Achieving Legitimacy:
Exploring Strategic Actions at Incorporation

A Directed Content Analysis with Social Enterprises in the United Kingdom

Master Thesis

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ABSTRACT

In developed economies, the field of social entrepreneurship has emerged as a response to institutional changes such as reduced government funding in education and community development, increased privatisation and the overall movement towards a social service market. Targeting such markets usually includes social ventures to operate in local areas with a natural resource-scarcity. Overcoming this constrained access to resources, however, poses many challenges especially to newly incorporated social ventures because they need to overcome their inherent liabilities of newness. Existing knowledge advises nascent ventures to utilise proactive strategies to build organisational legitimacy as it, in turn, convinces resource-holding audiences to support bringing the company's vision into life. However, this legitimation process represents a research area that remains difficult to understand in practice, especially in the context of social entrepreneurship. Therefore, the purpose of this study is to examine how legitimation strategies are used by social enterprises to convince their resource-holding audiences that their activities are acceptable, desirable and appropriate for the benefit of the respective community. As a consequence, this study utilised a qualitative directed content analysis to enhance the understanding of extant theory and provide new knowledge through adaptive reasoning. Studying a sample of 50 community interest companies in the UK of which all were found to be successful retrospectively, provided the following results. Firstly, an improved understanding of legitimation strategies of successful social enterprises at incorporation is provided. Secondly, the results indicate that social ventures utilise legitimation strategies in combination to enhance the intended positive impact on organisational legitimacy. Thirdly, new social ventures were found to address multiple sources of organisational legitimacy concurrently while being more concerned with building sociopolitical normative legitimacy. Therefore, the understanding of the importance of various types of organisational legitimacy is improved. The practical consequences of this study provide social enterprises with concrete legitimation strategies to gain access to resources and overcome their liabilities of newness. With this, new social venture failure can be reduced, which benefits not only the company in question but also ensures continued benefit for the affected community, area, society, residents and government.

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1. INTRODUCTION

Around the world in developed as well as in developing countries, social issues are addressed by enterprises that have seized blind spots neglected by conventional businesses, non-governmental organisations (NGOs) and governments. In particular in developed economies, it can be observed that increased privatisation, government spending cuts in fields such as education and community development (Lasprogata and Cotton, 2003), and the movement to 'marketise' the social service sector (Salaman, 1992) represent institutional changes that have lead to a pressing need for entrepreneurial activities to address emerging social demands (Zahra, Gedailovic, Neubaum and Shulman, 2009). This development has engaged supporters of the so-called dual bottom line. The simultaneous focus on profit and social benefit provides nonprofit organisations (NPOs) the possibility to grow, business ventures the possibility to be socially responsible, and shareholders the possibility to invest in social responsibility as well as in sustainability (Wilburn and Wilburn, 2014). Therefore, it appears demanding to explore the theoretical underpinnings of social entrepreneurship (SE) and also further contribute to practice and theory with adequate research about the subject of social entrepreneurship that is still undeveloped in the recent time (Austin, Stevenson and Wei-Skillern, 2006).

Comparing commercial ventures with social ventures, an interesting difference is that social enterprises tend to face a more resource-constrained environment. This is due to the fact that commercial ventures tend to address markets with a sufficient capacity to facilitate growth while social ventures usually target markets on a community level with a natural resource scarcity (Di Domenico, Haugh and Tracey, 2010). Therefore, the access to critical resources appears to be a pressing need for social entrepreneurs, especially when they begin to create their venture as it is this time when they need to overcome their liabilities of newness (Aldrich and Auster, 1986; Stinchcombe, 1965). Liabilities of newness include the tendency of new ventures to face well established business rivals, doubtful customers, strong vendors and scarce resources that all add up to a higher probability of new venture failure (Amason, Shrader and Tompson, 2006; Hay, Verdin and Williamson, 1993). Due to the lack of an operating history of a new venture, resource-holding audiences face a high uncertainty about the viability of the venture (Nagy, Pollack, Rutherford and Lohrke, 2012). Facing these liabilities, scholars such as West and Meyer (1998) and Ensley, Pearson and Amason (2002) continue to underline the importance of entrepreneurial strategies and the managers implementing them. Strategies to overcome liabilities of newness include entrepreneurial activities that aim to build organisational legitimacy because this in turn is assumed to lead to the access of resources vital for the new venture

(Zhang and White, 2016). Simply speaking, organisational legitimacy can be viewed as the judgments of the resource-holding audiences that the activities of the ventures under observation are acceptable, appropriate and desirable within the judgements' social system of values, beliefs, norms and definitions (Zimmerman and Zeitz, 2002; Suchman, 1995). Therefore, the efforts to gain new venture legitimacy can be regarded as a complex social process that involves an interplay of the audience's interpretations and judgments and the entrepreneurial strategic actions towards favourably affecting these (O'Neil and Ucbasaran, 2016). For this reason, it is more than understandable that the process of new venture legitimation progressively arose to a 'hot topic' in the academic literature, especially in the last couple of years (Überbacher, 2014).

Practically speaking, social enterprises are able to contribute in a substantial way on how their operational activities are perceived by their audiences as legitimacy rests heavily on the communication between the audiences and the organisation (Suchman, 1995). This legitimation process represents a research area that remains difficult to understand (Johnson, Dowd and Ridgeway, 2006) in practice. Furthermore, recent research efforts have shown that legitimation strategies applied by commercial ventures are still much more fragmented than existing literature takes into account (Laïfi and Josserand, 2016). It means that legitimation strategies of innovative, commercial ventures appear fine-grained and are usually based on four identified dimensions: (1) the nature of legitimation, (2) the specific aspects of practice, (3) the respective context, and (4) the targeted audiences (Laïfi and Josserand, 2016). Therefore, it remains interesting how legitimation strategies unfold in practice, especially in a relatively new field of social science – social entrepreneurship. This intriguing research setting represents an area that received increased attention in practice and in science where especially legitimacy issues remain a relatively uncovered field (Zainon, Ahmad, Atan, Wah, Bakar and Sarman, 2014).

In summary, the academic body of knowledge still remains unclear about how social ventures can successfully use legitimation strategies to achieve organisational legitimacy and overcome their inherent liabilities of newness. Zimmerman and Zeitz (2002) provide a vital framework for analysing legitimation strategies but the process itself still remains unclear and only superficially understood. Open questions surround the conditions under which each of the four identified and proposed legitimation strategies (i.e. conformance, selection, manipulation and creation) are most effective and how these fragmented strategic actions can be combined for the successful achievement of

organisational legitimacy (Zimmerman and Zeitz, 2002; Laïfi and Josserand, 2016). Additionally, the effect on the desired state of organisational legitimacy is unclear and a lack of measurement threatens the understanding of the importance of various types of organisational legitimacy (Zimmerman and Zeitz, 2012).

In order to address these gaps in the academic literature, the purpose of this study is to examine how legitimation strategies are used by social enterprises to convince their resource-holding audiences that their activities are acceptable, desirable and appropriate (Bitektine, 2011; Suchman, 1995) for the benefit of the community in order to overcome their inherent liabilities of newness. The focus of this study lies on newly incorporated social ventures. For them, acquiring relevant resources is especially critical to become a sustainable organisation (Zimmerman and Zeitz, 2002; Überbacher, 2014). To achieve this purpose, this research makes use of the existing body of knowledge to gain an in-depth understanding of practice. The addressed theoretical perspectives are the abovementioned strategic actions to acquire legitimacy (i.e. conformance, selection, manipulation and creation) and further the sources of legitimacy (i.e. sociopolitical regulatory, sociopolitical normative and cognitive legitimacy) as proposed by Suchman, (1995), Hunt and Aldrich (1996), Scott (1995a) and further synthesised by Zimmerman and Zeitz (2002) (cf. *Appendix 1.0* of this study for a short overview). This study utilises this theoretical framework of Zimmerman and Zeitz (2002) by applying a qualitative directed content analysis to the incorporation documents of an identified sample of 50 successful community interest companies in the UK. The utilisation of prior knowledge from this theoretical framework in the qualitative coding process of textual messages allows to order and understand the incoming data as well as stimulate theory development and give shape to this extant theory with the emerging findings of the study (Layder, 1998).

For this reason, the subsequent research question will be answered in this research paper:

"How do social enterprises perform strategic actions to acquire organisational legitimacy at incorporation through the theoretical lens of Zimmerman and Zeitz' (2002) process model of new venture legitimation?"

The remainder of this study is organised in the following way. *Chapter 2* firstly provides the literature review related to the concept of social entrepreneurship and nascent social ventures' access to resources. Furthermore, the concept of strategic legitimacy is investigated while the subsequent sub-section provides the knowledge surrounding the applied theoretical framework. The last section of

Chapter 2 provides a short conclusion of the most important findings related to the relevant state-of-the-art-literature. Subsequently, *Chapter 3* elaborates the methodology applied in this study. After a short overview, the sample and data of this study are described and lastly, the analysis and interpretation process of this qualitative directed content analysis is explained. *Chapter 4* presents the findings of this study by firstly showing and describing the results related to each of the identified legitimation strategies. Secondly, the findings related to the interplay of the different legitimation strategies are elaborated while thirdly, the respective effect of the identified legitimation strategies on the related three sources of organisational legitimacy is explained. Subsequently, *Chapter 5* provides a discussion of the findings of this study. The *Discussion-Chapter* begins with a summary of the main findings of this study. In the second section of *Chapter 5*, the main findings regarding the legitimation strategies as well as the effect on organisational legitimacy are discussed and explained in the light of previous research findings. Next to this, the theoretical and practical consequences of this study are highlighted while the last section sheds light on the limitations of the study and provides suggestions to lead future research. The paper ends with *Chapter 6* that provides the main conclusion of this study.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

This chapter provides the necessary analytic groundwork for the qualitative analysis of social entrepreneurial legitimation strategies at incorporation. The chapter begins with the literature review to define (*2.1.1*) and identify the shaping characteristics (*2.1.2*) of the complex concept of social entrepreneurship. After that, a synthesis of the relevant academic literature is provided that includes nascent social ventures' quests for resources that will be linked to the concept of social bricolage (*2.2.1*) and the related environmental conditions (*2.2.2*). A deeper understanding of the concept of organisational legitimacy is provided in the third section where the study's application of the strategic action view on legitimacy (*3.2.3*) is elaborated together with relevant entrepreneurial-stakeholder interactions in connection with NV legitimacy (*3.2.4*). The subsequent chapter extends the literature review with the provision of the applied theoretical framework of this study. The theoretical framework involves the theoretical underpinnings that surround the acquisition of legitimacy in general, involving the legitimation process model of Zimmerman and Zeitz (2002) that is based on Suchman (1995) and other related scholars. The process model allows to analyse the legitimation strategies of nascent social ventures at incorporation. This *Chapter 2* ends with a literature review of the way in which social ventures acquire legitimacy because the related theoretical framework has not been fruitfully applied in the context of social entrepreneurship yet. Since this study involves the

accumulation of knowledge relating to three large literature streams– social entrepreneurship, nascent ventures and organisational legitimacy – the last section of this theoretical chapter provides some concluding remarks of the conducted literature synthesis (*2.5*).

2.1 Social Entrepreneurship

When approaching the definition of social entrepreneurship, it should not be enough to solely point to the common denominator of most definitions in the academic literature – the focus of social entrepreneurs on the dual bottom line. In short, the dual bottom line combines the aspiration for social return on investment as well as financial self-sustainability through financial return on investment (Clark, Rosenzweig, Long and Olsen, 2004). In itself, an exclusive focus on this common characteristic provides a good glance at the concept as it distinguishes social enterprises from pure nonprofit organisations and purely economically oriented business ventures. However, this understanding leaves too much room for misconceptions and misinterpretations when studying social entrepreneurial actions at incorporation. Furthermore, no additional knowledge surrounding the concept of social entrepreneurs can be produced through qualitative research when a study only relies on superficially understood concepts (Tress, Tress and Fry, 2005). For this reason, the following subsections involve firstly defining the concept of social entrepreneurship (*2.1.1*), and secondly, an elaboration of the shaping characteristics of social entrepreneurs (*2.2.2*). This research structure provides a more narrowed down explanation of the complicated concept of social entrepreneurship and provides the necessary in-depth understanding of this study's unit of observation – nascent social enterprises.

2.1.1 Defining Social Entrepreneurship

Defining the concept of social entrepreneurship allows for a range of definitions that are either broad or narrowed down. Broadly speaking, social entrepreneurship relates to innovative activities with a social purpose in either the for-profit sector, the nonprofit sector or across sectors in hybrid structural forms (Dees, 1998; Austin et al., 2006). More narrowed down, the definitions of social entrepreneurship appear manifold in the academic literature but share the following common property. The underlying driving force is to engage in social value creation above shareholder and personal wealth with a focus on innovation within or across related sectors (Austin et al., 2006). The difference between social and commercial entrepreneurship involves to look at it as a continuum that ranges from a purely economic to a purely social focus, instead of judging it to be dichotomous in its nature (Austin

et al., 2006). Still, both of these sides contain elements of the other one, where for instance a charitable venture still reflects economic reality while a commercial venture must still produce social value (Austin et al., 2006). Supporting this, commercial enterprises for instance produce social value by benefiting the society through providing products/services and bringing employment opportunities to the public (Austin et al., 2006; Mendoza-Abarca, Anokhin and Zamudio, 2015). Therefore, the lines between purely economically-oriented and purely socially-oriented endeavours can be considered as blurred.

Defining social entrepreneurship means dealing with conceptual differences between various definitions in the academic literature (Mari and Marti, 2006). Social entrepreneurship refers to the behaviour or process of value creation while the social entrepreneur represents the focus on the founder of the venture. Social enterprises, on the other side, show the tangible outcome of the former (Mari and Marti, 2006). Mair and Marti (2006) define social entrepreneurship as the pursuit of opportunities that is concerned with social change and addresses social needs through innovative resource combination and/or the creation of new organisations. Supplementing the frequently utilised definition of Mari and Marti (2006) even further, Zahra et al. (2009) synthesised more recently the academic body of knowledge for definitions of the concept of social entrepreneurship. The result of the scholars' research effort involves the contribution of the following synthesised definition:

"Social entrepreneurship encompasses the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner" (Zahra et al., 2009, p. 522).

Nonetheless, in an even more recent work, Choi and Majumdar (2014) started an attempt to define social entrepreneurship as an *essential contested concept* because in their view, it hardly leaves room for a universally accepted definition. The reasons for this includes the existence of competing definitions of the social entrepreneurship concept that has hampered the emergence of a unified conceptual framework (Choi and Majumdar, 2014). Defining social entrepreneurship as an *essential contested concept* (Gallie, 1956) means that a group of concepts co-exists in the academic literature that promotes conflicts about their proper meanings (Choi and Majumdar, 2014). Therefore, the scholars propose framing social entrepreneurship as a c*luster concept* where it can be viewed as a conglomerate of multiple sub-concepts identified as follows. *Figure 1.0* shows the conceptualisation of social entrepreneurship represented by five sub-concepts together – (1) *social value creation*, (2) the

social entrepreneur as the initiator and operator, (3) the *SE organisation* representing the organisational framework, (4) *market orientation* that involves the focus on the efficient use of resources, and (5) *social innovation* showing change that is either disruptive or continuous in its nature (Choi and Majumdar, 2014). This short description in itself can only be a brief overview of the difficult to assess internally complex characteristics of social entrepreneurship that in their form and extent usually depends on the given context (Choi and Majumdar, 2014).
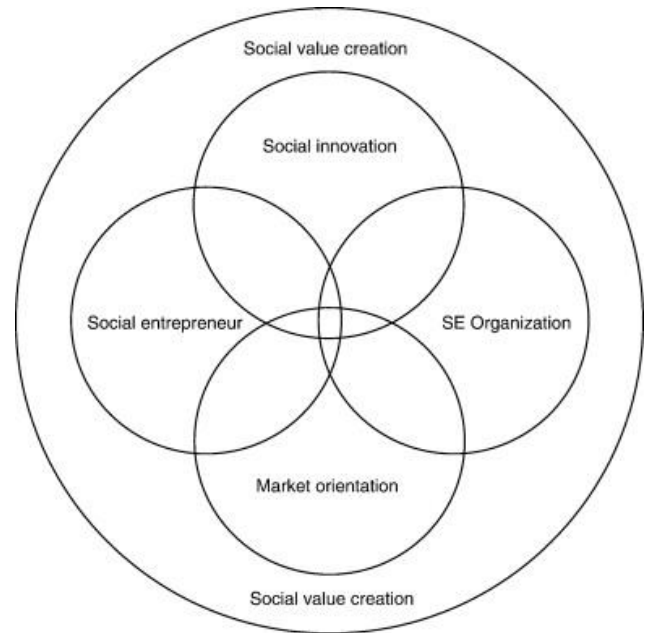
Figure 1.0 *Social Entrepreneurship represented as Cluster Concept (Choi and Majumdar, 2014).*

In summary, all of these sub-concepts represent integral aspects of social entrepreneurship that are in itself ambiguous and complex. Important to note is that the first sub-concept, *social value creation* is a prerequisite of social entrepreneurship and therefore represents a necessary condition. The remaining four sub-concepts can exist in greater or lesser extent if social value creation is given (Choi and Majumdar, 2014). Therefore, social value creation is represented in a circle that surrounds the remaining sub-concepts in *Figure 1.0*. In essence, social value creation can be described through the focus on social mission, social wealth creation, in addressing social problems and issues as well as pointing to pressing social needs (Alvord, Brown and Letts, 2004; Seelos and Mair, 2005; Zahra et al., 2009). As a value-laden concept, it promotes social purpose with virtuous behaviour targeting altruistic objectives (Mort, Weerawardena and Carnegie, 2003; Tan, Williams and Tan, 2005; Murphy and Coombes, 2009). However, these descriptions are still controversial for what social value creation or '*social*' actually stands for because this concept, similar to social entrepreneurship, is also considered to be highly ambiguous and complex (Nicholls and Cho, 2008; Choi and Majumdar, 2014). Concluding this, the current literature only allows for an approaching understanding of the whole concept of social entrepreneurship that depends on the given context in which the social enterprise is operating in case social value creation is given. For this reason, it is important to further elaborate how the internal characteristics of social entrepreneurs are shaped by their given context in order to fully understand how social ventures are formed and perceived by their respective audiences (*Subsection 2.1.2*).

2.1.2 The Shaping Characteristics of Social Entrepreneurs

Complementing the definition of social entrepreneurship with the shaping characteristics at the entrepreneurial level supports the understanding of the operational activities at the organisational level. The reason for this is that the held aims, missions, values and practical actions at the individual level contribute to the organisational identity of the entrepreneurial endeavour in the eyes of its audiences (Scott and Lane, 2000). Exploring the shaping characteristics of social entrepreneurs relevant to this study is shown by briefly exploring the modelling origins of social entrepreneurship, the distinguishing characteristics of social entrepreneurs in comparison, and pointing to the typologies of social entrepreneurs prevalent in the academic literature. For the latter, this study highlights especially the vital characteristics surrounding the typology of the *social bricoleur* that is relevant for this study.

