, Haugh, and Lyon 2014), and unless they can get their stakeholders involved and keep them informed, it will be a challenge for them to legitimise themselves and achieve their social and commercial mission.

The maximisation of impact is another second-order theme that emerged from our data. We found that SEs rely on the need to 'come together' not only to make them visible to their target market but also to try help each other. This type of legitimisation effort involve SEs sharing information very freely to another organisation, and also to their clients due to the ethos that they hold in supporting their social mission. This echoes the findings of previous studies, that highlight how the SE sector encourages a culture embedded of collaboration and camaraderie (Paton 2003; Jones and Keogh 2006; Bull 2007; Doherty et al. 2009). Furthermore, SEs collective effort also includes collaborative lobbying, as due to limited resources, and recognition and power. Each SEs is too small to create an impact on its own without support from other stakeholders in legitimising themselves. SEs' actions towards maximising the impact of their activities show they strategically positioning themselves and leverage their influence upon their target mission.

The final second-order theme is related to sharing SE identity. We found that in addition to cooperation towards maximisation of the impact of the SE and the sector, SEs also share and develop their SE identity. This is crucial especially since the SE sector is an emerging sector, and the expectation for each SEs to fit in within the sector make it challenging for SEs to showcase their true identity. We found that by being part of a community, or association, helps SEs to gain confidence in dealing and implementing their social and commercial missions, and act as a

sounding board that provide moral support for SEs to perform better. Since all SEs are working towards a common social cause, we found that SEs felt that they are part of a family, building upon each other towards strategically positioning themselves to stand out from the crowd (Ridley-Duff 2008). This provides them with collective advantages, which are essential for their sustainable creation of social impact and recognition.

Legitimisation through stakeholders' impression

The third theoretical dimensions that emerged from our data is the *legitimisation through stakeholders' impression*, which reflects legitimisation through SE stakeholders' interpretation of the SE's actions. In keeping with the existing understanding about legitimacy in the literature (Ruebottom 2013), our data affirm the challenges SEs experience in legitimise themselves, due to the difficulties for SEs in delivering both economic and social missions simultaneously, concurring with previous literature in this topic (Battilana and Lee 2014; Doherty, Haugh, and Lyon 2014; Ebrahim, Battilana, and Mair 2014; Stevens, Moray, and Bruneel 2015). The first second-order theme is reputation and credibility, where SEs try to do a good job in achieving their missions, which help to build their reputation and credibility. Our data show that feedback from clients and stakeholders are crucial for them to evaluate their positions, and to know that they are on the right track. The second second-order is an image; demonstrating SEs good work by 'putting their name out there' and getting credits for their social work. Our data show that communication is critical for SEs to make sure stakeholders understand why they are there, and also to make them aware of their identity. The connection made with society helps them to make themselves visible and at the same time maintain focus on their social goal. This is in accordance with Dart (2004) and Jenner (2016) work that highlighted the importance to connect with the community, which help to acknowledge their work for society. The final second-order theme is

control, which highlights the importance of perseverance in delivering the activities to achieve SE's mission. Our data showcase that due to the infancy of the sector and the lack of credibility of the institution, SEs experience much misconception about what they do.

Nevertheless, due to the strong social mission that they adhere to, most SEs fight back and try to change the misconception and move forward to build their reputation and credibility. This concurs with Tracey and Phillips (2016) that identified how stigmatisation associated with the SE social mission could precipitated the crisis of organisational identity. However, it can also allow the SE to reevaluate its *raison d'être* and increase confidence and more precise sense of their purpose. In other words, it is crucial that people understand what a SE is and recognise both their social and economic missions. Our findings also suggested that each side of the SEs mission requires different actions that can be interpreted differently by each stakeholder. Since SEs must be accountable for both their social mission and their commercial activity, their multiple 'principal' stakeholders, as well as achieving both social and financial performance (Ebrahim, Battilana, and Mair 2014), paying attention to the complementary nature of their mission is important, particularly taking into consideration the perspective of how the commercial activities act as a means toward their social aims.