The origins of social entrepreneurship began at the end of the 20th Century where increased competition among nonprofit organisations, decreasing government funds, rising costs with grant and donation shortage and the increased rivalry from commercial competitors necessitated NPOs to react and become more entrepreneurial in their activities (Morris, Coombes, Schindehutte and Allen, 2007; Gras and Mendoza-Abarca, 2014). Therefore, they started to search for market-based opportunities that yielded new ways of funding (Dees, 1998). This rise of the social enterprise has shown a simultaneous expansion in Europe as well as in the United States (Kerlin, 2005) where ventures started to target pressing social needs in developed economies such as poverty and gender inequality (Zahra et al. 2009). The characterisation of the societal aim is represented as an essential start-up action where the mission or purpose in the beginning is extracted from the founders' motives or the *'belief in the cause'* (Katre and Salipante, 2012). Being therefore embedded in the ventures' identity, the social purpose has strong implications for the involved entrepreneurial actions that tend to shape organisational strategies (Lewis, 2005). As concluded in the previous *Subsection 2.1.1*, this focus on innovative social value creation is a prerequisite for social entrepreneurs and a distinguishing characteristic at the same time. For instance, pure commercial ventures usually involve private operations towards the accruement of economic benefits. On the other side, pure non-for-profit initiatives involve the production of concrete and real live improvements for their beneficiaries (Katre and Salipante, 2012). Social entrepreneurs are similar to nonprofit organisations in their concerns or dissatisfactions with the personal or community status quo and are using market economics for the aspired social change (Guclu, Dees and Anderson, 2002; Katre and Salipante, 2012). On the other side, social enterprises are akin to conventional business ventures because of their emphasis on a financially

self-sustainable business model in order to produce the intended social change (Austin, Skillern, Leonard and Stevenson, 2007). Nonetheless, understanding social ventures further means understanding that they expose variations in the way they sight their social missions, seize opportunities, tackle resource acquisition and address social issues (Zahra et al. 2009). For this reason, it is important to point out the fact that academic scientists have categorised social entrepreneurs in a threefold typology consisting of the *social bricoleur*, the s*ocial constructionist*, and the *social engineer* (Zahra et al. 2009) where the former emerges as an important concept for this study for the subsequent reasons.

When looking at this threefold typology, it becomes apparent that the focus of this study – the CICs – meet many of the characteristics of the social bricoleur as they are using their local knowledge in order to remedy small-scaled local (community) social problems in a more improvised manner (Zahra et al., 2009). In essence, social bricoleurs work from inside-out where private, contextual and local knowledge plays an important role in entrepreneurial activities (Hayek, 1945). The underlying reasoning is the premise that distant entrepreneurs lack the relevant tacit knowledge and facts in order to seize, frame and evaluate the opportunities at hand (Zahra et al., 2009). In contrast, the characteristics of *social engineers* will not be examined, as their aspirations for gaining legitimacy are beyond the scope of this study because they tend to bring forward either revolutionary or disruptive change (Schumpeter, 1942) within social systems (Zahra et al. 2009). As this kind of social value creation – or '*creative destruction*' of social systems includes activities that tend to threaten the established interests of existing institutions, it can be argued that they lead to a natural deficit of legitimacy (Zahra et al. 2009). In addition, the *social constructionist* creates social wealth through building, launching and operating ventures that target insufficiently addressed social needs (Kirzner, 1973; Zahra et al. 2009). These opportunities for systematic changes, however, do not arise from local knowledge and appraisal but rather from an intrinsic alertness to opportunities that are leveraged through the development of tailored products/services or reconfiguration of processes (Kirzner, 1973). Because of this, social constructionists want to relieve social problems at a broader level through the development of systemised scalable remedies that are transferable to any new or already given social context (Grant, 1996). In conclusion, the academic literature suggests that the characterisation at the individual level (the social bricoleur) is intriguing for this study because individual characteristics tend to shape the organisational level at which resource-holding audiences base their judgment of the appropriateness of the social venture.

2.2 A New Social Ventures' Quest for Resources

This section aims to further elaborate the concept of social bricolage (*Subsection 2.2.1*) because it represents a vital tool for social ventures to tackle their distinctively resource-scarce environment (as shown in *Subsection 2.2.2*) with survival strategies that foster organisational legitimacy in the eyes of resource-holding audiences. With these strategies, they can facilitate their access to vital resources for survival and growth.

2.2.1 Implications of the Concept of Bricolage for SE Interactions

Social bricoleurs, as originally introduced by Levi-Strauss (1966) and further defined by Weick (1993) come into play as they have the ability to use any kind of repertoires and resources to execute whatever task is to be faced to leverage new opportunities. In a world with asymmetric knowledge, it is essential for successful social enterprises to have intimate knowledge of both locally accessible resources (the 'whatever is available') and relevant local environmental conditions (Zahra et al., 2009). Social bricoleurs act on a more local community level and without them, many serious local social issues would have remained unrecognised. Addressing those needs brings the world closer to the ideal '*social equilibrium*' described by Parsons (1971) where ideal social settings with peace and order prevail (Zahra et al., 2009). Besides this utopian 'ideal' setting, social bricolage can lead to non-neglectable social change for their local communities. It can therefore be disputed with Zahra et al. that nowadays governments and media still fully resist "a broad recognition or even comprehension" (2009, p. 524) of them. Zhara et al. (2009) even argue that researchers find it difficult to locate social bricoleurs as their actions are more inclined to be based on local knowledge. In contrast, the United Kingdom represents an intriguing setting where the government puts forward social policies affecting and focusing on social entrepreneurship. In this sociopolitical context, social bricolage can be viewed as a practical response to this kind of environment (Di Domenico et al., 2010). Utilising the concept of social bricolage in order to explain the context and behaviours of social ventures in the UK by Di Domenico et al. (2010) has nowadays inspired other scholars to further this research into other national settings. This includes settings such as the United States where less governmental intervention occurs, or developing countries that suffer from more acute resource constraints (Di Domenico et al., 2010). The study of Sunduramurthy, Zheng, Musteen, Francis and Rhyne (2016, in Press) most recently provided empirical evidence for successful social ventures utilising social bricolage approaches also in Brazil, South Africa and the United States in similar ways – by denying environmentally imposed limitations, through the efficient usage of scarce resources in new and innovative ways and through partnering

with a wide range of stakeholders. In summary, social ventures need to strategically organise themselves in response to their respective sociopolitcal environment, their resource-scarcity and with their stakeholders. As the point of resource-scarcity represents an urgent issue for newly incorporated ventures, the following *Subsection 2.2.2* will further elaborate the particularities and strategies surrounding the resource acquisition of new social enterprises.

2.2.2 Resource Acquisition and Social Entrepreneurship

Academic literature suggests that for social enterprises, resource scarcity represents an even higher pressing need than for commercial business ventures. The reason for this is the fact that business ventures usually tend to address markets with enough capacity to grow (Di Domenico et al., 2010). In contrast, social ventures tend to target markets on a community level with a natural shortage of resources (Di Domenico et al., 2010). Supporting further the concept of social bricolage in new venture creation, Stenholm and Renko (2016) just recently suggested that successful early-stage survival can be inevitably linked to higher levels of entrepreneurial passion and their resulting resource-related behavior (bricolage). Strategies to approach resource scarcity for social enterprises are manifold in the academic literature. Social resourcing, networking, financial bootstrapping, social bricolage and strategies for effectuation suggest effectiveness when a resource-scarce environment is threatening the new ventures' survival (Di Domenico et al., 2010). When focusing on economic exchange during the start-up stage, financial bootstrapping often represents an indicator for bricoleurial activity (Di Domenico et al., 2010). Key bootstrapping methods involve for example founder financing, minimising liabilities, resource-sharing, delaying payments, minimising stock, and subsidy finance (Winborg and Landström, 2011). In summary, social entrepreneurs help themselves from a repertoire of social resource strategies that were proven to be especially useful in an environment characterised by resource scarcity (Starr and MacMillan, 1990). Herewith, empirical evidence has shown that *social value creation*, *stakeholder participation*, and *persuasion* add to existing knowledge about social bricoleurs' activities such as "*making do/create something from nothing*, *the refusal to be constrained by limitations*, and *improvisation*" (Di Domenico et al., 2010, p. 698). From this, it is of particular interest for this study that social bricolage in form of stakeholder engagement, represents a powerful tool to create, extend, and strengthen social ties among local communities that support the building higher levels of social enterprises legitimacy (Di Domenico et al., 2010). Especially, the construct of *persuasion* supports social enterprises to convince stakeholders of their potential usefulness in social value creation while not loosing their commercial focus. First,

social enterprises convince resource-holding audiences through articulating that their social venture is legitimate. Second, inherent legitimacy is enhanced by backing respective community values with strategic actions such as engagement in political activities. Finally, social enterprises utilise their influence by leveraging stakeholder participation for the desired access to resources (Di Domenico et al., 2010).

Overall, concluding this more in-depth analysis, it becomes clear that a resource-scarce environment is characteristic for social enterprises and for new ventures. This leads to survival strategies of nascent organisations with a focus on activities that foster legitimacy and cost little or no money (Zimmerman and Zeitz, 2002). This involves for instance stakeholder interactions, managing key stakeholder perceptions and embracing NV legitimation strategies. Fostering legitimacy through these activities, however, requires understanding how enterprises are able to achieve organisational legitimacy with strategic actions. Therefore, the following *Section 2.3* will provide a comprehensive definition of the state of NV legitimacy (*2.3.1*) with the prevalent perspectival, theoretical lenses (*2.3.2*) and its strategic legitimation process (*2.3.3*) that is relevant for this research. Defining organisational legitimacy lastly involves linking the strategic NV legitimation process back to the abovementioned, vital entrepreneurial-stakeholder interactions being of importance in the legitimation process (*2.3.4*).

2.3 New Venture Legitimacy and their Strategic Nature

Going hand in hand with numerous academic literature efforts that focus on the consequences of legitimation, the subsequent section will likewise further elaborate the legitimation process as it keeps being a persistent complex problem in organisational studies (Johnson et al., 2006). Being the consequence of a process, achieving legitimacy results either from a strategy or a set of implemented organisational actions (Boyd, 2000). The level of organisational acceptability then tends to increase over time (Deephouse and Suchman, 2008). However, exploring the theoretical underpinnings surrounding organisational legitimacy and its incremental achievement involves first of all to define the concept of NV legitimacy with the theoretical perspectives surrounding them as well as it is essential to understand its strategic nature.

2.3.1 Defining the Concept of New Venture Legitimacy

When explaining the creation, growth and survival of new ventures, it is inevitable to acknowledge the role that legitimacy plays because it is viewed as a resource that is at least as important for new ventures as other resources like human capital, financials and technology (Zimmerman and Zeitz, 2002). Furthermore, as a critical issue for new ventures and as mentioned before, legitimacy is commonly viewed as a means to overcome the liabilities of newness, which is widely acknowledged as a contributor to the high proportion of failures among new ventures (Hunt and Aldrich, 1996; Stinchcombe, 1965). For this reason, organisational legitimacy needs further exploration and a clear definition. Standing on the shoulders of giants, Suchman (1995) provides an extensive view on the definitions of the concept of legitimacy provided by social scientists in the years before. Especially, he has drawn attention to the fact that most definitions have provided a focal concern either on the cognitive or the evaluative side of legitimacy. The cognitive side of legitimacy views organisations as "legitimate when they are understandable, rather than when they are desirable" (Suchman, 1995, p. 573). As a means to provide a more comprehensive definition by incorporating both views, this paper follows Suchman who defines legitimacy as

"a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (1995, p. 574).

2.3.2 Perspectival Lenses on NV Legitimacy

In spite of this definition as a ground providing explanation, the concept of legitimacy further appears manifold. In examining NV legitimacy, scholars adopt different theoretical perspectives and typically lean towards one of these perspectives when investigating the effect on organisational legitimacy (Überbacher, 2014). In this general context, theoretical lenses are distinguished on their basis of five generic perspectives: (1) the *institutional perspective* which emphasises the role of institutions in the legitimation process, (2) the *cultural entrepreneurship perspective* that highlights the role of cultural agencies in an actor-centered view, (3) the *ecological perspective* which shows a structural context dependency regarding an NV´s legitimation function, (4) the *social movement perspective* with an emphasis on relatively informal collective actions towards legitimation, and (5) *the impression management perspective* which focuses on the actions of enterprises to let their ventures appear legitimate in the eyes of the audiences (Überbacher, 2014). A synthesis of these five different theoretical perspectives and their shared as well as divergent assumptions by Überbacher (2014) has

led the author to present a typology of four views: (1) the *contextual judgement view*, (2) the *organisational judgment view*, (3) the *collective action view*, and (4) the *strategic action view*. In brief, the first two concentrate on an audience-centered level of analysis where either context-attributes (macro-level) or organisational-attributes (micro-level) determine the legitimation process. The third and fourth view, on the other side, refer to actor-centered approaches that are concentrated either on a micro-level (*strategic action view*) or on a macro-level of analysis (*collective action view*). In summary, the actor-centered *strategic action view* emphasises the role of strategic actions of active NV representatives such as entrepreneurs. These actions towards NV legitimacy are typically performed by individual entrepreneurs who deliberately try to control the judgments of resource-holding audiences with compliance or manipulation of the expectations and values of them (Suchman, 1995; Zimmerman and Zeitz, 2002). For this reason, this study leans toward the *strategic action view* where the following part will provide a further elaboration of the theoretical reasoning and underpinnings surrounding them.

2.3.3 Strategic Legitimation

For the purpose of this research, the fourth typology '*the strategic action view*' as proposed by Überbacher (2014) is of particular interest and will be the primary but not the exclusive theoretical lens that this study looks through when examining the research question. The underlying reason for this involves the following arguments. Empirical evidence examining organisational emergence as a quest for legitimacy has shown that for this purpose, the activities of a nascent organisation – referred to as *strategic legitimacy* – tend to be of higher importance than its characteristics – or *conforming legitimacy* (Tornikoski and Newbert, 2007). More in depth, the findings of Tornikoski and Newbert (2007) suggest that NV legitimacy appears to be a function of the ability of a nascent organisation to influence or convince resource-holding audiences about their entrepreneurial capabilities. Nonetheless, the findings of these authors can be placed into the literature stream that has mainly focused on the *impression management* perspective, as well as on those that have focused on the strategic side of legitimation efforts (e.g. Ashforth and Gibbs, 1990). This stands in contrast to the institutional point of view (e.g. Powell and DiMaggio, 1991). To be more precise about the strategic side, Suchman (1995) suggests adopting a more managerial action-based perspective towards legitimation where societal support is achieved by instrumental manipulation and deployment of evocative symbolic. To conclude, this paper adopts a strategic view on organisational legitimacy as it focuses on enterprise-stakeholder interactions on a more actor-centered point of view, where actors such as entrepreneurs instead of

audiences are assumed to control the NV legitimation process. Nonetheless, entrepreneurial strategic actions towards legitimacy can be considered a difficult task that involves managing the respective stakeholder perceptions based on the following entrepreneurial-stakeholder interactions.

2.3.4 NV Legitimation and Enterprise-Stakeholder Interactions

For social entrepreneurs, the most important audiences of their organisational endeavours are their stakeholders (Clarkson, 1995) as the respective stakeholders have the strength to impact the ventures' performance and survival (Scott and Lane, 2002; Freeman, 1984). In this context, the scholars Aldrich and Fiol (1994) highlight that stakeholders reveal highly subjective ideas when evaluating new ventures because their capability of surviving is highly uncertain (Nagy et al., 2012). Therefore, an impression of legitimacy and viability is essential for new ventures in order to receive the necessary support (Starr and MacMillan, 1990). As mentioned before, organisational legitimacy represents a vital stage for accessing the necessary resources in providing social value (Oliver, 1991; Lounsbury and Glynn, 2001). Achieving this stage means representing organisational significance, predictability and reliability in the eyes of resource-holding audiences (Suchman, 1995). Therefore, it is important for an enterprise to rely on stakeholder endorsement in order to secure access to critical resources at incorporation (Nagy et al., 2012). Studies that examine entrepreneurial-stakeholder relations appear diversified and well developed. In particular, research is well developed that highlights what provokes stakeholders to make particular decisions (e.g. Shepherd and Zacharakis, 2003). This stands in contrast to the relatively underdeveloped research streams that focus on entrepreneurial behaviour that positively impacts the perceptions of stakeholders regarding their resource-allocating decisions (Nagy et al., 2012). Investigating the role of stakeholders in the legitimation process means exploring the legitimating function and the role of a variety of actors and their interactions. The variety of actors involves the society as a whole, the media, and especially specific legitimacy-granting authorities (Baum and Powell, 1995; Suddaby and Greenwood, 2005; Nicholls, 2010a). Aiming to influence the legitimacy perceptions of these related actors and stakeholders can involve multiple organisational strategies that usually fall into two general distinct headings: the *substantive* and the *symbolic* (Ashforth and Gibbs, 1990). The former involve legitimation strategies that are grounded on organisational operations while the latter are grounded on the essences of the organisation (Nicholls, 2010a).

Studies that investigate entrepreneurial behaviours towards organisational legitimacy (e.g. Nagy et al., 2012) tend to conceptualise legitimacy perceptions based on new ventures' *cognitive legitimacy* (according to Zimmerman and Zeitz, 2002; Zott and Huy, 2007; Pollack, Rutherford and Nagy, 2012) because it is viewed as the evaluation of taken-for-grantedness or comprehensibility of stakeholders about the venture in question. Therefore, it is assumed among scholars to be the most important type of legitimacy that new ventures must reach in the eyes of stakeholders (c.f. Suchman, 1995; Bitekine, 2011). Even though the authors have justified using cognitive legitimacy, Suchman (1995) has further subdivided academic research streams towards a three-dimensional framework. This involves the classification of legitimacy based on three types - *pragmatic*, *normative* and *cognitive legitimacy*. Being based on a scholarly movement in the end of the 1990s, related researchers evaluated these dimensions in a similar/renewed fashion. *Appendix 1.0* represents an extensive synthesis of the researchers´ findings that highlights similarities in the meanings of the different dimensions of legitimacy.

What can be extracted from the overview in *Appendix 1.0* is that for this research study, *pragmatic legitimacy* is actually of less importance because it focuses exceptionally on enterprise-stakeholder interactions relying on the self-calculated interests of a ventures' immediate audiences. The rationale is that it usually requires a direct exchange between the audience and the organisation itself (Suchman, 1995). More to the point, this research effort requires to direct one's attention at the moral and cognitive side of the coin. *Moral (normative) legitimacy* is based on a stakeholder's normative approval reflecting the beliefs about whether the new ventures´ goals and activities are the so-called '*right thing to do*'. Sourcing it enhances the nascent organisation´s survival which equals the provision of credibility, contact and support for a positive reputation (Zimmerman and Zeitz, 2002). *Cognitive legitimacy*, on the other side, corresponds with the comprehensibility that naturally leads to cultural models that become social realities (Suchman, 1995; Laïfi and Josserand, 2016). In this regard, cognitive legitimacy can be targeted by nascent organisations when they demonstrate or forward the impression that they are endorsing and implementing the established taken-for-grantedness (Zimmerman and Zeitz, 2002). Overall, it can be concluded that from the theoretical conceptualisation of Suchman (1995), the latter two conceptualisations of organisational legitimacy appear of most importance for this study.

However, reviewing these conceptualisations, it becomes difficult to perfectly distinguish cognitive and normative legitimacy in empirical terms (Zeitz, Mittal and McAulay, 1999). One author even merged both dimensions into one – *cultural legitimacy* (Archibald, 2004; cf. Deephouse and Suchman, 2008). In further support, applying this three-dimensional framework of Suchman (1995) in order to study innovative organisational actors' deployment of proactive legitimacy strategies, has led Laïfi and Josserand to recently conclude that "legitimation strategies are much more fragmented than existing research might lead us to believe" (2016, p. 2349). Their findings indicate that ventures' actions work incrementally in the formulation of fragmented legitimacy strategies depending on the audience at hand. Additionally, their strategies depend on the importance of the cognitive deficit that exists in the given context and the option to receive endorsement by influential actors (Laïfi and Josserand, 2016). After pragmatic and moral legitimacy have occurred, cognitive legitimacy can be regarded as an emerging long-term achievement (Johnson et al., 2006; Laïfi and Josserand, 2016). However in-between the legitimation process, different sequences might feature the various enterprise-stakeholder interactions of actors striving for legitimacy. In this context, it can be considered as a 'practical game' where actors attempt to produce strategies by using the resources available to them across and within the given context (Laïfi and Josserand, 2016). If in this strategic process new practices are assembled or old practices are newly combined, the legitimation process can be perfectly linked back again to opportunistic entrepreneurial (social) bricolage (Laïfi and Josserand, 2016) that was described in the previous sections of this literature review. In order to assimilate previous knowledge, this study of the strategic legitimation process of social enterprises is supported by the application of extant theory in the form of Zimmerman and Zeitz's (2002) process model of legitimation which will be analysed in the following *Section 2.4*. This theoretical framework includes the most comprehensible analytical tool available in the academic literature to analyse legitimation strategies, which are still (fifteen years later) considered complex, fragmented and difficult to understand in the academic literature (Laïfi and Josserand, 2016; Johnson et al., 2006).

2.4 The Process of Acquiring NV Legitimacy

The following section will present the theoretical framework of Zimmerman and Zeitz (2002) that is utilised in this research to study the legitimation process among social enterprises in the UK. The groundwork for this framework was initially laid by Suchman (1995) and was further synthesised and extended by Zimmerman and Zeitz (2002). Even fifteen years later, Zimmerman and Zeitz (2002) provide the most comprehensible framework to analyse the legitimation process among new ventures

(*2.4.1*). In order to understand if this theoretical framework is suited also for the legitimation process among social enterprises, *Subsection 2.4.2* will provide the related literature review.

2.4.1 Legitimation Strategies – The underlying Theoretical Framework

Suchman (1995) distinguishes between three different challenges that new ventures face when acquiring legitimacy, namely (1) *gaining legitimacy*, (2) *maintaining legitimacy*, and (3) *repairing legitimacy*. Even though all of them are essential for organisations, this research paper mainly focuses on the first form 'gaining legitimacy' because it is especially of importance for new ventures at incorporation. The activities for acquiring legitimacy can be roughly clustered into the following three distinct strategies according to Suchman (1995): c*onformance*, *selection* and *manipulation*. The first strategy, '*conformance to the environment*' pictures the venture's current environment as given. Therefore, organisations use strategic actions to position themselves within an existing institutional regime by adapting to pre-existing resource-holding audiences. In this way, organisations achieve "pragmatic legitimacy by conforming to instrumental demands, moral legitimacy by conforming to altruistic ideals and gain cognitive legitimacy primarily by conforming to established models or standards" (Suchman, 1995, p. 589). If managers of nascent ventures eventually wish to move beyond mere conformance, the selection-strategy provides them with a more proactive approach. In that case, it can be advantageous to purposefully select an environment which is more in line without demanding the organisation many changes in return (Suchman, 1995). In pragmatic terms, selection strategies manifest in e.g. market research. Moral legitimacy reveals in the choice of normative standards which represents a more difficult task. In addition, selection based strategies, in cognitive terms, can be operated through strategic manipulation of e.g. goal statements (Suchman, 1995). The third legitimacy strategy based on Suchman (1995) involves an even more proactive step that is usually tackled if strategic actions of conformance and selection are not sufficient to achieve the desired level of NV legitimacy. To be more precise, the manipulation strategy consists of proactively developing a basis of support that is tailored for the distinct needs of the new venture (c.f. Aldrich and Fiol, 1994; Suchman, 1995). In their pragmatic form, manipulation strategies appear the most effortless task because pragmatic legitimacy is reflected directly by influence and exchange relations between the venture and its audiences. On the contrary, moral and cognitive legitimacy appear more difficult to achieve due to the fact that the former requires establishing new grounds for moral legitimacy while the latter involves more collective actions in order to establish taken-for-grantedness and comprehensibility (Suchman, 1995).

Extending the academic body of knowledge with regard to these legitimacy strategies, Zimmerman and Zeitz (2002) propose a framework (or process model) that represents a synthesised extension of the previously mentioned legitimacy strategies *'conformance, selection and manipulation'*. The framework of Zimmerman and Zeitz (2002) is shown in *Figure 2.0* and represents the process in which new ventures achieve organisational legitimacy. The extension to Suchman's (1995) legitimation strategies involves the addition of '*creation*' as a fourth strategy that "involves developing something that did not already exist in the environment" (Zimmerman and Zeitz, 2002, p. 425). This kind of strategy is especially of interest in organisational settings where new domains of operations exhibit a platform for new rules, scripts, models, norms and values (Aldrich and Fiol, 1994; Zimmerman and Zeitz, 2002). In conclusion, these four proposed legitimacy strategies reveal a playing field for any kind of nascent venture to purposefully maneuver its organisation towards resource acquisition in order to nurture survival, growth, sustainability or any other kind of goal to which the venture in question has dedicated itself (Oliver, 1991; Suchman, 1995; Zimmerman and Zeitz, 2002).

Nonetheless, the legitimation process in itself is insufficient when the focus solely relies on the provided legitimacy strategies in isolation. Therefore, Zimmerman and Zeitz (2002) virtuously incorporate the specific sources from which legitimacy can be derived into their legitimacy process model. These sources of legitimacy from the framework of Scott (1995a) and Hunt and Aldrich (1996) outline the following three pillars of the external environment: (1) *sociopolitical regulative*, (2) *sociopolitical normative*, and (3) *cognitive legitimacy* (compare *Appendix 1.0 and Figure 2.0*). Zimmerman and Zeitz (2002) further extended these sources of legitimacy with the '*industry*' pillar, where an entire industry with its standards, practices, norms and technologies can be a source of legitimacy for the nascent venture as well (Zucker, 1988; Aldrich and Fiol, 1994; Suchman, 1995; Scott, 1995b). Speaking more in depth, *sociopolitical regulatory legitimacy* can be sourced from expectations, standards, rules and regulations (Scott, 1995a; Hunt and Aldrich, 1996). *Sociopolitical normative legitimacy*, on the other side, includes organisations to source legitimacy from societal norms and values (Scott, 1995a; Hunt and Aldrich, 1996; Zimmerman and Zeitz, 2002). *Cognitive legitimacy*, finally, can be derived from addressing taken-for-granted assumptions and widely-held beliefs (Scott, 1994). These sources of organisational legitimacy can be traced back to the work of Suchman (1995), where cognitive and normative legitimacy were identified as the most important sources of organisational legitimacy that nascent (social) ventures must gain (*compare Subsection 2.3.4*).

In summary, nascent organisations can use a variety of legitimacy strategies which can derive their sources from different environmental pillars. These theoretical underpinnings that Zimmerman and Zeitz (2002) have brought together will be used as a guiding framework for this research study (*Figure 2.0*). The underlying reasoning involves that it provides an extended process model to study the way in which new ventures apply strategic actions to overcome their liabilities of newness and gain organisational legitimacy. Furthermore, this framework provides the theoretical underpinning that has assimilated previous academic knowledge surrounding the strategic quest for legitimacy (see *Appendix 1.0*).
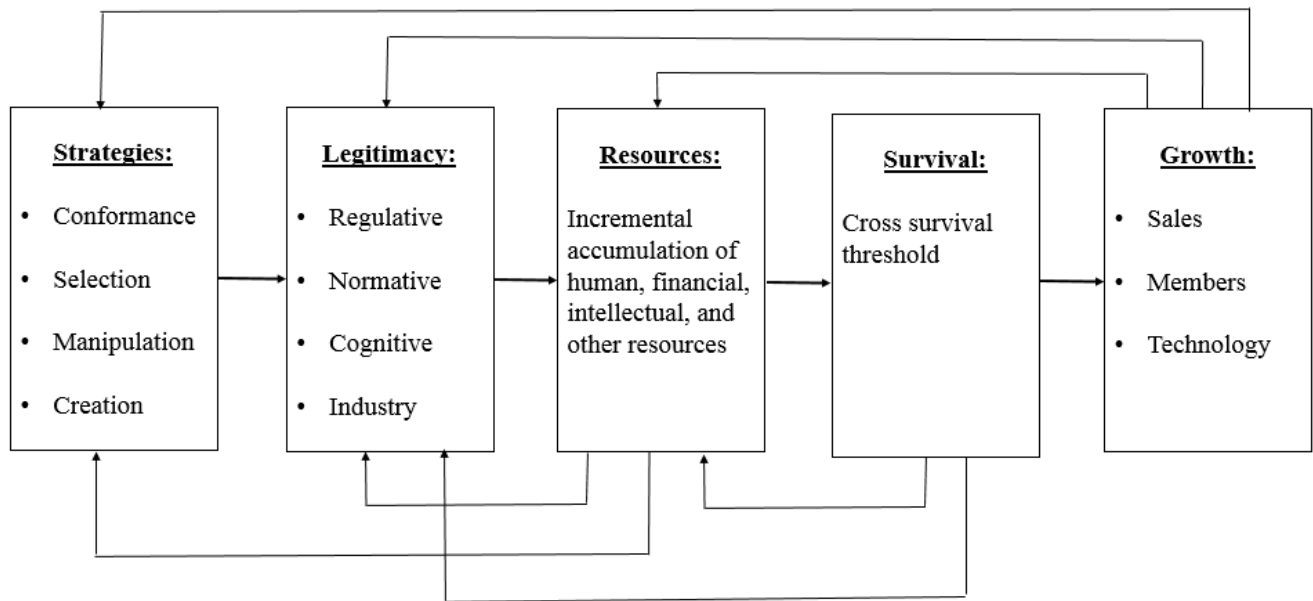
Figure 2.0 The Process Model of Legitimation of Zimmerman and Zeitz (2002), representing the way in which NVs can gain legitimacy.

The framework of Zimmerman and Zeitz (2002) highlights the way in which nascent (commercial) ventures can utilise legitimation strategies to achieve the desired resource acquisition. In the following subsection, however, it is important to outline how the quest for organisational legitimacy is particularly shaped in the context of social entrepreneurship.

2.4.2 Acquiring Legitimacy in the Context of Social Entrepreneurship

Understanding how social enterprises gain legitimacy represents a difficult task. At minimum, it requires the assimilation of knowledge about commercial ventures when related knowledge about social ventures is underdeveloped. However, it can be argued that the mere applicability of the assumptions related to conventional business ventures is not enough in this context. The underlying reasoning involves the fact that the concept of social entrepreneurship still lacks clear epistemological

boundaries and a well-defined normative logic. This, in general, threatens the concepts' overall legitimacy (Nicholls, 2008; 2010a; 2010b). However, a remedy to this does exist where Nicholls (2010a) points to the fact that dominant actors are able to shape an emerging fields' legitimacy like that of social entrepreneurship. This is done through a reflection of the dominant actors' own institutional norms and logics – characterised as *reflexive isomorphism* (by following Morgan, 2006). This legitimacy strategy involves supporting key paradigm-building agents in the context of social entrepreneurship that act either explicitly through e.g. media coverage or implicitly as enabler of social entrepreneurial legitimacy (Nicholls, 2010a). According to this, key paradigm-building agents are able to shape social entrepreneurship's legitimacy and can be distinguished by four categories, namely the g*overnments*, *foundations*, *fellowships* and *network organisations*. As a collective, these actors can be highly powerful towards the establishment of narratives, discourses, and ideal types that represent the early-stage evolution of social entrepreneurship (Nicholls, 2010a). An interesting example of this can be found in the UK. In the past, no other state government has performed such an amount of work and commitment towards the social entrepreneurial field. Besides the creation of a new incorporation form – the *community interest company* - in 2005, the UK government committed high amounts of funds towards social investments as well as supporting *UnLtd* - a foundation for social enterprises in the UK – and network organisations such as "*Social Enterprise Alliance*, the *Community Action Network* (CAN), and the *Social Enterprise Coalition* (SEC)" (Nicholls, 2010a, p. 618). Each of these actors reveals self-reflexive legitimation strategies that attempt to construct a distinct conclusiveness of the concept of social entrepreneurship (Nicholls, 2010a). For this reasoning, it can be concluded that studying nascent social ventures´ legitimation strategies in the UK should remedy the threat of misconceptions about social venture legitimacy based on a lacking well-defined logic and its characterisation as an essential contested concept (Choi and Majumdar, 2014). Due to this groundwork provided by UK-paradigm-building agents, it is possible for key stakeholders to rely on a more clearly defined institutionalised normative mandate against which perceptions of entrepreneurial operations can be compared (Nicholls, 2010a).

In conclusion, it appears that the theoretical framework of Zimmerman and Zeitz (2002) can be used to frame the applied legitimation strategies of social enterprises. Even though the application of this framework is based on the knowledge of a commercial venture's quest for legitimacy, the academic body of knowledge benefits from investigating "how existing theories apply to social-mission related phenomena" (Dacin, Dacin and Matear, 2010, p. 43). One of the reasons includes that the lines

between purely economically oriented and purely socially oriented endeavours can be considered as blurred (compare *Subsection 2.1.1*) and the respective academic literature for both is sometimes even interchangeable (Dacin et al. 2010). Insights into the way in which social enterprises, besides the strategic usage of their social mission as source of legitimacy, further garner access to resources is vital for the knowledge about social ventures (Dacin et al. 2010). Thereby, applying Zimmerman and Zeitz's (2002) framework allows to concentrate on social entrepreneurial strategic actions at incorporation while other legitimation theories concentrate on less well-suited lenses for this particular study such as institutional theory/institutional entrepreneurship (e.g. Zhang and White, 2016; Ruebottom, 2013), emerging industry legitimacy (e.g. Déjean, Gond and Leca, 2004), symbolic management (e.g. Zott and Huy, 2007), narratives and story-telling (e.g. Garud, Schildt and Lant, 2014; Lounsbury and Glynn, 2001), and life-cycle theory (Drori, Honig and Sheaffer, 2009). In sum, besides a few exceptions, it can be argued that the process of new venture legitimation is a scarcely populated field of research (Turcan, 2012).

2.5 Concluding Remarks

Overall, it can be highlighted that this theoretical chapter elaborated the necessary groundwork for studying how nascent social ventures in the UK utilise strategic actions at incorporation to achieve legitimacy in the eyes of their resource-holding audiences. First, the definitions and the shaping characteristics of social entrepreneurs in the academic literature were analysed. This led, in line with other scholars, to the observation that the concept of social entrepreneurship is difficult to clearly define. It consists of multiple sub-concepts depending on the given context that should as a prerequisite exhibit social value creation. Complementing the definition of SE with the shaping characteristics of social entrepreneurs at the individual level supports the understanding of the operational activities at the organisational level. The shaping characteristics have lead to the insight that social enterprises share similarities with commercial and not-for profit ventures at the start-up stage. The exposed variations in the operational domain of social enterprises have shown that a threefold typology of social entrepreneurs emerged in the academic literature. From this, it can be concluded that the study's object of observation – newly incorporated CICs – belong to the social bricoleur categorisation. With this, an understanding of the surrounding environment and the related resource acquisition of social enterprises could be achieved.

In addition, the literature streams that provide knowledge into the way in which nascent social ventures approach their characteristic resource scarcity were elaborated. Therefore, the implications of the concept of social bricolage was elaborated as a way to deal with the resource-scarce environment that appears characteristic for social entrepreneurs. Furthermore, it involves the interactions of new social ventures with related stakeholders on their quest for legitimacy. Thirdly, the proactive way in which social enterprises actively engage in their quest for new venture legitimacy is narrowed down. It involves understanding the concept of organisational legitimacy, embracing different perspectives towards legitimacy and yielded the conclusion that strategic legitimation is the theoretical approach that is of importance for this study. Linking the NV legitimation process back to the identified enterprise-stakeholder interactions have shown three types of legitimacy to play a particular role in these interactions – pragmatic, moral and cognitive legitimacy. The applied theoretical framework in this study involves the elaboration of four types of legitimation strategies towards the acquisition of three sources of organisational legitimacy. Since the available framework acts as an analysis tool for legitimation strategies which was originally designed for mainly commercial ventures, the chapter has ended with theoretical underpinnings related to its application in the context of social entrepreneurship.

In summary, the result of this theoretical chapter is to understand and utilise the theoretical framework of Zimmerman and Zeitz (2002) in order to study the way in which nascent social enterprises in the UK gain legitimacy through the application of strategic actions at incorporation. This, in turn, reveals how nascent social ventures overcome their inherent liabilities of newness and gain access to critical resources held by relevant audiences.

3. METHODOLOGY

The purpose of this research is the examination of the way in which legitimation strategies are utilised by social enterprises to convince their resource-holding audiences that their activities are acceptable, desirable and appropriate (Bitektine, 2011; Suchman, 1995) in order to overcome their liabilities of newness. Data from social enterprises in the form of incorporation documents was extracted from the *UK Government – Company House* including an amount of data of 50 different successful community interest companies. This data allows to apply the chosen theoretical framework of Zimmerman and Zeitz (2002) in a new research setting – the analysis of legitimation strategies applied by social enterprises in the UK. Therefore, this study chose to conduct a content analysis of these incorporation documents as a qualitative approach. When the aim is to extend knowledge and provide new insights,

content analysis is a well suited research method to produce an extensive description of the studied phenomenon (Krippendorff, 2004; Graneheim and Lundman, 2004). The qualitative content analysis involves the application of Layder's (1998) adaptive theory. The adaptive theory approach is a technique where "theory both adapts to, [and] is shaped by, incoming evidence while the data itself is simultaneously filtered through, and is thus adapted by, the prior theoretical materials (frameworks, concepts, ideas) that are relevant to their analysis" (Layder, 1998, p. 5). One of the strengths of this approach is that the flexible utilisation of such a conceptual framework provides the researcher with a preliminary means of giving shape to and ordering a mass of data. Additionally, in contrast to anti-theoretical qualitative approaches, the utilisation of adaptive theory produces conclusions that are explanatory rather than solely descriptive in their nature through the application of theorising (Layder, 1998). Theorising "engages with questions concerning how and why particular patterns of evidence occur, and how this reflects the organisation of society and social life more generally" (Layder, 1998, p. 10). Thereby, adaptive theory allows to overcome the inherent limitations of methodologies that purely apply either inductive (theory that emerges from data) or deductive reasoning (theory guiding data) through the utilisation of both (Hatak et al., 2015).

For this reason, the following sections will underline the purpose of this qualitative content analysis and introduce the justification for the chosen sampling method and the way in which the utilised sample was constructed. *Subsection 3.1.2* provides an overview of the criteria describing the extracted sample that allows to evaluate the representativeness of the extracted sample compared to three benchmarks (*Table 1.0*). The way in which the data collection from the sample of CICs was conducted and the particularities of the data are elaborated in *Subsection 3.1.3*. This *Methodology-Chapter* ends with *Section 3.2* that shows the procedure with which this research was conducted and analysed.