An integrated framework for stakeholder engagement and legitimacy of social enterprises

Our findings have presented how SEs actively engage with their stakeholders for legitimisation purposes, taking into consideration their hybridity. Following the suggestion from Corley and Gioia (2011), we integrate the elements and themes from the data structure and develop an integrated framework on stakeholder engagement for legitimacy (see Figure 2). The framework describes the relationship between the three types of legitimisation exercise through the

supportive system, collective system, and stakeholders' impression.

Insert Figure 2 about here

In regards to the legitimisation through the collective system, our study illustrated how, by relating with other organisations, preferably, with other SEs, SEs were strengthening relationships with stakeholders and becoming visible by maximising their impact, which helps them to gain recognition and credibility. Similarly, the collective nature of SEs relationships helped them to build a critical mass required to interact with the government and create lobbying power. This power was helping SEs and the sector to demonstrate control, which subsequently improves their legitimacy perceived by public organisations. Lastly, one unique characteristic reflected by all participants in our study was the collective need to come together as a sector and share their SE identity. This was essential to align with social norms, which drive their social missions, and to demonstrate to all stakeholder who they are, building a stronger image.

Although other researchers have suggested the importance for SEs to come together to build a SE identity (Ridley-Duff 2008), our study evidenced how SEs are currently seeking relationships and developing their legitimacy to establish and enhance not only the sector but also to build their own identities and their confidence as enterprises. As SE14 expressed:

We social enterprises, it is quite a new business still, so we're getting together to discuss that and talk about it politically, economically, socially.... For me, I think I prefer the sense of a shared family of social enterprise in the city, kind of make a difference. Something like that, coming together and talk about that. (SE14)

From this perspective, the need to develop, maintain and manage a collective and supportive system can be a response not only to the challenges that all new types of organisations face to gain attention and approval from resource providers (Freeman, Carroll, and Hannan 1983; Haveman and Rao 2006; Ruef and Scott 1998), but also as a way of addressing the main challenge faced by SEs due to their blurred boundaries between social and economic missions (Battilana and Lee 2014). For instance, our data showed how some SEs were experiencing

difficulties in developing relationships with other organisations since these organisations did not understand their hybrid missions. As SE9 shared:

'the people from the local authority, whose job was to do the things that we were doing, but did not have not the capacity or concept of what we are actually trying to achieve. It was quite scary for them, and I think in that sense they felt threatened and took the chance to make it for us difficult.' (SE9)

These findings and our analysis demonstrated how the hybrid conditions of SEs, both social and economic missions, influences SEs legitimisation exercise. When developing SE stakeholder engagement, the hybrid mission can provide both advantages and disadvantages. The particular characteristics of SEs, embedded in their social purpose, provides a more open and friendly environment for sharing resources, knowledge and experiences.

Moreover, the dual objectives of SEs allow them to establish relationships with both social and economic actors, which can result in access to further resources and knowledge that would not be available otherwise. For example, one of our studied SEs belongs to commercially-driven networks and social enterprise networks. This helps them to 'tap' into resources available in both areas and drive potential partners/customers into both elements (social/commercial) of their SE. On the other hand, as mentioned by SE9 previously, because of the dual mission of SEs, some stakeholders may interpret this duality as a lack of professionalism in both areas and would be reluctant to establish relationships with them. Moreover, SEs can face potential unfair competition from other commercially-driven enterprises or government agencies, who can take advantage of their open culture to gain access to their knowledge and use it to drive their agendas and businesses.

When studying each connection between each theme, in the majority of cases, both socially and commercially-driven missions were mitigating these connections. However, there

were two connections with only one mission was influential. The interviews showed how the social mission was the integrating element that allows SEs to come together with other SEs and share their own identity, share their common cause. This collective identity was essential in building the SE image, which resulted in gaining legitimacy with their stakeholders. The second connection was influenced only by the commercially-driven mission, where SEs were relating with other organisations, usually private or public firms, to gain resources. With this, SEs were improving their possibilities and capabilities to grow, which led to credibility and reputation.