3.1 Sample and Data

3.1.1 Sample Selection

In order to explore nascent social ventures as units of observation, purposive sampling was used to build a pool of companies that are contributing to the social benefit of their community while being economically viable at the same time (Moss, Short, Payne and Lumpkin, 2011). To narrow down the scope of the firm pool, this study utilised UK-based CICs as units of analysis which were derived from the NatWest SE100 Index. Since 2010, researchers at NatWest/RBS are surveying social ventures in the United Kingdom by using primary and secondary data methods in order to derive an index that

honours excellently performing social enterprises on three main criteria '*Newcomer, Growth and (Social) Impact Rating*' (NatWest-Annual Report, 2015; NatWest SE100-Index, n.d.). Moreover, the SE100 Index follows the growth of the UK-based social enterprises in their data pool as well as the way in which these companies demonstrate their social impact. This process is completed each year by conducting due diligence on the shortlisted companies that rank highest in terms of their social and financial performance (NatWest-FAQ, n.d.). In the respective data pool, CICs represent the largest proportion of organisations where companies are either judged as social ventures based on self-defined or own-based criteria for entering the index (NatWest-Annual Report, 2015; NatWest-FAQ, n.d.). In this case, it is fairly certain that the SE100 Index promises the best available choice to extract a sample of successful CICs for this research study. The used sample extraction method was adapted to the given conditions of the data pool. As a consequence, purposive sampling was applied. This technique includes to collect a sample from a particular group of interest (Kerlinger, 1986). In this way, the external validity rises as the ventures being examined are in fact social enterprises (Moss et al., 2011*).* In order to achieve a sample of high performing CICs, this study has carefully accessed the respective list of high-ranking social enterprises from the years 2011 until 2015. Among these, a sample of 50 high-performing CICs was extracted from the two sources – (1) the overall top 100 ranking and (2) the high (social) impact rating. Due to limited data availability, a sample of 38 top 100-ranking CICs and 12 high impact-ranking CICs was finally extracted from the data pool.

The underlying rationale for including high-ranking CICs lies in the conceptualisation of legitimacy. According to Zimmerman and Zeitz (2002), it is not possible to observe organisational legitimacy directly. The only way to judge a new venture having achieved the status of being legitimate in the eyes of the resource-holding audiences is to view it retrospectively. The survival of a firm therefore represents that legitimacy has to be present (Zimmerman and Zeitz, 2002). In order to avoid having social ventures in the sample that have a non-recurring high ranking and thereby ensure consistency in the performance criteria, the NatWest SE100 Index was screened for CICs that ranked high in the abovementioned criteria continuously for three years in a row between 2011 and 2015. To clear the question of the motives for this chosen time frame, it is important to highlight the fact that the NATWest SE100 exists since 2010 and started to evolve continuously where for 2016, no data was accessible yet at time of this research study (NatWest-FAQ, n.d.).

3.1.2 Sample Description

Table 1.0 was constructed to provide an overview of the extracted sample of community interest companies. The respective rows of the table provide descriptive information about the general characteristics of the sample such as age, legal structure, industry sector and operational regions covered. Herewith, the first column *'Sample'* shows the characteristics of the extracted CICs in comparison to the same characteristics of three benchmarks. The reasoning for benchmarking involves the presentation of the representativeness of the extracted sample of social enterprises in the UK. The first benchmark is simply the population of social enterprises in the *NATWest SE100 Index* containing 1,244 social ventures from which the sample was extracted (NatWest-Annual Report, 2015). The second benchmark represents the results of the *State of Social Enterprise Survey* conducted most recently in 2015 (Social Enterprise UK, 2015). This survey provides the most detailed snapshot at social enterprises operating in the UK which is currently available. The third benchmark, however, represents the findings of the *Survey of Social Enterprises across the UK of 2005* commissioned by the *Department of Trade and Industry's (DTI) Small Business Service* (FAME, 2005). In conclusion, this table shows the representativeness of the sample in comparison of the total available dataset as well as in comparison with large-scale quantitative studies that were conducted with social enterprises in the UK in 2015 and in 2005.

To begin with, it can be observed that the CICs in the extracted sample show a similar distribution when considering the inherent legal structure (around 20% are limited by shares). The industry sectors in which the CICs operate are similar to the remaining three benchmarks where '*Education (and Youth)*' as well as '*Health and Social Care*' are clearly observed to be the most frequent field of operation by social enterprises. A possible reason for this is the fact that social enterprises are responding to opportunities from agendas such as health service reform and localism that were forwarded by the UK-government (Social Enterprise UK, 2013). Similar observations can be made when considering the regions covered. In order to compare if all relevant regions are covered by the sample in a similar manner as other (larger, quantitative) studies, it can be clearly argued that this study contains a sample of social enterprises that approaches the true population well. Three regions appear to be of the largest interest, namely the *South West*, *London* and *North West* of the UK. Overall, it can be concluded that the extracted sample in this research study appears strong in its representativeness.

TABLE 1.0: SAMPLE DESCRIPTION

SOCIAL ENTERPRISES: CIC	SAMPLE		BENCHMARK 1:		BENCHMARK 2:		BENCHMARK 3:	
	DETAILS	PROP %	DETAILS	PROP %	DETAILS	PROP %	DETAILS	PROP %
SAMPLE DISTRIBUTION			**NATWEST SE100**		**SE IN UK 2015**		**SE IN UK 2005**	
CICs in Top 100 Rating	N = 38	76%						
CICs in high in Impact Rating	N = 12	24%						
Total	N = 50	100%						
GENERAL FACTS								
Range of Yr of Incorporation	2006 – 2011							
Sample mean: Yr of Incorporation	2009							
Range of Age of CICs	5 years – 10 years							
Sample mean: Age	7 years							
Legal Structure								
CICs Limited with Share Capital	N = 9	18%	149	21.05%	608	20%		
CICs Limited without Share Cap.	N = 41	82%	560	78.95%	1824	60%		
CICs 'Unsure about legal structure'					608	20%		
Social Enterprises not CICs			535		12,158		8,401	
INDUSTRY SECTORS FOR SE								
Leisure, Sports, Arts and Culture	N = 10	**20%**		**15.76%**		**9%**		
Education and Youth	N = 9	**18%**		**12.62%**		**18%**		**15%**
Health and Social Care	N = 8	**16%**		**15.43%**		**9%**		**33%**
Regeneration and Com. Develop.	N = 7	**14%**		**13.42%**		7%		**21%**
Business Services/Consultancy	N = 5	10%		5.71%		**17%**		
Employment and Training	N = 3	6%		8.20%		**17%**		
Environment and Recycling	N = 3	6%		5.14%		8%		
Marketing and Communication	N = 3	6%		2.41%		8%		
Hospitality and Catering	N = 1	2%		2.57%		7%		
Retail	N = 1	2%		3.62%		12%		3%
Finance and Real Estate		0%				5%		**20%**
Other/Remaining		0%		15.12%		13%*		9%
REGIONS COVERED								
South West	N =11	**22%**	186	**15.04%**		**12%** **		**12%**
London***	N = 8	**16%**	229	**18.50%**		15%		**22%**
North West ***	N = 8	**16%**	136	**10.99%**		13%		11%
South East	N = 8	**16%**	127	10.27%		**13%**		**14%**
West Midlands***	N = 6	12%	83	6.71%		11%		6%
East	N = 3	6%	78	6.31%		8%		**11%**
North East	N = 3	6%	64	5.17%		5%		4%
East Midlands***	N = 2	4%	57	4.61%		6%		6%
Yorkshire & Humber	N = 1	2%	71	5.74%		6%		
Scotland		0%	149	12.05%		5%		7%
Wales		0%	57	4.61%		4%		3%
Northern Ireland		0%				2%		4%

* In this survey, the social enterprises could choose multiple sectors as their field of operation (Social Enterprise UK, 2015).

** The most recent data for the CIC regional coverage is provided by the CIC-Annual Report (2016) due to lack of data at Social Enterprise UK (2015).

*** According to Smith, Noble, Wright, McLennan and Plunkett (2015), these regions represent the most deprived decile-areas in the United Kingdom. The research of the Social Enterprise UK (2013; 2015) found that social ventures tend to have their highest concentration in the most deprived areas.

Table 1.0 represents a short overview of the sample of UK-based CICs where the distribution of the sample in this multiple case-study is compared respectively to three benchmarks.

3.1.3 Data Collection

After identifying a sample of 50 high performing social enterprises in the UK, incorporation documents from each social venture were carefully extracted from the *UK Government – Company House*. At point of incorporation, each CIC is required to submit their CIC36 and CIC37-documents to the *Company House* in order to be tested and approved for a social venture to operate as community interest company (Nicholls, 2010a). The CIC36-documents are filled out by CICs at incorporation as a *'Declaration on Formation of a CIC'* and they are instructed to fill out how the company plans to benefit the community and with which activities in details this goal is supposed to be reached. Additionally, this incorporation document advises to fill out how the company can be distinguished from a comparable commercial venture. The aim of this study was to analyse and code these text-based documents at incorporation in order to examine how legitimation strategies are applied by CICs in order to convince their resource-holding audiences that their activities are acceptable, desirable and appropriate for the benefit of the community. The way in which the outcomes were analysed and interpreted will be further elaborated in the subsequent section.

3.2 Analysis and Interpretation

The applied qualitative content analysis leans on the research of Hatak, Floh and Zauner (2015) that made use of Layder's (1998) adaptive theory. For the purpose of building theory, adaptive theory represents a twofold approach that combines existing knowledge with theory development from the respective research results (Layder, 1998). The advantage of this approach is that adaptive theory takes into account the multiple relations and connections among different actors and operations through the combination of inductive and deductive reasoning (Layder, 1998; Hatak et al., 2015). Therefore, making use of the existing body of knowledge, the addressed theoretical perspectives in this study are the strategic actions to acquire legitimacy and the targeted respective sources of organisational legitimacy based on Suchman (1995), the framework of Zimmerman and Zeitz (2002) and the scholars Scott (1995a) and Aldrich and Fiol (1994).

In the following sections, it will be firstly elaborated that the applied research design is a *directed qualitative content analysis* (*Section 3.2.1*). Secondly, it will be further shown that the *adaptive theory approach* represents a logical continuation of the directed qualitative content analysis (*Section 3.2.2*). This includes a general description of the qualitative analysis procedure and lastly, the applied *adaptive qualitative coding* procedure that yielded the results of this study (*Section 3.2.3*).

3.2.1 Content Analysis

An approach towards analysing text-documents in a qualitative manner is content analysis. Among the scientific community, there are three major types of content analysis that are prevalent (Hsieh and Shannon, 2005). Choosing one of them involves the consideration of the given research problem at hand and the theoretical as well as substantive underpinnings (Weber, 1990). These three types are (1) *conventional content analysis*; (2) *directed content analysis*; and (3) *summative content analysis*. The first approach is usually adopted by researchers who try to analyse underresearched phenomena through inductive reasoning (Hsieh and Shannon, 2005). On the other side, the third approach, summative content analysis, involves a further unobtrusive approach (Babbie, 2010) that explores the appearance of certain words or content through the application of techniques such as frequency counts (Hsieh and Shannon, 2005). This study, however, has used the second content analysis design, namely the directed content analysis. Directed content analysis is best suited when prior academic research about a phenomenon of interest is incomplete or in need for further elaboration through validation or extension of a given conceptual framework (Hsieh and Shannon, 2005). As this study uses the framework of Zimmerman and Zeitz (2002) in order to examine how legitimation strategies are used by social enterprises, the directed content analysis is judged as the most suitable research strategy in the given setting.

3.2.2 Adaptive Theory

Layder's (1998) adaptive theory approach is a research method that logically follows the use of the directed content analysis and has been labelled as the most influential qualitative theory method (Silver and Lewins, 2014; Hatak et al., 2015). It generally responds to the complexity of the social environment with the given state of knowledge and understanding. With this, it contributes to a greater adequacy and validity of theory development as one of the best approximations for the truth (Layder, 1998). In line with the goal of this study, the use of adaptive theory further allows for theorising. Theorising in this case was performed through describing and explaining social behaviours of social ventures at incorporation and providing explanations of how they use legitimation strategies to successfully build organisational legitimacy (Layder, 1998). In the beginning, this was done by scanning and filtering the incorporation documents of 50 different CICs for indicators of the four given legitimation strategies (*see Subsection 3.2.3 for details of the coding procedure*). The theoretical material relevant for this procedure was the pre-defined coding scheme (*Appendix 2.0*) that was extracted from the process model and theoretical notions of Zimmerman and Zeitz's (2002) research

findings. The emerging categories for the respective legitimation strategies (concepts) were shaping the theoretical foundation by providing the description how social enterprises utilise the identified strategic actions to gain organisational legitimacy. Utilising the theoretical foundation (*Appendix 2.0*) has supported the ordering of the emerged legitimation categories towards the addressed source of organisational legitimacy (*sociopolitical regulatory, sociopolitical normative and cognitive legitimacy*). This process assisted the explanation of why the identified particular patterns occurred in social entrepreneurship. Utilising the constructed memos for deeply analysing the identified legitimation strategies for each individual community interest company revealed further insights into why the identified legitimation strategies cooperate with each other in the most effective way to achieve the desired level of legitimacy. The details that illustrate the coding procedure more in depth are as follows.

3.2.3 Qualitative Analysis – Coding Procedure

As adaptive theory suggests, the underlying coding procedure has involved an integration of both theory and data (Timmermanns and Tavory, 2012). After the decision was made for the main labels and categories that can be found in the theoretical framework, it is vital to look at the indicators of the concepts which the textual data implies (*Appendix 2.0*). In line with adaptive coding, provisional coding was conducted at first where according to Layder (1998), parts are indicated that trigger some associations with a particular legitimation strategy. The legitimation strategies represent core codes where open coding – as a general part of grounded theory (Glaser and Strauss, 1967) – was not left outside throughout the analysis. Instead, open coding was applied in dialog with the theoretical underpinnings to allow unanticipated findings and new theoretical insights to emerge at the same time (Layder, 1998). Furthermore, the use of memo-writing supported this research as it provided a means by which it was possible to explore and test out whether or to what extent particular legitimation strategies are really indicated and illustrated by the data (Layder, 1998). From the identified codes, categories were formed by grouping emerged codes together. After that, the theoretical framework was used to trace connections to draw together what otherwise would have stayed uncovered (Layder, 1998).

This described coding process was initially conducted in close cooperation with an experienced co-researcher versed in the field of social entrepreneurial and legitimation strategies. Reviewing and discussing the findings especially in the first phase ensured an enhancement of inter-coder reliability.

With this, it is possible to make sure that conclusions based on the research findings of this study are less vulnerable to biases. Inter-coder reliability represents an indication in qualitative research studies that objectivity and accuracy in the coding process has been adhered to (Hannah & Lautsch, 2010). In addition, this study has made use of corroborative counting in order to identify and support the emerging fields of interest that were in need for additional attention (Hannah & Lautsch, 2010). The following *Table 2.0* exhibits coding-examples to provide an overview of how the legitimation strategies (i.e. conformance, selection, manipulation and creation) were indicated in practice and how these identified strategic actions were indicated to work towards the enhancement of each source of organisational legitimacy (i.e. sociopolitical regulatory, sociopolitical normative and cognitive). Even though the following coding examples also include words that indicate a particular concept-belonging, the value of coding was placed on the overall meaning of the statements.

TABLE 2.0: IDENTIFYING STRATEGIES WITH SOURCES OF LEGITIMACY

CONCEPT	CONCEPT AND CONCEPT-INDICATORS (ZIMMERMAN AND ZEITZ, 2002)
CONFORMANCE	**SOCIOPOLITICAL REGULATORY** Expressing the regulatory adherence to expectations, rules and regulations that are prevalent in the operational domain of the CIC. Examples: The concept was indicated by mentioning specific certification, accreditation, and qualification, performing checks such as CRB, authorisation, admission, regulations, and other rules and regulations. **SOCIOPOLITICAL NORMATIVE** Indicating the normative conformance to established societal and professional norms, values and beliefs. Examples include the fair and equal treatment of participants and client groups that are in danger for discriminations. Also through highlighting performed training, education, skills, economic values, and professional qualifications. **COGNITIVE** Cognitive conformance is indicated by the adherence to societal and professional practices, models, ideas from which it is widely assumed that they are correct in the domain of operation. Examples include hiring well educated employees, expressing success orientation, commitment to practices, engaging specialist. Furthermore, communicating confirmative ways of managing, planning and practicing that are assumed to be widely acknowledged.
SELECTION	**SOCIOPOLITICAL REGULATORY** In theory, selection strategies that are based on regulatory considerations are indicated by claiming to locate the venture based on favourable rules and regulations. Examples: No examples were found in practice that would reflect selection strategies towards sociopolitical regulatory legitimacy. **SOCIOPOLITICAL NORMATIVE** Normative selection strategies are coded from statements that show activities and intentions to choose an operational domain that is more line with or favourable to the CIC. Examples: The respective identification strategy was indicated by observations, research, surveys and statistics performed formally or by the enterprises themselves. Indicators further involve choosing operational domains in which a particular targeted community, locality, basis, town, area, sector, city and residents show an identified problem, need, demand, opportunity, deprivation and capacity to be target.

Also, choosing locations in respect to norms, values and beliefs similar to the venture such as small, social service, local, traditional, charities, voluntary and not-for-profit.

COGNITIVE
Selection strategies targeting cognitive legitimacy are indicated by choosing a domain that show favourable practices, models, ideas ('everyday routines') that are compatible with the new ventures.

Examples: Everyday activities that are performed in proximity to the domain where the CIC is already operating.

MANIPULATION

SOCIOPOLITICAL REGULATORY
Revealing intentions to achieve sociopolitical regulatory legitimacy is expressed through activities that aim to initiate or lobby for favourable changes in the social venture's regulatory environment.

Examples: Expressions such as influence, initiate, understand, engage, partaking, decision making, setting policies and regulations.

SOCIOPOLITICAL NORMATIVE
Intentions to increase levels of normative legitimacy are shown by manipulating existing values, norms and beliefs in the ventures' interest towards furthering their interest. Either by actions of the respective CIC or in collaboration with partners.

Examples: Coding instances involve collaboration, cooperation, networks, partnerships, alliances, relationships, associations, creation of links, joint initiatives, sponsorships, grant funding, expanding, share, involvement, lobby, change, help, impact, promotion, influence, encouragement, campaigning, empowerment, ambitious, aspiration, motivation, facilitation, support, enhancement, and design to, build, demonstration, development, raise, increase, decrease, reduction, improvement, inspirations, provision, contribution, deliver, education, utilisation, work towards, being dedicated, benefitting, communication, awareness, stimulation.

COGNITIVE
Cognitive manipulation strategies involve entrepreneurial activities that foster the change of prevailing models, ideas and practices for the favour of the respective enterprise.

Examples: Coding this category involved underlining e.g. applications, practices, recruitments, identification, provision, perspectives, enable, support, supply, communication and utilisation of equipment.

CREATION

SOCIOPOLITICAL REGULATORY
Creation actions that source sociopolitical regulatory legitimacy are addressed through activities that target the creation of rules and regulations that further the interest of the respective CIC.

Examples that illustrate the coding of statements in this respect were not found in practice.

SOCIOPOLITICAL NORMATIVE
Intentions and activities that aim to increase levels of sociopolitical normative legitimacy involve the creation of norms, values and beliefs that are favourably for the enterprise.

Coding examples include the creation of understanding, acceptance, skills, relief, respect, equality, health, sustainability, integration, inclusion, and diminished barriers. Performed with means of utilising projects, exhibitions, courses, demonstration to create e.g. basis, platforms and forums.