Our findings of the legitimisation through collective exercise contrast with entrepreneurship literature suggesting that, in emerging fields, business owners were not able to leverage collectiveness that exists within their field, thus drawing on external fields to gain legitimacy (Navis and Glynn 2010). In the case of SEs and our data, legitimacy was gained by forming a collective system, where each SE had the opportunity of coming together to maximise their impact, cooperate with others and share their SE identity. It was through this supportive and collective system that each SE, as well as the sector, was gaining legitimacy.

Conclusions

This article makes three original contributions to the SE hybridity literature by unveiling how SEs actively engage with their stakeholders to legitimise their hybridity. Our contributions, provide a new perspective to the past work that highlighted the lack of research on identifying the distinctiveness of legitimacy between economic and social mission (Townsend and Hart 2008). We highlight that those SEs involved in legitimisation exercise through the supportive system, collective system, and stakeholders' impression.

First, our findings extend the conceptual discussion on the possibility that each part of the SE hybrid mission requires a different legitimisation process (Townsend and Hart 2008), by

providing empirical evidence to support it. Previous research has mainly focused on how the legitimisation exercise supports the hybrid mission and on the importance of legitimacy for survival and sustainable enterprise (Nicolopoulou et al. 2015; L. Smith and Woods 2015; Nicholls 2010; Pache and Santos 2013). For example, the notion where the social mission can help social enterprise tell the story to gain legitimacy for survival (Margiono, Kariza, and Heriyati 2019), and how access to resources, funds and network help legitimisation exercise (C Mason 2010; L. Smith and Woods 2015). This legitimisation exercise has been done in an overall 'blanket fashion' way, without taking into consideration the difference between the economic and social mission involved. The originality of our study resides in the fact that it highlights that (i) legitimisation exercise through collective sharing of SE identity help to build SE image has been used only to legitimise their socially- driven mission, while (ii) legitimisation through supportive system (resources and business advantage) help building credibility by demonstrating SE capability to grow economically. In particular, the hybrid condition of SEs influenced the way SEs relate to other organisations (Battilana and Lee 2014) for legitimacy purposes. It was also evident how in certain conditions, SEs were projecting only one side of their missions to gain legitimacy. This expands the discussion about the consequences and challenges faced by hybrid organisations and presents evidence of how SEs are dealing with these challenges and addressing them to gain legitimacy. This contribution has important implications for parties involved in the relationship as to how to define and support success criteria of a mission (i.e. hybridity).

Second, we contribute to the SE legitimacy literature by highlighting the importance of stakeholder engagement in legitimisation exercise. While past research discussed the conferral of legitimisation by external actors (Weidner, Weber, and Göbel 2016), it had not sufficiently explored the specific ways in which SE actively engage with their stakeholders to legitimise their hybridity. Literature has shown that SEs have robust support systems as well as collectivism, as

their effort to fit in (De Clercq and Voronov 2009; Aaboen, Dubois, and Lind 2013), nevertheless, little has been done in relation to enhancing our understanding of the collaborative activities that can help SEs acquire essential resources in order to stand out (Dart 2004). Our study provided a detailed description of the main characteristics of this support and collectivism for SEs to stand out. More specifically, we find that SEs are coming together collectively to contribute towards maximising the impact of what they are doing through lobbying, among other ways.

Additionally, given the fact that legitimacy can also affect stakeholder alignment (Zimmerman and Zeitz 2002), our study highlights how through supportive system (with resources, business advantage, experiential knowledge, awareness), collective system (cooperation, maximising impact, sharing of SE identity), and managing stakeholders' impression (reputation and credibility, control, SE image) can help SE legitimise their hybridity. This finding offers valuable suggestions to SE on how their leaders should aim to capitalise on their stakeholders to legitimise their entity. Moreover, SEs should also decide which mission they need to address as part of taking advantage of their legitimacy efforts. This is crucial as they may then invest in stakeholder engagement that may not address their economic mission strategically, nor with their social mission. Also, this highlights the need for policymakers/funders/supporters to support SE capacity building in this area in addition to the monetary contribution, so that the value or money invested would be more significant.

Finally, to the best of our knowledge, this is one of few studies to focus on the nature of stakeholder engagement to support legitimacy exercise of hybrid organisation, capturing the rich, detailed and meaningful activities of SEs. In doing so, it answers calls to research on SE legitimisation strategy (Townsend and Hart 2008).