COGNITIVE
Creation activities involve intentions to develop new practices, ideas, and models in the operational domain that aims to support the enhancement of cognitive legitimacy.

Examples: Creating new opportunities, carrying out, provision, approaches, plans, services, activities, talents, quality, pilots, programmes, work, access, and new ways.

Table 2.0 illustrates the concept-indicators that were used to code the data as a means to identify text passages pointing to a particular concept (Layder, 1998). The respective concept-indicators are derived from the theoretical framework of Zimmerman and Zeitz (2002) and from the data itself. As in *Appendix 2.0*, concept-indicators are not distinguishable from the applied theoretical framework because they shaped the data analysis procedure.

4. RESULTS

The directed content analysis and the adaptive coding procedure has yielded valuable insights into the legitimation strategies used by social enterprises in the UK. The framework of Zimmerman and Zeitz (2002) was used as orienting theoretical framework and consists of four legitimation strategies – conformance, selection, manipulation and creation. These strategic actions are utilised by new ventures to source either sociopolitical regulative, sociopolitical normative or cognitive legitimacy (Zimmerman and Zeitz, 2002). The following results show that social enterprises in the UK in fact make use of all four legitimation strategies in order to source from all three legitimacy conceptualisations. However, not all legitimation strategies are performed to the same extent as well as not all sources of legitimacy are addressed in an equal manner. The remainder of this *Chapter 4* is divided as follows. *Section 4.1* describes in detail, in which way social enterprises in the UK perform strategic actions at incorporation to acquire organisational legitimacy. *Section 4.2* extends the findings of this study by explaining how the applied legitimation strategies interact with each other to increase the level of organisational legitimacy. Lastly, *Section 4.3* explains how social enterprises utilise the previously identified legitimation strategies to address multiple types of organisational legitimacy concurrently.

4.1 Legitimation Strategies

First of all, the findings related to the way in which social enterprises perform strategic actions at incorporation are summarised in *Figure 3.0*. There are four types of legitimation strategies addressed by a variety of categories pointing to the related concepts.[1] The respective categories for each legitimation strategy represent a labelled combination of codes found in the incorporation documents of CICs. Following this, *Table 3.0* provides a summarised overview of all categories and concepts (legitimation strategies) found in the data represented as descriptive statistics. Quantifying the codes related to the respective categories and concepts makes it possible to provide an overview of how many community interest companies (of the sample of 50 CICs) were found to apply each legitimation strategy at least once (*N Observation*). This overview is necessary because analysing the incorporation documents of social enterprises has shown that companies apply the majority of legitimation strategies and categories multiple times. All the findings related to each of the four legitimation strategies and the respective categories are addressed separately in the following subsections of *Section 4.1*.

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[1] The categories and concepts are colored in either grey or white in order to visually distinguish between the concept-belongings.

Figure 3.0 Depiction illustrating the concepts and the categories embedded
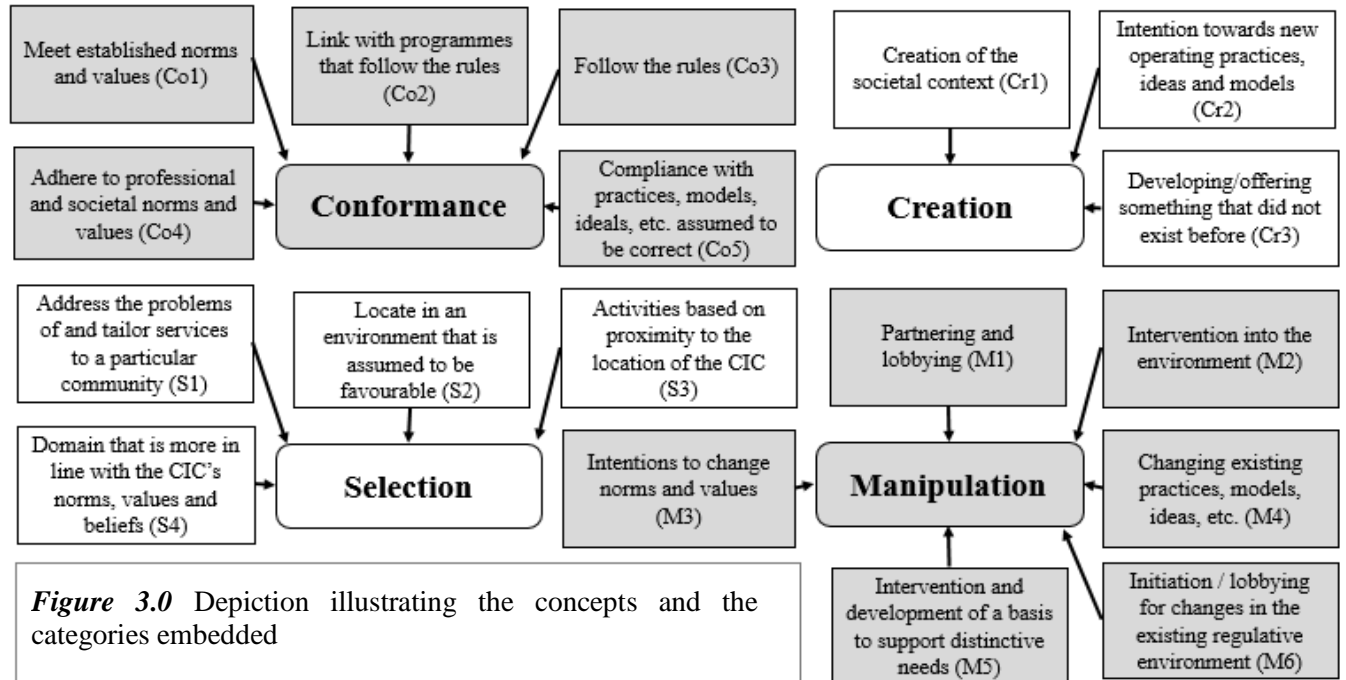
TABLE 3.0: DESCRIPTIVE STATISTICS – LEGITIMATION STRATEGIES

LEGITIMATION STRATEGY	MEAN*	SD	MIN	MAX	N OBSERVATION
CONFORMANCE	**0.780**	**0.9750**	**0**	**4**	**27**
Co1 Meet established norms and values	0.240	0.4764	0	2	11
Co2 Link with programmes that follow the rules	0.200	0.4518	0	2	9
Co3 Follow the rules	0.120	0.3854	0	2	5
Co4 Adhere to professional and societal norms and values	0.060	0.2399	0	1	3
Co5 Comply with practices, models, etc. assumed correct	0.160	0.4677	0	2	6
SELECTION	**1.840**	**1.4194**	**0**	**6**	**45**
S1 Address problems and tailor services to a particular com.	1.360	1.1739	0	4	38
S2 Locate in an environment assumed to be favourable	0.300	0.6776	0	3	10
S3 Activities based on proximity to the location of the CIC	0.080	0.2740	0	1	4
S4 Domain that is more in line with the CIC's norms & values	0.100	0.3642	0	2	4
MANIPULATION	**4.160**	**3.8138**	**0**	**21**	**47**
M1 Partnering and lobbying	1.280	1.3254	0	4	32
M2 Intervention into the environment	1.260	1.5361	0	6	29
M3 Intentions to change norms and values	1.180	1.4665	0	8	31
M4 Change existing practices, models, ideas, etc.	0.100	0.3030	0	1	5
M5 Intervention and development of a basis to support needs	0.300	1.0926	0	6	5
M6 Initiation/lobbying for changes in the regulative environm.	0.040	0.2828	0	2	1
CREATION	**1.620**	**2.0887**	**0**	**13**	**37**
Cr1 Creation of the societal context	0.700	0.9949	0	4	21
Cr2 Intention towards new practices, ideas and models	0.440	1.3273	0	9	13
Cr3 Developing/offering sth. that did not exist before	0.480	0.7351	0	3	19

* The quantitative data was calculated based on the total sample of 50 CICs with support of the statistical programme SPSS.

Table 3.0 is a quantitative representation of the qualitative data gathered in this study. It depicts the descriptive statistics of the counts of coding legitimation strategies of new social ventures. *N Observation* shows the number of CICs that were found to apply the particular legitimation strategy at least once. The column MAX shows the maximum count one CIC has applied the respective legitimation strategy in its incorporation documents

4.1.1 Conformance

The analysis of the conformance strategies used by social enterprises at incorporation has revealed five different major categories in which their strategic actions are taken forward (see *Figure 3.0)*. Broadly speaking, the findings of these five categories show that new social ventures increase their level of organisational legitimacy through highlighting that they are conforming to social and professional norms, values and beliefs. Furthermore, through highlighting that the organisation is following established and recognised rules and regulations and by referring to existing linkages with programmes that follow these kinds of rules. Besides underlining that social ventures are adhering to professional norms and values, they were further found to comply with practices that were assumed to be taken-for-granted in the domain in which the venture is operating.

In greater detail, to achieve legitimacy derived from prescribed rules, regulations, expectations and standards relevant for their venture (Zimmerman and Zeitz, 2002), CICs were found to emphasise the importance of compliance, qualification and accreditations. These kinds of statements were grouped together into the category '*Follow the rules' (Co3)*. This category emerged from social enterprises that for instance declare their conformance to the *Criminal Bureau Check* (CRB) in the UK in order to ensure accredited working with entrusted humans like young and vulnerable people. In this context, the domain in which the social venture is operating is of importance, as suggested by theory (Zimmerman and Zeitz, 2002) because not all social ventures were found to highlight, for instance, conformance to such a qualification as the *CRB Check*. Instead, some social ventures were further found to not be that explicit in their conformance strategy and only underline that they will operate accordingly to general expectations by stating[2] for instance:

> *"Utilising positive role models, benefitting from accreditation and qualifications."*
>
> > *-CIC50*

Operating in the context of social work with education and youth, this application of conformance strategy expresses the way in which this particular community interest company is building trust in its activities even by keeping statements relatively general. Next to this, conformance to rules and regulations of social enterprises tended to be expressed by linking a company´s activities with programmes, organisations, projects, agendas, authorities and providers that are following the rules

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[2] The provision of cited statements is not meant to be exhaustive. Instead, the following statements provided in the results section are intended to show a repertoire of representative citations to exemplify how the identified categories and concepts emerged and were indicated. Traceability of the findings is expressed through linking the results of this study with social entrepreneurs' statements (Hatak et al., 2015).

relevant in the operational domain of the social venture. This was observed in a similar magnitude as the direct conformance to established rules and regulations (*Table 3.0*). For this reason, *Category Co2* was formed from the related codes that account for these kinds of observed social phenomena. Describing these observations includes showing that social enterprises express a linkage in their activities towards programmes such as the *Every Child Matters* agenda (e.g. *CIC40*). By meeting such existing, legitimate programmes, the respective CICs increase their own level of legitimacy as theory suggests (e.g. Deeds, Mang and Frandsen, 1997; Zimmerman and Zeitz, 2002). This linkage to related activities is often expressed by mainly stating the enterprise is supporting, meeting, promoting and referring to these kinds of acknowledged programmes. Besides, social entrepreneurs were found to engage with such established programmes directly, which is exemplified by one community interest company noting that:

> *"[...] we hope to fund the local memory Café' and Dementia awareness projects throughout the South West in line with the National Dementia Strategy 'Improving public and professional understanding of Dementia'".*
>
> *- CIC45*

With this, the social enterprise engages directly in a relevant established project by funding it and building its own legitimacy for the new social venture at the same time. However, such a direct activity was observed only once while analysing the incorporation documents and required the respective social venture to acquire resources beforehand in order to be able to fund a linked project as this.

Furthermore, new social ventures were observed to engage in normative stances that are in line with the prevailing norms, values and beliefs relevant for the respective operational domain. Recognised are three different categories of statements that belong to this concept, either in a societal or in a professional way. Social norms, values and beliefs are adopted by social enterprises mainly through highlighting that their ventures will treat all members, participants and clients in an equal way (*Co1*). In this regard, new social ventures are taking into account the moral ground of equality by pointing that they will not discriminate anyone based on their e.g. gender, age, race, religion, ethnic, sexual orientation, mental and physical disability. By highlighting diversity, equal opportunities and engaging in a reduction of social exclusion, social ventures conform to a desired normative state that is anchored in the law where discrimination tends to be prohibited. One social venture summarised this conformance strategy by serving client groups without applying social exclusion:

> *"[The company will provide benefit to…] Members of the public, regardless of age, abilities and*
> *social background within Gateshead and surrounding area".*
>   *- CIC35*

On the other side, social enterprises were found to address norms, values and beliefs in the professional domain the venture is operating as well in this category. This is performed on two angles where social enterprises point towards the conformance of economic norms and values (*Co1*), such as treating resources economically and being as cost-effective as possible. This is exemplified by two community interest companies aptly stating:

> *"Recycled equipment, recyclable packaging and low energy powered vehicles will be used."*
>   *- CIC16*
> *"Learning how to save money by reducing energy and water consumption and managing*
> *waste."*
>   *- CIC37*

Additionally, new social ventures specify furthermore that they adhere to professional and societal norms and values (*Co4*) by declaring:

> *"It will therefore provide a socially responsible service with professional oversight and*
> *direction, offering customers a friendly, socially driven and professional service […]".*
>   *- CIC18*

With such statements, social enterprises where found to meet professional norms, values and beliefs that are less specified than in *Category Co2*. Instead, they demonstrate their conformance by adhering to general professional normative stances such as being and acting reliably, viably and professionally (*Co4*).

In addition, new social ventures take the position that they will not only adhere to professional norms, values and beliefs but also that they will engage in practices, models and ideas that are assumed to be correct in the relevant operational domain as theory suggest (Zimmerman and Zeitz, 2002). Some social ventures are highlighting their intentions quite obviously by taking the position to be professional in their activities with the reliance on competent employees and specialist providers or by forwarding educating trainings with their personnel. Other social ventures have indicated their conformance to taken-for-granted assumptions more subtly by stating for example:

"The founding directors have all come from the local community and are committed to success."
    - CIC33

All in all, these five categories of the applied conformance strategies of social enterprises show that new social ventures indeed were found to practice conformance to increase their level of organisational legitimacy. However, it becomes clear that these kinds of strategies are less frequently applied in practice than selection, manipulation and creation. As can be seen in *Table 3.0*, roughly half of the community interest companies in the sample have applied one of the identified conformance category actively in their incorporation documents. From these, it is apparent that social enterprises are utilising conformance to societal stances slightly more often than to professional ones.

4.1.2 Selection

More often than applying conformance strategies to achieve organisational legitimacy, social ventures were found to utilise selection strategies (*Table 3.0*). The identified selection strategies consist of four different categorical approaches that were found in the incorporation documents. To begin with, it was found that new social ventures mainly have chosen a domain in which the norms and values are more in line with their services, products and/or visions (Zimmerman and Zeitz, 2002) for which they have tailored their offerings (*S1*). Secondly, social ventures indicate that they are identifying locations that are favourable for them due to an emerging demand (*S2*). Thirdly, *Category S3* shows that CICs forward the impression that they perform activities, adopt models, ideas, practices, etc. in line with the selected enterprise domain (Zimmerman and Zeitz, 2002). Finally, social ventures underline that they are choosing an operational domain where the norms and values are compatible with theirs (*S4*).

More in detail, *Category S1* was formed with social ventures that direct their operational domains towards locations where the visions of their enterprises can be undertaken into reality. In particular, new social ventures express a location preference towards one or a few particular local communities and areas of interest such as London, Sunderland and North West of England. These identified operational domains were mostly expressed as the most important target area of operation. However, some nascent social ventures even reveal intentions to only be initially aiming to operate in a preselected area or they communicate that they will operate mainly do so in a particular locality but are not limited to it. The way in which social enterprises undertake their company visions in these preselected localities is expressed to be highlighted either in a direct or an indirect way. The direct approach involves selecting a community or area that expresses a problem, need, opportunity,

deprivation and capacity to fulfil the social enterprises' vision. This is exemplified by two of the community interest companies explaining that:

"Initially targeting areas of extreme deprivation the activity will provide locally based input to tackle locally identified issues and problems."

- CIC30

"To develop the capacity and skills of Ham, without distinction, in such a way that residents are better able to meet their needs and will enable residents to participate more fully in society."

- CIC20

Indirectly targeting a selected locality was identified through the provision of social services to a preselected group of residents who in turn will benefit their own community. However, this indirect approach was less often observed than the direct approach.

"The centre will help local people who are suffering isolation to play a more meaningful role in their local community. This will improve well-being, especially for those who lack self-confidence and/or have poor mental health. It will also provide a platform for those who have relevant skills the opportunity to direct those skills to the benefit of their own local community. Local communities will benefit from increased activities and support."

- CIC12

In addition, *Category S1* sheds light on new social ventures that are indicating that they are tailoring their operations to bring their vision into life in a beforehand chosen location. The extent to which new social ventures aim to take their enterprise visions into reality, however, differs in terms of magnitude. On the one hand, there are nascent social ventures tailoring their social services for communities more broadly such as *CIC11*. *CIC11* claims that it plans to achieve a meaningful effect on the community of London in long-term empowerment and advancements as well as providing a short-term relief especially in the reduction of youth crime. On the other hand, there is for instance *CIC50* that tailors its services for young agers between 10 and 19 years that are marked negatively and are at a risk of offending in the community of Cornwall. As it can be supported in many instances, social enterprises in the UK reveal either broadly conceived or more narrowed down services.

Furthermore, it is possible to observe that new social ventures are making efforts to target locations where an emerging demand is calling for their activities (*S2*). In particular, the related activities involve statements that display a social enterprises' engagement in scanning the environment for locations in need. These activities are more specified than the tailored services from *Category S1* but

also less common among social enterprises. *Category S2* encompasses the active search processes for a locality that needs the tailored services of social ventures. This active search involves making claims about their own observations such as *CIC38* who states that artists in creative industries are in need for promotion due to the fact that funding has been reduced observably. Or further by *CIC23* who points to its observations that *Black and Minority Ethnic (BME)* communities are in need for the services of this new social venture as they are in a traditional sense inadequately represented in music establishments and therefore in lack for respective opportunities. In addition, social ventures were observed to highlight research studies that they have identified and support their selection strategy. An example of this is *CIC45* which highlights that the *National Institute of Health and Clinical Excellence (NICE)* has provided recommendations that for dementia patients, access to cognitive stimulation therapy should be a must when they show mild to moderate severity. However, *CIC45* furthers that this is not the case in foster homes in the community of Cornwall. Likewise, the findings indicate that social enterprises in the UK also perform their own research studies in order to identify an area of demand for them such as *CIC42* who judges:

> *"This has been developed in response to talking to artists and hearing about a lack of support, opportunities, marketing exposure and development opportunities in the area."*
>
> *- CIC42*

Even less common than *Category S2* but still not to be neglected is the selection strategy of social ventures in *Category S4*. In *Category S4*, the efforts of social ventures are grouped together that show that the ventures tend to choose locations that exhibit similar normative preferences such as *CIC05* which explains that they will engage with local conservation groups and provide them with premises to manage and preserve tradition orchards which the company and the identified groups value. With this selected moral ground, *CIC05* demonstrates that it wants to fulfil its social entrepreneurial mission in Suffolk. Another example involves a new social venture that targets third sector organisations in their consultancy and training services as they are not operating for personal wealth which is compatible with their own visions.

> *"[The company's activities will provide benefit to…] Individuals and organisations within the charitable or social enterprise sectors. A secondary benefit will be to those service users who access the charities or social enterprises services. This CIC will therefore support various community sectors who are vulnerable or disadvantaged."*
>
> *- CIC41*

Similarly, it was possible to observe another category in the same small extent as *category S4*, namely *category S3*. In particular, *category S3* demonstrates that community interest companies forward the impression that they perform activities, adopt models, ideas, practices, etc. (Zimmerman and Zeitz, 2002) in line with the selected operational domain. This is expressed for example by the new social ventures *CIC04* which is engaging in professional consultancy services with a specific emphasis on the London Borough of Merton where the company has based itself. Similarly, the following social enterprise illustrates in its incorporation document:

> *"[The CIC] will benefit community groups working locally in Cornwall, particularly in West Cornwall where the company is based."*
>
> *- CIC39*

On the whole, it can only be observed to be more rarely among social enterprises to engage in selection strategies to locate their venture in a favourable normative environment (*S4*) and adjust their company activities to a beforehand chosen environment (*S3*). Most common, even among all remaining legitimation strategy categories is *Category S1* (see *Table 3.0*) that accumulates the identification and tailoring performances of CICs to serve one or multiple particular communities and areas that were chosen by the new social venture to be worth of engaging in.

4.1.3 Manipulation

When analysing the manipulation strategies of social ventures in the UK, it becomes apparent that there are three large categories emergent in the data (*Table 3.0*). These are namely *Category M1*, *M2* and *M3* that demonstrate in roughly equal instances the main activities of social enterprises to receive organisational legitimacy through their own keen influential endeavours.

The first *Category M1* provides information into the networking behaviours of social enterprises that are lobbying for changes in their existing environment in order to increase their level of legitimacy. Forwarding their company's goals and visions, social enterprises in the UK were shown to engage in a variety of networks, partnerships and links. The collaboration ties that are formed by social enterprises to further their interests are multifarious. They involve networking with other organisations, charities, volunteers, initiatives, local communities, local businesses, suppliers, groups, projects and individuals. They further tie bonds with public bodies such as local (statutory) agencies, local authorities, local schools, and the police. However, mainly apparent are other organisations and local communities. With these, it can be found that social enterprises form partnerships, networks, links, alliances,

relationships, collaborations and joint initiatives. Analysing these partner formations, it becomes obvious that these new ventures stay rather on the surface in describing their networking activities. Most of the time, nascent social ventures only highlight that they engage in partnerships to further initiate changes in their environment. Here, the initiations appear of most interest to articulate and to point to different partners that will support the ventures in their endeavours. Among others, one community interest company provides an apt example of this phenomena by stating:

> *"We work in close partnership with various community, educational and industry organisations to achieve our stated aims and will continue to develop existing and foster new relationships with all organisations, bodies and individuals where this helps to further help our objects."*
>> *- CIC39*

Especially, furthering the ventures objects could be found with support of manipulation strategies that lobby for changes in the venture's operational domain to achieve support for their endeavours. This is done in order to encourage participation in e.g. initiatives for health (*CIC34*), design programmes that inform audiences about created opportunities (*CIC19*) and the facilitation of these opportunities (*CIC26*), demonstrate possibilities (*CIC23*), increase participation in the local area (*CIC34*), and

> *"[…] also share good practice, resources and where our methods of working with communities are particularly effective, offer support to groups with similar objectives in other area."*
>> *- CIC39*

Besides partnering and lobbying strategies (*M1*), social enterprises were found to intervene with their existing environment (*M2*) to initiate changes with their own entrepreneurial operations. In contrast to partnering and lobbying activities, the social enterprises reveal intentions to change or manipulate the community in which they operate and their respective clients. This involve for instance providing facilities like a volunteer centre that will further social cohesion in a particular community (*CIC12*), reduce poverty (*CIC43*), encourage environmentally sustainable 'green' behaviour, health, nutrition and fitness (*CIC05*), as well as support cultural, economic and social evolution in communities (*CIC39*). Summarising this, one community interest company has made the following representative statement:

> *"To improve and enhance the environment and the quality of life for the community in Ham."*
> *"It will increase awareness of environmental issues, decreasing littering in the streets and open areas in Ham while benefitting the environment as a whole."*
>> *- CIC20*

Additionally, social ventures in the UK were observed to change the existing lives of residents of their target community through intervening activities.

> *"It will improve their quality of life by empowering them and will give them the opportunity to plan and look positively to the future whilst living effectively and supported in the present moment."*
>
> *- CIC20*

Category M3 was formed especially for the findings related to social enterprises that highlight a direct change in existing norms, values and beliefs. New social ventures' activities in this direction are reflected by statements that express activities to raise awareness for specific grounds addressed by the respective venture such as mental health (*CIC06*), alternative health remedies (*CIC35*), environmental problems (*CIC20*), improved family principles (*CIC50*), general moral goals such as raising community spirit (*CIC29*) and the reduction of inequalities and increased social inclusion (*CIC09*). An example quote is provided by a new social venture that expresses its goal of changing the normative ground of their entrepreneurial domain by stating:

> *"This will improve health, social welfare and self-confidence of participants and result in greater community integration."*
>
> *- CIC35*

As can be observed from these examples, the initiations of social enterprises to change existing values, norms and beliefs towards their venture can be expressed by a few examples. In contrast to the partnering and lobbying behaviour of social ventures (*Category M1*), *Category M3* appears less diverse. This is because many community interest companies share similar visions that are in need for a more established normative ground such as sustainability, healthy (improved) living and promoting social cohesion.

Besides addressing norms and values in their environment, social enterprises were found to engage in activities that alter existing models, ideas, practices, etc. (*M4*) to develop a basis of support towards their new venture (*M5*). Concrete manipulation strategies in *Category M4* involve social enterprises to establish practices such as the provision of a working model that will reduce the negative environmental effects of activities through the application of environment-related ethics and the sourcing of local recruits (*CIC03*). Another new social venture provides an example of changes in the existing operational practices by revealing to engage in the enhancement of ethical practices by

fostering communications among food buyers and suppliers (*CIC16*). Furthermore, concrete manipulation strategies in *Category M5* involve new social ventures to emphasise their practices towards developing a basis that supports their distinctive needs. This basis was provided through active entrepreneurial activities such as the reinvestment of surpluses to charities and voluntary groups that expose compatible goals and visions such as the development of value for a wellness community (*CIC06*). Likewise, social ventures were detect to establish relevant mentoring programmes (*CIC08*), training and educational activities (*CIC15*) and the provision of access to services of any kind that needs to be established for the respective social venture. Summarising this, the following social venture notes that:

> *"Provide a healthy and inspiring environment that provides facilities for teachers of environmental education and holistic perspective".*
>
> *- CIC05*

In spite of this, manipulation strategies manifested in *Category M4* and *M5* were found but are less common among the community interest companies under observation (*Table 3.0*). Even less, *Category M6* was only utilised by one CIC but still reveals an interesting insight into the manipulation strategies of social enterprises on regulators.

> *"Being better able to understand, influence and engage with public bodies and social organisations and partake in decision making over issues that affect them in an inclusive and democratic matter." "Public bodies will be better able to take account of different needs of diverse stakeholders, be more effective in the delivery of services and setting policy and being able to resolve complex issues of sustainability and social justice through better engagement with citizens, the third sector or with other stakeholders".*
>
> *- CIC31*

The finding related to this statement indicates that this CIC is utilising manipulation strategies to lobby for changes in the existing regulative environment in order to establish a supportive ground for their operational domain. Other social enterprises were not observed to engage in this kind of influential behaviour. Instead, a mix of the remaining categories of the concept of manipulation was recognised to a greater or lesser extent among social enterprises in the UK.

4.1.4 Creation

What appears most interesting in the concept of creation is that all identified related categories were observed in 26-42% of the community interest companies under study (*Table 3.0*). Regarding this, social enterprises were found to engage the most in creation strategies that aim to create a favourable societal context for their operations (*Cr1*). This is achieved through a variety of engagements to establish for instance a platform and a creative forum as a resource for the respective community with support of the supply of workshops and courses (*CIC32*). These kinds of activities that involve further active projects and exhibitions (*CIC42*) are performed in order to demonstrate value (*CIC18*) and create a society (or community) that is understanding, show acceptance (*CIC07*), equality, sustainability, and respect (*CIC31*). Moreover, social enterprises were found to create a broadened skill base (*CIC18*), improve life conditions through the reduction of poverty in a community (*CIC31*), increase social integration (*CIC36*) and diminish barriers that are prevalent in the society and hinder the access to services for many residents (*CIC46*).

> *"[The CIC] will aim to try, as difficult as this may be, to educate not only our youth, but society as a whole".*
>
> *- CIC11*

Analysing the incorporation documents of the CICs has further resulted in observing that new social enterprises were bringing new models, ideas and forms of practices to their domain of entrepreneurial activity (*Cr2*). This is exemplified by new social ventures that introduce new techniques as means to the end of their enterprise vision such as *CIC46. CIC46* were found to provide consultancy services and establish revised management processes and practices from which they assume, lead to best outcomes and effectiveness. In addition, the developed practices, schemes and working models are claimed to act as an example and will lead for instance to a sustainable general community (*CIC16; CIC48; CIC05*). Such activities are especially aimed to provide new standards that lead to good practices in the operational field of interest such as arts and health (*CIC07*). Speaking more generally for new social enterprises:

> *"[The CIC] will explore new ways of engaging communities […]".*
>
> *- CIC30*

In spite of this, social enterprises were found to engage in creation strategies that focus on developing and providing something that did not exist beforehand (Zimmerman and Zeitz, 2002). This is mainly

targeted by new social ventures to create opportunities in their operational domain that aim to create new ways of assumptions and beliefs. With this, they try to achieve a framework for everyday routines that did not existed before (Scott, 1994). Explaining this in greater detail, social enterprises show that they create, for instance, new opportunities that were neglected beforehand. These are, for instance, women who face a restrained access beforehand in a field such as football (*CIC34*) and community members that suffer from rural isolation (CIC39). Also opportunities to enhance peoples' resilience and turn around suffered illness into wellness with services that take value to cultural sensitiveness and uniqueness (*CIC06*). Similarly, findings indicate that social enterprises develop programmes that for instance represent new ways to benefit disadvantaged and disaffected young people in the community (*CIC40*). Or programmes that give members of the community the chance to access organic, fresh and healthy foods that were not there available beforehand (*CIC35*). One community interest company has made an apt statement by declaring that:

> *"Engage residential communities' through innovative projects […]."*
>   *- CIC35*

Summarising these findings related to applied creation strategies show that social enterprises indeed perform activities to create the necessary ground for their company's visions and operations. This is performed next to conformance, selection and manipulation activities that aim for the same outcome. Mainly it can be observed that social ventures in the UK, on average use a mix of three (on average 3.14) of these legitimation strategies that are described in their incorporation documents. The extent to which these legitimation strategies are combined and how they interplay for a more effective outcome will be elaborated in the following *Section 4.2*.

4.2 Interplay of Social Ventures' Legitimation Strategies

This section extends the isolated analysis of legitimation strategies from the previous *Section 4.1* to provide an increased understanding of the successful application of legitimation strategies by new social ventures. According to theory, nascent ventures can make use of multiple legitimation strategies simultaneously. By combining them, they can gain access to multiple types of legitimacy concurrently (Zimmerman and Zeitz, 2002). Summarising the findings of this study, it becomes apparent that every CIC in this study used at least one legitimation strategy to achieve legitimacy. Additionally, it can be found that on average, three different legitimation strategies are applied simultaneously. The extent to which these legitimation strategies are combined and the resulting synergies towards organisational

legitimacy, however, appears to differ among new social ventures. *Figure 4.0* summarises the observed relations among each combination of legitimation strategies identified in the incorporation documents. A *weak* relation between two legitimation strategies shows that the observed interplay appears not to be strategically related (e.g. the combination of conformance and selection). On the other side, a strong interconnection shows that the findings indicate a synergetic interconnectedness among the respective strategic combination (e.g. selection and manipulation).
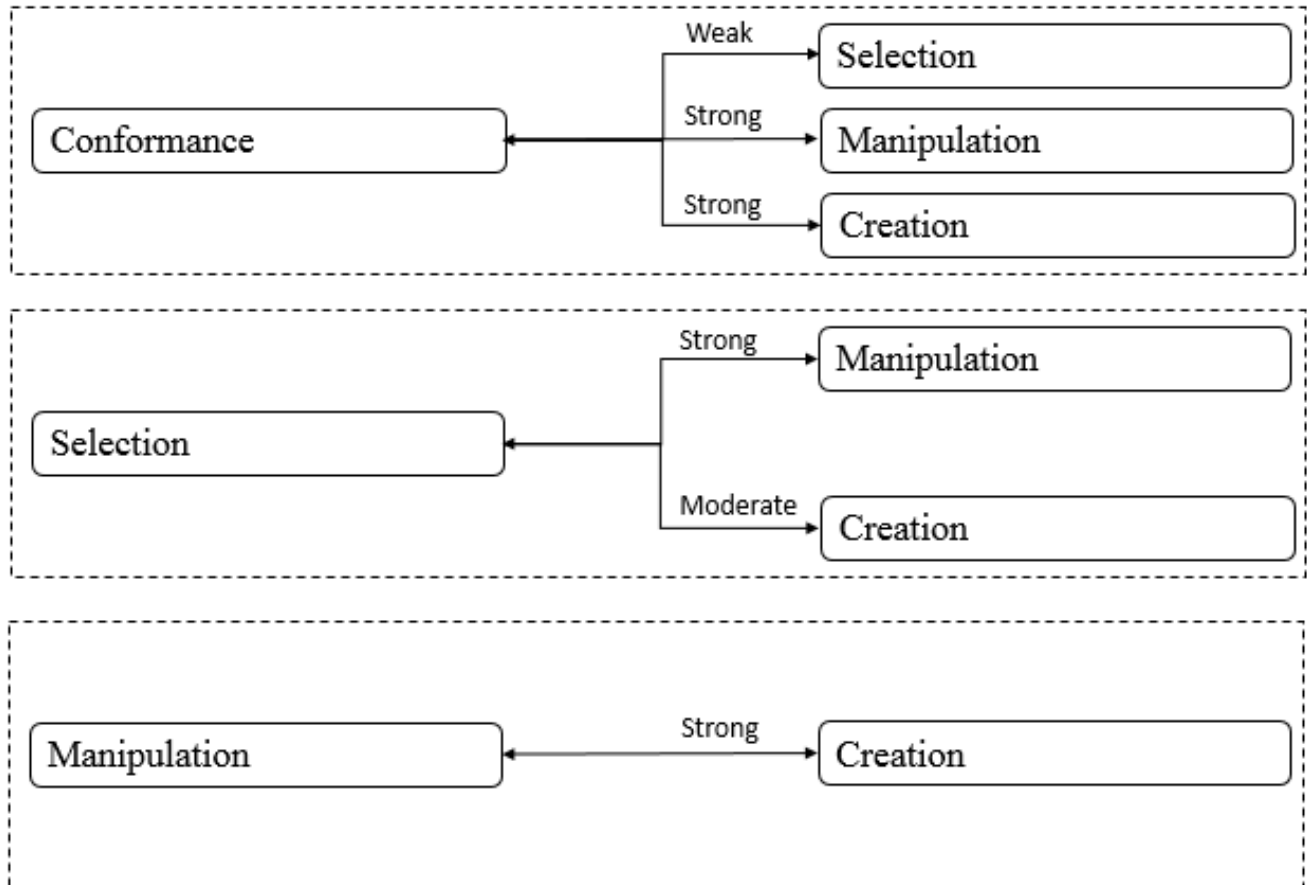
Figure 4.0 Summary of the Interplay of each Strategic Combination to gain Legitimacy. The interconnectedness between each couple of strategy is either identified as weak, moderate or as strong[3].

The following subsections will present the findings related to the observed effects of each combination of legitimation strategies in the sequence visualised in *Figure 4.0*.

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[3] The relations among legitimation strategies are based on the qualitative assessment of the coupling of legitimation strategies.

4.2.1 The Coupling of Conformance Strategies

When conformance strategies were observed, one particular combination appears most prevalent together in the achievement of organisational legitimacy – the coupling of conformance and manipulation strategies. In this way, conformance strategies are mainly expressed through the linkage to programmes outside the social venture that were found to follow established rules, commitment to professional norms and values as well as compliance with taken-for-granted models, practices and ideas that are prevalent (*CIC33*). The established trust from these conformance strategies is then accompanied with the intended manipulation strategies that for instance involve partnership-formation and lobbying activities that support the intervening activities of the venture to its environment and the social norms and values surrounding it.

> *"Actively engage teams in joint initiatives with other organisations [...]. In addition, the new company will be providing much needed accommodation for a whole range of services and activities including those promoting health such as keep fit and dance classes […]."*
>
> *- CIC33*

Analysing how conformance strategies work in combination with other strategies, shows that they are usually applied through one category by social enterprises and are often accompanied with manipulation strategies that target a change in the prevalent venture's environment. Regarding the pairing of conformance and selection strategies, it appears that conformance and selection strategies that are observed together are relatively weak strategically related to each other. One social venture (*CIC01*), however, has shown that it only utilises both these strategies to reach organisational legitimacy. *CIC01* highlights that it conforms to social norms such as equal treatment of humans and that it will tailor its services to a particular, identified community. Both of these strategies appear relatively weakly related when combining them together, so there appears to be less synergy in the coupling of these both strategies. Sighting the remaining usage of conformance and selection strategies, similar can be found that they are relatively unrelated to each other in strategic terms. For example, it appears that social enterprises do not very often see the need for conformance strategies to conform to social norms if they already have selected an operational domain that exhibits a similar normative ground.

In spite of this, investigating the conformance strategies of nascent social ventures together with creation strategies, it can be further noted that they tend to cooperate with each other. *CIC08* represents such an example where, among the other two legitimation strategies, conformance strategies are used

to underline that the company's activities are connected with programmes that follow the rules and that these activities further are there to create value in an underserved community:

> *"These activities will link with programmes that provide added value to statutory organisations targeting gun, knife and gang culture including bullying, anti-social behaviour and substance abuse. [...] These activities will support young people to avoid these issues and provide those young people with a tool box for life with support and activities that are lacking in their communities."*
>
> *- CIC08*

Another example is *CIC15* that was found to explain that the method of enterprise education is well recognised among teachers and the government as a vital vehicle for students to gain the knowledge and skills that they need to have a successful working life. This presented conformance to an acknowledged practical field is further utilised by the social venture to highlight that this field of operation is nevertheless rarely incorporated in the syllabus of students or even lost. This example illustrates how a conformance strategy is utilised to build the ground for further creation activities. Furthermore, when looking at *CIC15* once more, it becomes interesting that this social venture did not use any kind of selection strategy but it further supported its endeavour with manipulation strategies. The particular aim includes to support teachers with offered training programmes and a supportive network to take the ventures' vision into reality where the delivery of enterprise education will be common among schools or in after-school lessons.