This research has limitations to consider. First, our work based on qualitative data; hence, further studies may test and refine our framework with quantitative data. For example, we recognise that SEs reach out to each other collectively, sharing and discussing their identity to ensure they portray the correct image and attempt to maximise impact through lobbying in pursuits of their legitimisation. However, our dataset cannot provide any quantitative support concerning the level of significance of each of these efforts. Finally, there is also a need to expand the scope and study legitimacy further in the context of SEs, where we can also challenge the concept of 'philanthropic legitimacy' and long term motivation. This is because, SEs may not seek long term stability because their primary objective is empowering communities to solve in innovative ways their problems, not being there forever to help them. Focusing on the temporal element of legitimacy may provide us with an exciting insight to further understand the mechanisms used by SEs in establishing a distinctive legitimacy, and at the same time structuring their relational capital to mobilise essential resources and capabilities for their activities.

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Table 1. Interview participants

Part.	Participant's information		SE's information	
	Gender	Job title	Size of SE	Age of SE
SE1	Female	Founder / Managing Director	Micro	8 years
SE2	Male	Director of Operations	Micro	16 years
SE3	Male	Senior Manager	Small	28 years
SE4	Male	Managing director	Micro	16 years

SE5	Male	Chief Executive Officer	Small	22 years
SE6	Female	Chief Executive Officer	Small	3 years
SE7	Male	Founder / Managing Director	Micro	3 years
SE8	Female	Founder / Managing Director	Micro	1 year
SE9	Male	Founder / Creative producer / Director	Micro	7 years
SE10	Male	Founder / Chief Executive	Small	11 years
SE11	Female	Managing director	Micro	6 years
SE12	Male	Managing director	Micro	4 years
SE13	Female	Chief Officer	Small	1 year
SE14	Male	Founder / Managing Director	Micro	1 year
SE15	Male	Chief Executive Officer	Small	26 years
SE16	Male	Executive Manager	Micro	13 years
SE17	Female	Finance Director	Small	37 years
SE18	Female	General Manager	Micro	1 - 2 years
SE19	Male	Founder / Managing Director	Micro	3 - 4 years
SE20	Female	Chief Executive	Micro	4 years
SE21	Female	Founder director	Micro	1 - 2 years