4.2.2 The Coupling of Selection Strategies

Even though selection and conformance strategies often co-occur, they less often reveal a synergetic interplay. Rather, the combination of selection and manipulation is found to be more advantageous. For this, the social venture *CIC46* provides an interesting combination of legitimation strategies where selective actions are well applied together with manipulation and creation strategies. The CIC in this case selected an operational domain that appears favourable for them on three levels. First, *CIC46* illustrates that it targets the area of Midlands with all its voluntary, charitable, not-for-profit and community organisations that are all organisations with a similar norms, values and beliefs. Second, the social venture highlights that these voluntary sector organisations have an identified need because they appear to be the highest per capita occupier of the employment tribunal system in the UK. Thirdly, it is recognised that the needed practical and tailored services in human resources (HR) are neither affordable nor freely available for these organisations. Locating in this environment through

the application of selection was further supported by the creation strategy towards a reduced barriers to the access of offered HR-services as well as the creation of labour in this third sector. This, in turn, would lead to an increased awareness of great HR management practices that will inevitably result in an improved working life that illustrates the applied manipulation strategies well. With the achieved increased awareness, *CIC46* further wants to bring its company vision into reality through enhanced service standards to the beneficiaries of these organisations. On the other side, the conformance strategy applied by *CIC46* was standing rather aside to their story. They highlighted that they aimed to remind those selected third sector organisations to adhere to social norms and values such as *"equal opportunities, diversity and anti-discriminatory practice"* which are values they also conform to.

4.2.3 The Coupling of Manipulation Strategies

Highlighting the way in which manipulation was found to work best in combination with creation strategies is exemplified by *CIC30*. This community interest company starts its story by targeting areas of extreme deprivation in vulnerable and excluded communities. The identified economic and social need in this selected communities represents a tactic to achieve legitimacy for their operations but is not the main focus of CIC30. Rather, the venture utilises a combination of manipulation and creation strategies to build legitimacy. The new social ventures' vision is to explore innovative ways of community engagement and development. This includes creation strategies such as the development of beneficial community projects, new approaches of tackling existing issues and problems and the creation of the societal context by widening the impact of their work towards the whole society. This creation strategy is further supported by an extensive set of manipulative actions. These manipulative actions involve for *CIC30* to promote their principles of community empowerment and social services by further claiming that the positive effect of community development is never questioned, by additional networking and lobbying activities with statutory agencies, community groups, and local neighbourhoods. For this aim, local individuals are further encouraged to bring change to their communities and increase their influence of their own life by the venture's activities such as supporting service level agreement negotiations and funding applications. These supportive manipulative actions are summarised in the following statement of *CIC30*:

> *"However, this is not necessarily a responsibility of any one agency / organisation to provide or fund. [The CIC] will promote the principles, values and benefits of quality inclusive provision for all communities, to statutory and voluntary organisations and the wider community […]."*

Summarising these findings related to the interplay of applied legitimation strategies reveals that conformance strategies are applied less often by social enterprises and are less likely to support selection strategies. The combination of the remaining three strategies reveals interesting instances in the data where selection, manipulation and creation are applied in a symbiotic manner to bring the new social ventures visions into reality through enhancing their levels of organisational legitimacy. However, the way in which social enterprises make use of legitimation strategies to enhance their organisational legitimacy varies when observing which source of legitimacy was targeted. For this reason, the subsequent S*ection 4.3* will highlight the findings of this study related to the way in which social enterprises aim for different sources of organisational legitimacy and the enhancing effect of applied strategies on their organisational legitimacy.

4.3 The Effect of Legitimation Strategies on Sources of Organisational Legitimacy

In order to analyse the impact of social venture's strategic actions towards legitimacy, the threefold organisational typology of Zimmerman and Zeitz (2002) was applied (see *Appendix 1.0*). With their respective strategic actions, nascent ventures were found to either address sociopolitical regulatory, sociopolitical normative or cognitive legitimacy. The related findings of this study are illustrated in the following *Table 4.0* and in *Figure 5.0. Table 4.0* summarises the descriptive statistics of this study that bundle the respective social entrepreneurial strategic actions to address each of the organisational legitimacy type. It can be found that sociopolitical normative legitimacy was targeted by 49 CICs while cognitive legitimacy has been found to be addressed by 31 CICs in total. In comparison, sociopolitical regulatory legitimacy appears less interesting for social enterprises in the UK at incorporation. Supporting this, it could be found that 74% of the nascent social ventures have mainly used one strategy to achieve their desired level of sociopolitical normative legitimacy. In contrast, only two enterprises were found that roughly solely target cognitive legitimacy. The remaining 22% of CICs reveal that they source from normative and cognitive legitimacy to a roughly equal extent. In the six cases where new social ventures address sociopolitical regulatory legitimacy, it was found that this legitimacy type was mainly combined with strategies to achieve sociopolitical normative legitimacy as well.

TABLE 4.0: DESCRIPTIVE STATISTICS – EFFECT OF STRATEGIES ON LEGITIMACY

SOURCE OF LEGITIMACY	MEAN*	SD	MIN	MAX	N OBSERVATION
SOCIOPOLITICAL REGULATORY	**0.1600**	**0.4677**	**0**	**2**	**6**
Conformance	0.1200	0.3854	0	2	5
Selection	0.0000	0.0000	0	0	0
Manipulation	0.0400	0.2828	0	2	1
Creation	0.0000	0.0000	0	0	0
SOCIOPOLITICAL NORMATIVE	**6.6800**	**4.6486**	**0**	**24**	**49**
Conformance	0.5000	0.7071	0	3	20
Selection	1.7600	1.4507	0	6	43
Manipulation	3.7200	3.3015	0	15	46
Creation	0.7000	0.9949	0	4	21
COGNITIVE	**1.5600**	**2.8224**	**0**	**18**	**31**
Conformance	0.1600	0.4677	0	2	6
Selection	0.0800	0.2740	0	1	4
Manipulation	0.4000	1.1606	0	6	9
Creation	0.9200	1.8052	0	12	26

* *The quantitative data was calculated based on the total sample of 50 CICs with support of the statistical programme SPSS.*

Table 4.0 is a quantitative representation of the qualitative data gathered in this study. It depicts the descriptive statistics of the sources of legitimacy addressed by individual social enterprises through their application of four different legitimation strategies (conformance, selection, manipulation and creation).
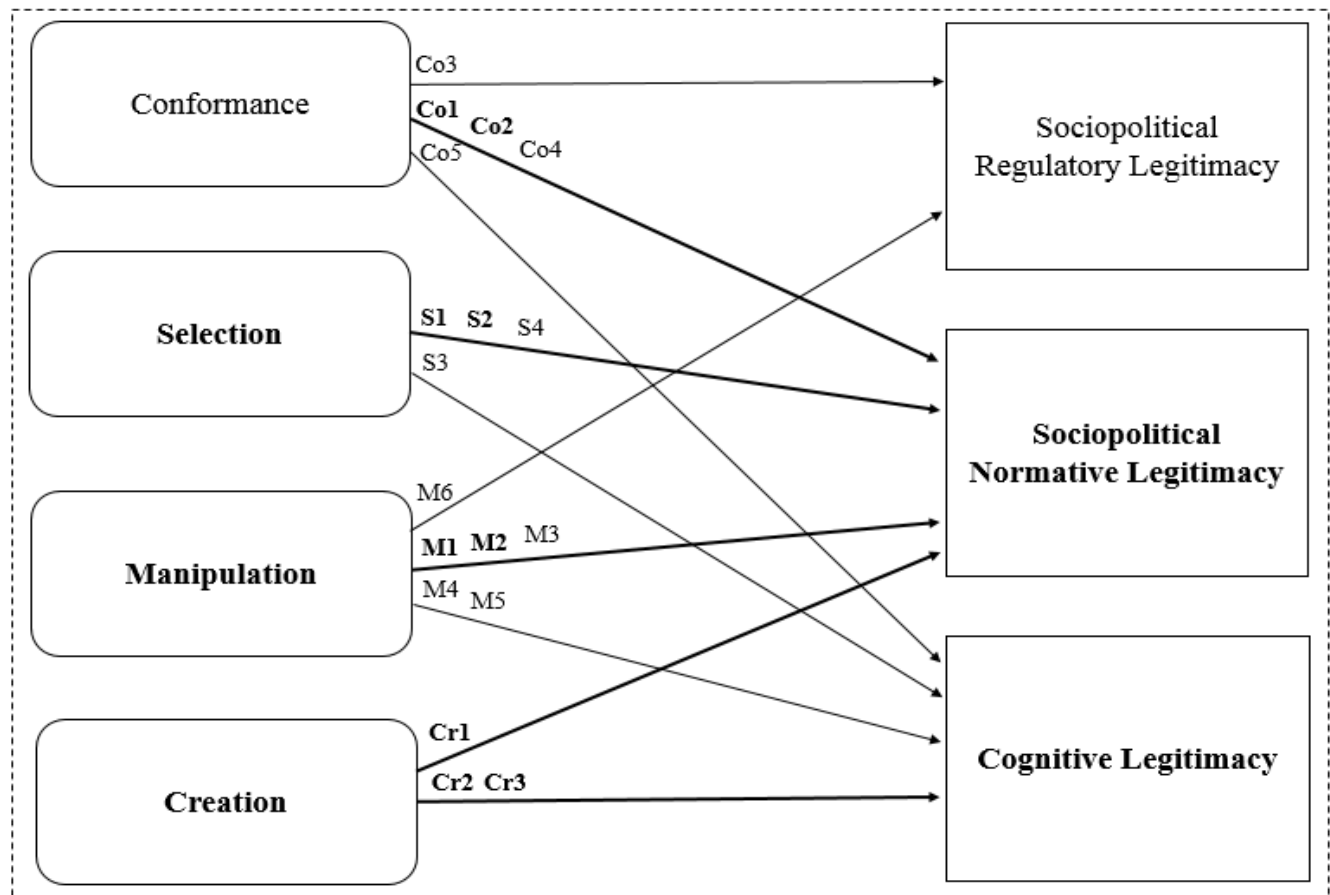

Figure 5.0 Conceptual Model depicting the Way Social Enterprises use Legitimation Strategies to achieve different Sources of Legitimacy.

Figure 5.0, on the other side represents the main findings of this study as it provides the groundwork related to the findings of *Table 4.0*. *Figure 5.0* describes the connection of the concepts (legitimation strategies) with the addressed source of organisational legitimacy through the manifested categories (e.g. *Co1, Co2, etc*.). To be more precise, each legitimation strategy (conformance, selection, manipulation and creation) was found to consist of multiple types of categories. These categories were further found to address one of the three different types of organisational legitimacy (i.e. sociopolitical regulatory, sociopolitical normative and cognitive). Therefore, the connections (represented as arrows) towards each of the types of organisational legitimacy are labelled with the respective category of the legitimation strategy[4]. In case the identified category appears very often among the social ventures in the sample, the respective arrows and labels are in bold print (for details, compare *Table 3.0*).

The findings related to *Figure 5.0* show that both sociopolitical normative and cognitive legitimacy were found to be addressed concurrently from all four identified legitimation strategies. However, the effect appeared much stronger considering sociopolitical normative legitimacy. Therefore, it is indicated to be the most important legitimacy type that social enterprises in the UK were found the need to acquire. The way in which social enterprises use legitimation strategies to achieve a respective type of organisational legitimacy will be explained in the following subsections.

4.3.1 Sociopolitical Regulatory Legitimacy

According to theory, sociopolitical regulatory legitimacy can be derived by nascent ventures from rules, regulations, expectations and established standards that are brought into life by related governments, powerful and credential bodies, associations and organisations. Ignoring to achieve sociopolitical regulatory legitimacy at incorporation can lead at worst to prohibiting ventures to operate on a legal basis (Zimmerman and Zeitz, 2002). In practice, social ventures exhibit less interest in sourcing sociopolitical regulatory legitimacy with their strategic actions. Instead, the effect of their legitimation strategies was found to have a greater impact on the remaining two types of legitimacy. What can be observed, however, are attempts of social ventures to increase legitimacy derived from sociopolitical rules and regulations by either the conformance to the given regulatory environment (through *'follow the rules' Co3*) or by intentions and performing activities to initiate / lobby for changes in the prevailing regulatory setting (*M6*). Instances in the data have shown that the latter

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[4] The connections of concepts through categories towards different legitimacy types are based on the theoretical framework of Zimmerman and Zeitz (2002) and related scholars (see *Appendix 1.0* for theory and *Appendix 2.0* for coding scheme).

category was only utilised by one CIC in the sample. The way in which manipulation is used to initiate the intended changes in its regulatory environment (*M6*) is performed through e.g. collective action. Especially, this particular CIC points out that it engages in networking to do so:

> *"Undertaking feasibility studies, research, community engagement work and general project management and advice on implementing sustainable development through consultancy and contracts with local authorities, public agencies community and voluntary sector organisations and other bodies. […] Public bodies will be better able to take account of different needs of diverse stakeholders, be more effective in the delivery of services and setting policy and being able to resolve complex issues of sustainability and social justice through better engagement with citizens, the third sector or with other stakeholders."*
>
> > *- CIC31*

Additionally, the instances of social enterprises addressing sociopolitical regulatory legitimacy through conformance (through *'follow the rules'*) appear relatively weak as well. Other indications for the effect on sociopolitical regulatory legitimacy through applied strategic actions could not be found in the data.

4.3.2 Sociopolitical Normative Legitimacy

In contrast to sourcing legitimacy from their sociopolitical environment, social enterprises were found to engage in legitimation strategies to a very high extent to address sociopolitical normative legitimacy. In theory, this kind of legitimacy is sourced when norms and values of the respective society or societal environment are addressed. Especially important are thereby the values and norms held from resource-holding audiences of the nascent venture (Zimmerman and Zeitz, 2002). The findings indicate that new social enterprises who target this kind of legitimacy do this through the application of all four legitimation strategies. By applying conformance strategies, new social ventures highlight that they meet accepted prevalent norms and values (*Co1*) and adhere to them in professional and societal terms (*Co4*). Besides, social ventures were observed to emphasise that they are linked (or networked) with programmes, agendas and projects outside their venture that appear to follow widely-held values and norms (*Co2*). Similar to utilising conformance strategies, social enterprises make use of selection strategies especially to achieve sociopolitical normative legitimacy for their endeavours. It can be observed that social enterprises mainly select localities that expose similar values and norms and are therefore more accepting the company's visions (Zimmerman and Zeitz, 2002). Therefore, it is found that social enterprises select operational domains that expose similar norms, beliefs and values

(*S4*) or domains that show a favourable environment with demand for their services and or products (*S2*). Or additionally, social ventures engage in selection activities to address problems or tailor their specific visions to particular communities (*S1*). Analysing these in detail, CICs were found to couple two identified categories of selection strategies for more effectiveness in their endeavour for increased sociopolitical normative legitimacy. This is shown by new social ventures that search for a favourable normative environment (*S4*) to further address and tailor their social services to a particular environment (*S1*) more effectively. For instance, *CIC05* provides an interesting example for this. Firstly, this CIC selects a similar moral environment for its operations (S4).

> "Conserve and manage traditional orchards." "Provision of premises for the local Conservation groups."

Secondly, *CIC05* selects a community that exposes specific problems for which the service will be tailored (*S1*).

> "The residence of Ringshall, Bottisfords and surrounding villages in Suffolk. Also Residents of Stownarket, Hadleigh and Ipswich." "Increasing revenue to the area and the generation of additional rural employment."
>
> > *- CIC05*

Similar to selection, manipulation strategies were utilised in a threefold manner in order to increase the ventures' sociopolitical normative legitimacy. First of all, the *Category 'Partnering and lobbying' (M1)* was found to have a positive effect on sociopolitical normative legitimacy. In theory, this is performed through intending changes in prevailing values, beliefs and norms (Zimmerman and Zeitz, 2002) to achieve 'social capital' (Rudd, 2000). That is, collective actions come from a mutual vision to act towards institutionalising rules and norms (Rudd, 2000) to develop bases for supporting the distinct needs of the venture (Suchman, 1995). The findings of this study reveal that social ventures in the UK are highlighting that they are engaging in networks and collective actions but mainly on a community level:

> "Creating strong community links and partnerships."
>
> > *- CIC02*

In this way, the social enterprises show that they are lobbying for changes in the normative environment through partnering, networking and engaging in collective action.

"Providing a professional and high quality community business, working in partnerships with the local community, local businesses and other agencies to enhance cultural and leisure opportunities for our local citizens."

> - *CIC09*

Besides partnering and lobbying strategies (*M1*), social enterprises were found to intervene with their existing environment (*M2*) to initiate changes. In contrast to partnering and lobbying activities to address sociopolitical normative legitimacy, the social enterprises reveal their intentions to change or manipulate the community in which they operate and their involved client groups:

"The community will benefit by people having a greater ability to determine their own destiny and overcome feelings of depression and frustration."

> - *CIC27*

Furthermore, it can be clearly observed that social enterprises in the UK work towards changing their normative surroundings by engaging in activities that change existing norms and values towards what is of value to them (*M3*). For example, *CIC15* wants to work towards intervening in the environment (*M2*) by *"[…] making Suffolk the greenest country"*. The way it wants to achieve this is representative for the other CICs as well. They simply want to *"[raise] awareness as to what is possible"*. With this, they create an operational domain in which their entrepreneurial activities have an increased sociopolitcal normative legitimacy profile.

Additionally, social ventures were found to even create their own societal context (*Cr1*) for a new moral ground of operation (Suchman, 1995; Zimmerman and Zeitz, 2002). This creation strategy represents the only creation category that was found to target this kind of organisational legitimacy. Instead, the remaining two creation strategy categories address rather the ventures' level of cognitive legitimacy. This is expressed through social enterprises that engage in the creation of new operational practices, models, ideals, etc. (*Cr2*). Or simply by offering or developing something that did not exist beforehand (*Cr3*). The latter creation category is mainly targeted by new social ventures to create opportunities in their operational domain that aim to create new ways of assumptions and beliefs. With this, they try to achieve a framework for everyday routines that did not exist before (Scott, 1994) – new ways of achieving cognitive legitimacy.

4.3.3 Cognitive Legitimacy

The findings related to sourcing higher levels of cognitive legitimacy through applying legitimation strategies are as follows. First of all, social ventures that target cognitive legitimacy tend to highlight that they comply with practices, models and ideas that are taken-for-granted in their field of operation (*Co5*) to further develop and offer products/services that were not prevalent beforehand (*Cr3*). With this, cognitive legitimacy is enhanced twofold by conformance to established cultural models and the creation of comprehensibility for everyday routines that did not existed before (see e.g. *CIC15* in *Subsection 4.2.1*). Regarding the utilisation of selection strategies to increase cognitive legitimacy, *Category S3* represents the only related finding. Although this result is relatively weak compared to the remaining three selection categories, the analysis of incorporation documents still indicates that this category is appearing. In particular, *Category S3* shows that *CICs* forward the impression that they perform activities, adopt models, ideas, practices, etc. (Zimmerman and Zeitz, 2002) in line with the selected enterprise domain. In spite of addressing, creating and selecting favourable operational routines fitting the ventures' endeavour, it can be found that social enterprises in the UK further make use of manipulation strategies to achieve cognitive legitimacy. This is performed by engaging in activities that alter existing models, ideas, practices, etc. (*M4*) to develop a basis of support towards their new venture (*M5*). With this, it is possible to increase the level of cognitive legitimacy that is aimed by social enterprises. However, these manipulation strategies next to conformance and selection strategic actions appear less common than creation strategies to achieve cognitive legitimacy.

Summarising the results from *Section 4.3*, it can indeed be observed that conformance and manipulation strategies are the only legitimation strategies that are utilised by social enterprises to address all three types of organisational legitimacy. Selection strategies are mainly utilised for sociopolitcal normative legitimacy and to a lesser extent to increase levels of cognitive legitimacy. On the other side, creation strategies are mainly applied to address cognitive legitimacy and to a lesser extent for sociopolitcal normative legitimacy. Looking at the mix of strategies social enterprises in the UK use to enhance different types of legitimacy, it can be observed that sociopolitical normative legitimacy is mainly in the focus of strategic action (*cf. Table 4.0*). Cognitive legitimacy appears to be addressed to a lesser extent by newly incorporated CICs but the effect on it should still not be neglected.