Figure 1. Identification of key dimensions
1st Order theme

2nd Order theme

Aggregate theme

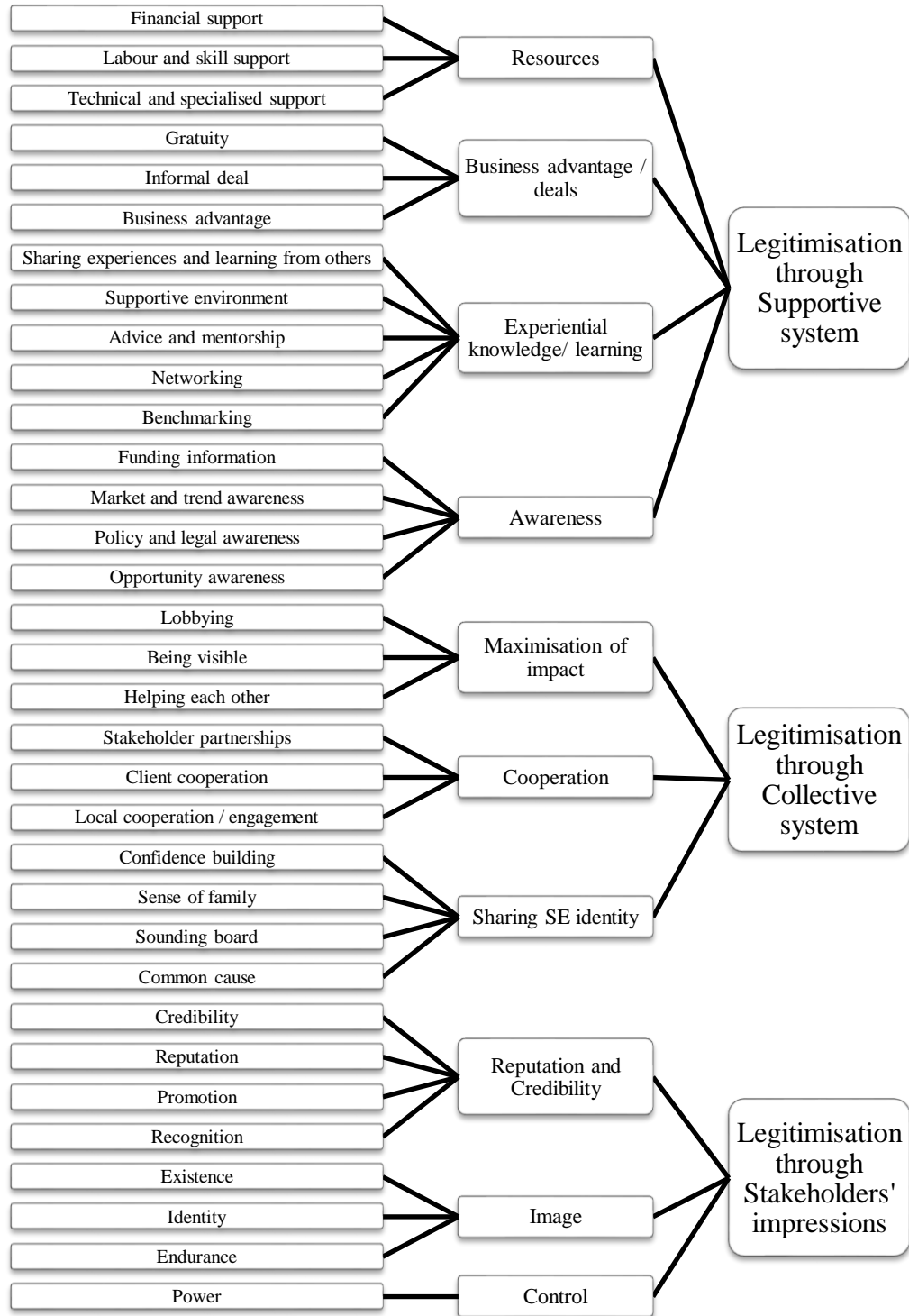
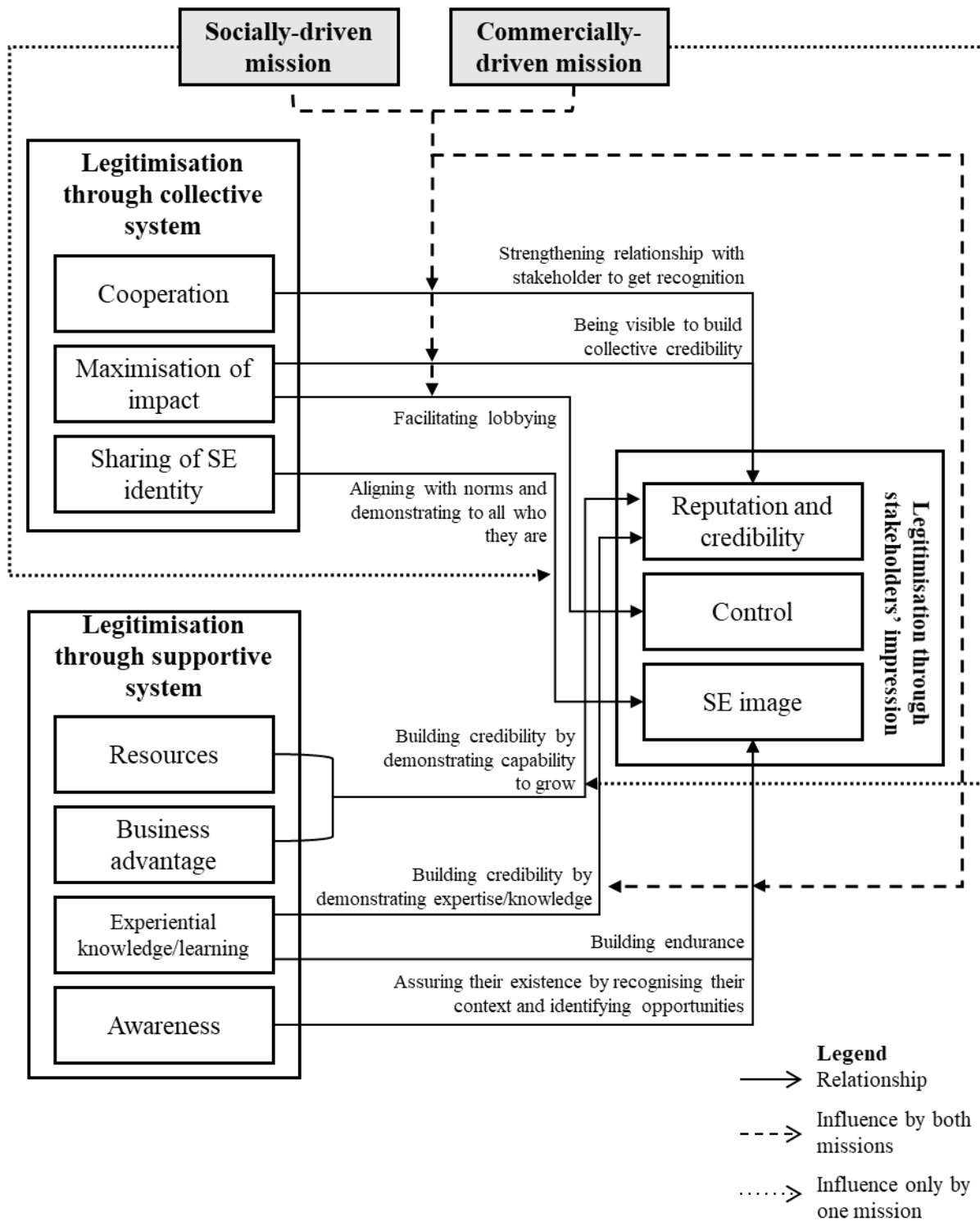


Figure 2. Integrated framework for stakeholder engagement and legitimacy of social enterprises



Appendix. Representative quotes of key dimensions

Aggregate themes	2 nd order theme	1 st order theme	Quotes from interviews
Legitimation through the supportive system	Resources	Financial support	one of the many advantages of working in partnership is that I am able to draw upon the resources from the primary care organisation and also the secondary care organisation. We went into this relationship and my remit was, 'you draw upon whatever you need to make this happen'. (SE18)
		Labour and skill support	the center really needed a complete make over, so I approach a Construction company, who are the largest construction company in Europe, I think. And they were working in a big school building quite close by, and I asked them to come in and do the make over, we've already received some paint, but it was going to be a make over with a difference and they trained up homeless young people to develop their decorating and carpentry skills and then we had a relaunch with the assembly minister for technology at the business Centre. The Managing Director said that, that they would launch the programme around the country, if it was a success. That's the kind of support that we receive from.. we are really happy with that (SE20)
		Technical and specialised support	[Wales co-operative network] about a year ago, we had some governance training from them for our board members, board and senior staff. We also had finance training with accounts, and with dealing with employees; we had a session of that as well. We've also just tapped into other training where you just send one or two people along to different training sessions; it can be about £30 each to go for a seminar, something like that. (SE13)
	Experiential knowledge/ learning	Sharing experiences and learning from others	I think, we, as organisations, tend to operate very much in our own bubble and it is very easy not to look at things with an open mind and do things because we have always done it that way and we never have the opportunity to stand back and look at things more objectively. So whenever I go to visit other Credit Unions or other Credit Unions come and visit us there is always some positive impact and there are always things we can do differently or we can do better. On these sort of visits, we always pick something up. (SE4)
		Supportive environment	obviously there is a worry that this might happen, that you have a good idea and somebody else wants to take it on, but I think in our own local area, we've got very very good arrangements with the people, so we do share information and we support each other. So I would say it's a very supportive environment, we don't worry too much about that. (SE20)
		Advice and mentorship	The value of membership of Co-operatives network is the wealth of information that they can give to us, legal advice, membership advice, governance advice, because they are the umbrella body for co-ops in the UK. So it's really the information that we can get from them and the access that we get to that, either by individually or by the website. (SE16)
		Networking	I am a big believer in the [network], the council for voluntary sector, and the personal relationships that we have with those people, like professional personal relationships. I know who they are, they know us, they know and respect our work, and because of that I can go to with just about anything and say 'I'm struggling with it'. And I feel like I can impart something. So it's nice to be part of an organisation like CVS and say 'look I'm struggling here, I don't feel confident to go further', and you have a realistic conversation with someone. So I normally default to ask those people questions (SE9)
		Benchmarking	[Main value of belonging to network] I think keeping up to date with the industry trends, finding out what other people are doing, it is a source of benchmarks, for our work, hearing about new

			developments, we mentioned digital publishing early on, and that hugely hugely important for us at the moment, for all publishers. (SE17)
	Awareness	Funding information	They [network] do produce regular newsletters and information letters, so that's quite good about getting information, like, if we want to try to tap funding for new developments, high street banks .. what they might lend,....full stop, forget it. Whereas they've got access to other sources of funding that you might be able to tap into. (SE19)
		Market and trend awareness	Through the network you get to know a lot about the trends, contacts and tips, what's going on, who's doing what, how people are getting on, and that's hugely valuable. (SE17)
		Policy and legal awareness	As a result we then benefit for the knowledge that both of those organisations (association and government network) have in terms of latest legislation, latest legal requirements, any changes on policy on procedures going forward, so we can be prepared to act properly going forward (SE2)
		Opportunity awareness	We find ourselves looking at other opportunities that we might be able to tender for. Certainty looking to partner with other organisations in terms of putting bids in, either, with us as a lead or special purpose vehicle, or whatever way they want to do it (SE16)
	Business advantage / deals	Gratuity	The support is, in fact, networking, meetings, there's members' offers, so some of the other members would be offering discounts, to promote our work, creates a platform for information and news (SE14)
		Informal deal	if we work with, for example, [network], which is a national charity working with homeless people and they need support or they need help then we would work with them, and we would provide furniture to them or we will supply clothing to them or whatever it is. In return, they would refer to us people who need other help that isn't around homelessness (SE2)
		Business advantage	What happened is because we had very good data from our services, we were able to communicate that to commissioners. Commissioners then commissioned a contract to develop a virtual service, because we provide the initial information, we were able to win the tender. We still have to compete but we obviously often have an inside track on that information. So we are able to say, 'actually we know about that and that subject, we've got data' and that put us in a stronger position with other people. (SE10)
Legitimation through the collective system	Maximisation of impact	Lobbying	Our social enterprise is really too small on its own to do too much about it. We did what we can. We passed that information very freely to another organisation called {} Forum we are giving that information quite freely, because our aim is collaborative lobbying and there are lots of competition between refugee agencies and I personally feel that our main objective is to assist candidates to get graduate jobs, to generate information. It's quite a problem to actually not working collaborative, working competitively, is not what Transitions is about, is about collaboration..... we have to act collaboratively, and if we don't, we're breaking our own objectives (SE8)
		Being visible	One of the objectives is lobbying and that means being visible and being transparent and collaborate with other organisations. Name [SE], name me (SE8)
		Helping each other	We are involved in lot of partnerships working with some small scale community land trusts, small charities that do the same as we do. We sort of partnered up with them and try to help each other out (SE15)
	Cooperation	Stakeholder partnerships	the city is divided into different neighborhood communities, as the council divided up the city. We had our own community set-up within our area, which when the neighborhood partnerships came through, we said, 'No! Actually you can join us as opposed to you

			imposing it on us'. So we have a community partnership and within that are some very, very, knowledgeable active people (SE5)
		Client cooperation	We work co-operatively with our clients as well. It's lotst of sharing of information, keeping them informed of what we doing, what we going to do and how we are going to look to achieve what we wish to. We try to keep people involved, try to keep them informed and most people respond to that. (SE16)
		Local cooperation / engagement	The way that we have approached it is, and every social enterprise would approach it differently, we have set ourselves to work with the local community and so, it's only by establishing very close relationships, I think, and that would be in the local community, that you identify what is really needed. An example has been, by working with the community around the community bus service, I unearthed a need which was about a luncheon club, and people were saying to me 'if we have a bus, wouldn't it be nice if we could go and visit a lunch club?', and I was saying 'Yeah, that maybe is going to be our next project'. So for us, I do keep my eye on it, it would be a lie if I say I didn't. But we are not actively looking for work to tender for. Our needs would be identified by working very closely, I think at grass root level. (SE18)
	Sharing SE identity	Confidence building	It's a bit like, the [network] as well, being a fellow, I feel part of something, and that give us confidence. I don't feel like I am completely on my own (SE9)
		Sense of family	We social enterprises, it's quite a new business still, so we're getting together to discuss that and talk about it politically, economically, socially. Meeting those business. I think I have generated as well the network, so I have been in connection with networks and I believe it is a cold, hard, financial thing, which is how I got in business. For me, I think I prefer the sense of a shared family of Social enterprise in the city, kind of make a difference. Something like that, coming together and talk about that. (SE14)
		Sounding board	It's good thing about social enterprises, that people are happy to share, are happy to encourage each other, and share good practice. Sometimes more practical support, sometimes just a sounding board, sometimes just moral support, all these things. (SE21)
		Common cause	It's good thing about social enterprises, that people are happy to share, are happy to encourage each other, and share good practice. ... They [social entrepreneurs] are better and sharing, just verbally sharing information, sharing good practice, we are good at that. We work definitely more sharing with each other, it's like 'oh here it's a tool I use, you can use it'. ... Kind of feel that they [people who work for SE] are more mission driven.... It's more like we are working more for a common cause. It's not as competitive as corporate environment. I think it's not as, I know this is like a damning thing to say and it's changing over time but it's a bit sharper than the third sector, or the old school third sector. So people are a little bit sharper.(SE21)
Legitimation through stakeholders' impression	Reputation and Credibility	Credibility	I think by having a more coherent system of case studies of reporting, evaluating what we do and putting that out there, I think that would build our credibility, but those things take time, not sure if we have that time really (SExx)
		Reputation	I think it is very much, a lot of it, is about the reputational stuff, if we do a good job, if we get feedback for our clients, and that give us the sense we are on the right track. (SE7)
		Promotion	I think the biggest thing for us is knowing what else is out there and knowing what other community businesses are available for us to tap into. I think we can use them to help our business, but it's also for them to know about us as well and to know the work that we are doing (SE13)
		Recognition	I think we know as an organisation we've got to deal with politicians actually, if they give us extra amount of money we can achieve a big impact for that. I think market-wise and evidence-wise

			we could be better, definitely. I think that this organisation, and the social enterprise sector as well, it's guilty the same, but actually some of the real good stuff that goes on there at those levels isn't recorded in any coherent way and isn't fed back to politicians. Some of the best schemes that I have seen over the years, they are quite small scale, mainly one or two people working their socks off, creating lots of change on an estate, but we don't get any credit for that, or resources either. (SE15)
	Image	Existence	The communication is critical, making sure that people understand why we are there, we are not just there as a warehouse, we are there for change peoples' lives. If you talk to any of my people, I would like to think you would get an understanding of what we are. It's not just about a job, is actually doing something different (SE12)
		Identity	I've got a target, so now every week I have to make sure I have contacted 10 new employers that don't know about Transitions and let them know, which I've been doing before, I've been working a lot on that, but I'm now at a stage that I can talk about Transitions, it's got an identity now (SE8)
		Endurance	The interesting thing for me has been that this has been a way of really testing to see how far an independent provider of care could actually test the market and drive things forward. Because, although the white papers (said) different models of provider would be supported, it's actually been interesting, because it actually being very difficult to get to this point, because there's nobody done what we have done before. So there is no case-law, there is no test case, and everything that we have done, we seem to have come up against a barrier; but we are able to erode that barrier and move forward (SE18)
	Control	Power	you get more lobbying and power in a big group like that. [Co-operatives UK] (SE17)