5. DISCUSSION

Launching a new venture successfully in a resource-scarce environment poses many challenges for management behaviours of new social enterprises during their start-up stage. Therefore, the results of this study provide three aspects of importance for management during the introduction of a successful new social venture in a resource-scarce environment: (1) The applications of legitimation strategies by social enterprises at incorporation that were found to be successful retrospectively, are analysed and clarified; (2) Successful combinations of legitimation strategies which were found to provide synergy-effects to the quest for organisational legitimacy are explained; (3) The effects of the identified legitimation strategies on three different types of organisational legitimacy that lead to the successful acquisition of organisational legitimacy are elaborated. In theory, the first and the third aspect of importance have roots in the theoretical framework of Zimmerman and Zeitz (2002), Suchman (1995) and related scholars. However, knowledge gaps are still prevalent on how these proactive legitimation strategies actually unfold in practice to understand early-stage survival and successful achievement of legitimacy among social enterprises. This *Discussion-chapter* is structured as follows. Firstly, a clear answer to the research question is provided and secondly, the discussion, interpretation and explanation of the main results of the study are performed (*Section 5.2*). This is performed twofold, firstly in regard to the identified legitimation strategies (*5.2.1*) and secondly, in regard to the identified effect on different sources of organisational legitimacy (*5.2.2*). Subsequently, the theoretical (*5.3*) and practical consequences (*5.4*) of the results of this study will extend the discussion section. Finally, this *Chapter* ends with a discussion of the limitations of this study and provides suggestions to lead future research efforts.

5.1 Main Findings of the Study

The purpose of this research was to provide an answer to the following research question: *"How do social enterprises perform strategic actions to acquire organisational legitimacy at incorporation?"* Studying a sample of 50 CICs of which all were pre-selected to be successful retrospectively, has led to a threefold answer to this paper´s question.

Firstly, a detailed description of legitimation strategies (conformance, selection, manipulation and creation) of successful social enterprises at incorporation has lead to the following insights. Successful social ventures were found to utilise their social value creation vision through pointing to social issues and problems more than highlighting their professional stances to shape perceptions about their new

venture. Conformance with established programmes that follow the rules provide the new venture with spill-over effects from such a programme's inherent legitimacy. Selecting one or a few familiar communities for their operations lead to tacit knowledge application that allows for the identification of particular demands, problems, and opportunities to fulfil the ventures' vision with tailored services. Linking this with the concept of social bricolage allows to explain the success of the local community focus of these social ventures. The utilisation of stakeholder participation, partnering and lobbying behaviour that supports the new social ventures' endeavours are a vital aspect for the impression of legitimacy. Furthermore, manipulation strategies that involve initiations and interventions into the social ventures' existing environment (both normative and cognitive) facilitate operational conditions that support the distinctive needs of the ventures. Furthermore, social ventures are able to garner organisational legitimacy through the proactive creation of a favourable societal and cognitive context, or by developing / offering something that did not exist beforehand to create the ground for organisational legitimacy.

Secondly, it appears most effective to combine these legitimation strategies for a synergetic outcome towards gaining organisational legitimacy. The CIC´s in the sample of this study used, on average, three different legitimation strategies simultaneously. A combination of all legitimation strategies appeared successful if they are strategically aligned to support the new social ventures' endeavours and social visions.

Thirdly, the effects of the identified legitimation strategies on the threefold conceptualisation of organisational legitimacy has led to insights about which achievement of legitimacy is worth striving for. The findings of this study indicate that sociopolitical normative legitimacy plays a key role for new social ventures to be targeted followed by cognitive legitimacy. Most surprising is the finding that sociopolitical regulatory legitimacy only plays a minor role in the legitimation process of social ventures and contradicts existing knowledge.

5.2 Discussion of the Main Findings

The following section provides the explanation and discussion of the main findings. In addition, linkages are made to the existing body of knowledge because this research used the theoretical framework of Zimmerman and Zeitz (2002) to interpret and further extend theory with evidence of the successful application of legitimation strategies of social ventures in practice. Therefore, *Section 5.2* is structured in two parts. In the beginning, the main findings regarding the conditions under which each

of the four identified legitimation strategies are most effective are discussed (*5.2.1*). After this, the identified effects of the legitimation strategies on the desired source of organisational legitimacy are further discussed in the light of previous knowledge (*5.2.2*). How the findings of this study contribute to the existing literature and practice is further discussed and presented in *Section 5.3* and *Section 5.4*.

5.2.1 Legitimation Strategies

When looking at the main findings of this study, it appears that the stance of Zimmerman and Zeitz (2002) that new ventures can build organisational legitimacy through legitimation strategies in any combination and sequence that best fits their situation and provides the highest assumed payoff, is confirmed. Therefore, it was not surprising to find evidence for all four legitimation strategies among social enterprises in the UK where the context appears of importance for which strategic actions were executed. The extent to which these legitimation strategies were applied successfully, however, is not explained by contemporary knowledge. The findings of this study indicate that conformance is applied in the least extent by social enterprises in the UK. Where it is utilised, social ventures underline their adherence to societal stances more often than their professional ones. In line with previous research, social ventures appear most interested in social, people-orientated activities (Moss et al., 2011). Therefore, being a prerequisite for the definition as a social venture, CICs were found to be focused on *social value creation* (Choi and Majumdar, 2014). Since the characterisation of the societal cause at the start-up stage shows implications for and shapes the applied strategic actions beforehand (Lewis, 2005; Katre and Salipante, 2012), it is further reasonable that all legitimation strategies mainly expose activities that are shaped by their focus on the ventures' social vision, targeting and pointing to the pressing social issues and problems identified by the venture (e.g. Seelos and Mair, 2005; Zhara et al., 2009). The second main finding related to the application of conformance strategies is the linkage to the legitimacy of external programmes that are following the rules. This is performed not through networking such as apparent in social ventures' manipulation strategies. Instead, it is performed indirectly through referring, meeting, promoting and directly supporting those mentioned programmes.

The findings related to the successful application of selection strategies appear in line with the conceptualisation of the CICs as social bricoleurs (according to the typology of Zhara et al., 2009). The results indicate that CICs expose local preferences towards one or a few particular communities and areas of interest. Either directly through identification of a locality that expresses a problem, need, opportunity, deprivation and capacity to fulfil the company's vision or indirectly by selecting a group

of people who in turn benefit their local area. Active selection activities appear of importance for social ventures. The magnitude in which the social ventures bring their company vision into life, however, differs among social ventures. They appear broadly conceived or more narrowed down (small-scale) but still mainly with a local-focus. Therefore, the results indicate that the concept of social bricolage (c.f. Zhara et al., 2009) appears of importance for social enterprises in the UK. This is in line with previous research such as Di Domenico et al. (2010) and Laïfi and Josserand (2016) where the latter is linking the successful legitimation process inevitably to (social) bricolage. Similarly, the recent findings of Sunduramurthy et al. (2016, in Press) have shown that successful social ventures utilise social bricolage for survival where partnering with a wide range of stakeholders appears of importance. Therefore, the findings of this study are in line with existing knowledge that *stakeholder participation* is indeed a vital tool for the creation, extension and strengthening of social ties among local communities and support the positive construction of social ventures' legitimacy (Di Domenico et al., 2010).

The nascent social ventures in this study have shown that they utilise successful legitimation strategies through the application of mainly manipulation strategies. These were found to consist of a large part of interactions, networking and lobbying with relevant stakeholders such as other organisations as well as with public bodies. Pointing explicitly to a different set of partners that will support the new ventures' endeavours already at incorporation appears a vital aspect for creating the necessary impression of legitimacy (Starr and McMillan, 1990). It can be assumed that without the inherent tacit local knowledge, these social enterprises would not be able to seize, frame and interpret opportunities and engage in stakeholder involvement already at incorporation state (Zhara et al., 2009). Furthermore, evidence of manipulation strategies that also consist of a large part of initiations and interventions into the social ventures' existing environment and the lives of residents of the target community is provided. Herewith, a direct change in the existing normative surrounding is applied by social ventures to bring their company vision into life. These findings, related to selection and manipulation strategies, can be further aligned with the concept of social bricolage that implies organisational activities to target a modification of parts and adaption of values, norms and actions towards the fit with the organisational aim (Cleaver, 2002).

According to the existing knowledge, ventures who act as bricoleurs do not adopt the same mindset as other organisations but meet unserved community demands through making do and the creation /

development of something from nothing (e.g. Di Domenico et al., 2010). This is in line with the main findings of this study that shows that new social ventures tend to create their own favourable environmental conditions. Indeed, they develop and offer something that did not exist beforehand for everyday routines that fit the aim of the venture (Scott, 1994). In addition, it was found that in the aspiration for organisational legitimacy, the proactive creation of a favourable societal context and new ways of practices, models and ideas of entrepreneurial activity appear to play a key role in the establishment of a successful new venture.

In summary, previous research efforts that utilised the concept of social bricolage have focused on "resourcefulness and adaptability within an existing context" that let enterprises do whatever possible with resources at hand (Di Domenico et al., 2010, p. 10). In contrast, this study takes a legitimacy lens on proactive strategies of social enterprises that target the perceptions of key resource-holding audiences in a successful manner. For this, social bricoleur activities are identified in this study that are in line with previous research but extend existing knowledge for NV legitimation and the successful application of strategies where levels of organisational legitimacy are favourably increased (Deeds et al., 1997) on different grounds (e.g. normative, cognitive) to overcome their liabilities of newness at incorporation.

5.2.2 The Effects of the Legitimation Strategies on the Sources of NV Legitimacy

Analysing the successful application of legitimation strategies allows to draw inferences about the desired effect on the addressed sources of legitimacy. The hierarchy of legitimacy, found to be addressed by social ventures, appears interesting. Social ventures were found to target sociopolitical normative legitimacy most often followed by cognitive legitimacy. The least important legitimacy source was found to be sociopolitical regulative legitimacy because it only played a minor part in the proactive actions of social ventures at incorporation. This finding seems to be contrasting previous knowledge. According to Zimmerman and Zeitz (2002), sociopolitical regulatory legitimacy should be targeted early in the new ventures' existence and the failure to do so is expected to prevent stakeholder's impressions of a legally operating and acceptable organisation. A possible reason for this contradicting finding is that the CICs under investigation had already targeted this type of legitimacy by filing incorporation documents for their legal form that initially needed formal approval from the government (Zimmerman and Zeitz, 2002; Singaram and Kraaijenbrink, 2014). In fact, if the formal

approval was not be granted by the UK regulators, the corporation could not legally operate in the UK as a CIC.

In spite of this, sociopolitical normative and cognitive legitimacy were found to be addressed by all four identified legitimation strategies which increases their importance for successful social ventures´ operational domains even more. According to theory, a nascent venture can address multiple sources of legitimacy concurrently or in a specific sequence (Zimmerman and Zeitz, 2002). This study found evidence that multiple sources of legitimacy are sourced strategically and simultaneously. Previous research efforts have pointed to specific sequences in which organisational legitimacy should be established but for now, no consent is yet achieved among scholars for a sequential model of legitimation (Laïfi and Josserand, 2016). According to existing knowledge, moral and pragmatic legitimacy are usually of first importance while cognitive legitimacy represents the desired end-stage (c.f. Johnson et al., 2006; Greenwood, Suddaby and Hinings, 2002; Tolbert and Zucker, 1999). While most recent research in the context of innovation confirms that cognitive legitimacy is the long-term achievement (Suchman, 1995), pragmatic and moral legitimation strategies are utilised in different sequences or even combined depending on the context and circumstances on hand (Laïfi and Josserand, 2016). The findings of this study confirm that different dimensions of legitimacy are addressed concurrently but analysing the sequences would be beyond the scope of this study because it would require a longitudinal research approach.

Regarding sociopolitical normative legitimacy, it was surprising to find the highest extent of successful strategic actions applied by social ventures. It can be argued that the purposive sampling method in this research study has already ensured that the CICs under study have in fact successfully resourced sociopolitical normative legitimacy through their application in the *NATWest SE100-Index*. This is supported by existing theory, where *endorsement* can be a source of legitimacy as new ventures benefit from spill-over effects from legitimate organisations. An example of this is especially positive press coverage (Abrahamson and Fombrun, 1992; Deeds et al., 1997). The approval and the resulting respective high rankings from the *NATWest SE100-Index* are not solely indicators for their achieved legitimacy through survival but also for the obtainment of endorsement by the NATWest organisation. This, together with the extensive application of legitimation strategies in this direction, indicates the continued importance for sociopolitical normative legitimacy for social ventures. On the other hand, cognitive legitimacy is additionally sourced in this regard as the new ventures are using the

incorporation documents to forward the impression that their identity will provide what is desired and needed to be successful as a social enterprise on a community level through learning who they are and what is expected from the them before they start their venture (Zimmerman and Zeitz, 2002).

For this reasons, it can be argued that the CICs in the sample have already crossed the legitimacy threshold and are therefore in the best position to further build their organisational legitimacy through proactive steps (Zimmerman and Zeitz, 2002). Therefore, in line with other recent studies (c.f. Laïfi and Josserand, 2016) it can be forwarded that the context and the circumstances of the venture in question determine the nature of legitimation addressed and that dimensions of legitimacy can be targeted concurrently (c.f. Zimmerman and Zeitz, 2002) for the best possible outcome.

5.3 Theoretical Consequences of the Findings

Through observing the operational field of social entrepreneurship, this study aims to provide insights into the successful application of legitimation strategies to achieve higher levels of different sources of organisational legitimacy concurrently. Utilising the conceptual lenses provided by research streams on social entrepreneurship, nascent ventures, (social) bricolage and organisational legitimacy, this study provides contributions to the academic body of knowledge by cultivating the understanding of social processes in the entrepreneurial domain of operations and providing new insights and incremental improvement in the related theory development (Di Domenico et al., 2010). According to Gartner, Bird and Starr (1992), entrepreneurial theories are enriched when different perspectives, approaches and disciplines are borrowed for a deeper understanding of the domain of interest. In this regard, scholars have suggested to extend existing knowledge surrounding the concept of social entrepreneurship (Dacin, Dacin and Tracey, 2011) with the application of existing theory for studying social ventures (Dacin et al., 2010). Herewith, the field of research surrounding legitimation strategies towards increased levels of organisational legitimacy represents a research area that has remained difficult to understand in practice (Johnson et al., 2006). The prevalent gaps and how this paper contributes to the existing body of knowledge are summarised as follows.

Existing knowledge appears unclear about how social ventures can successfully use strategies to achieve organisational legitimacy and overcome their inherent liabilities of newness. Zimmerman and Zeitz (2002) provide a vital framework for analysing this matter but this extant theory still remains rather unclarified and superficial. Open questions surround the conditions under which each of the four legitimation strategies are most effective and how these fragmented strategic actions can be combined

for the successful achievement of organisational legitimacy (Zimmerman and Zeitz, 2002; Laïfi and Josserand, 2016). Further, the effect of the desired state of organisational legitimacy is unclear and a lack of measurement threatens the understanding of the importance of various types of organisational legitimacy (Zimmerman and Zeitz, 2012). Research suggests that proactive, strategic actions are more successful when the operational domain is located in an uncertain and turbulent environment for resource-holding audiences (Zimmerman and Zeitz, 2002; Borum and Westenholz, 1995). In the context of social entrepreneurship, existing knowledge indicates that social ventures tend to operate in communities with a characteristically restrained access to resources (Peredo and Chrisman, 2006). Therefore, studying the legitimation strategies of successful new social ventures addresses these various gaps in the academic literature and provides an intriguing research setting where the resource-constrained environment poses challenges to be attacked in a different, interesting manner.

Placing the results of this research to the applied theoretical framework of Zimmerman and Zeitz (2002) shows the following contribution to theory development. It becomes apparent that the first two processes (strategies and legitimacy – see Figure 2.0) could be supported with evidence and the creation of a more in-depth understanding of new social ventures' successful strategic actions towards legitimacy was supported (except for one source of legitimacy – industry). In this study, it was not possible to observe explicit instances of legitimation strategies that address the ventures' industry as a source of organisational legitimacy as Zimmerman and Zeitz (2002) propose. A possible explanation is according to theory that relatively new industries cannot act as a rich source of organisational legitimacy because little history, a lack of established standards, norms and novel practices impose uncertainty among resource-holding audiences (Zimmerman and Zeitz, 2002). However, the findings of this study provide insights into concrete strategic actions of successful ventures to the literature streams concerned with new venture survival and organisational legitimacy. Evidence suggests that organisational legitimacy is sourced from all three environmental pillars – sociopolitical regulatory, sociopolitical normative and cognitive (Zimmerman and Zeitz, 2002; Scott, 1995a). Existing research tends to focus on only one of the sources of organisational legitimacy such as cognitive legitimacy because it is identified as the most important source a new venture must address (Bitekine; 2011; Suchman, 1995). However, as cognitive legitimacy is considered to be the end-stage of achieving legitimacy, this stage is not to be targeted first and therefore needs extensive strategic preparation by initially targeting sociopolitical-regulatory and sociopolitical-normative legitimacy.

In this regard, the findings of this study add to existing knowledge by highlighting the pivotal role that sociopolitical normative legitimacy plays for newly incorporated social ventures. Also, by underlining the comparably minor role of sociopolitical regulatory legitimacy for social ventures when the proper groundwork at incorporation (filing documents and proper communication with regulators) is ensured. Providing concrete examples of the successful application of legitimation strategies for gaining the different sources of organisational legitimacy concurrently further contributes to filling the abovementioned gaps and enhancing theory development with practical experiences and evidence.

The contribution to the academic body of knowledge surrounding the *concept of social entrepreneurship* is as follows. The process in which *social value creation* actually unfolds in practice and with it, the access to organisational legitimacy in the eyes of resource-holding audiences, is provided with an in-depth understanding of new social ventures that was lacking before (Zainon et al., 2014). Additionally, this study contributes to the *(social) bricoleur research* discussion by bringing evidence of local-scale *social bricolage activity* in a different angle: Social entrepreneurial endeavours for organisational legitimacy. Previously, *(social) bricolage* was rather linked to the directly resource-related behaviour of enterprises (e.g. Stenholm and Renko, 2016; Di Domenico et al., 2010). Observing legitimation strategies in the angle of social bricolage allows for a more in-depth understanding of the applied actions where different types of legitimacy represent a necessary interim stage to receive support from resource-holding audiences. The importance of organisational legitimacy as interim stage is highlighted by previous research that indicates that the motivational factor for external audiences to free access to resources is their view that the social venture in question is worthy, appropriate, effective and needed where the basis for decision-making underlies uncertainty and bounded rationality. Therefore, the new venture in question for resource-holding audience must comprehensibly demonstrate that its operations are considered legitimate in its contextual environment (Zimmerman and Zeitz, 2002). The relations of these findings do not only have theoretical consequences but also practical consequences that will be elaborated in the following *Section 5.4*.

5.4 Practical Consequences of the Findings

This study addresses especially those social enterprises that plan to start a new venture with the provision of a path to successful legitimacy acquisition by convincing their resource-holding audiences that their planned activities are acceptable, desirable and appropriate for the benefit of the target community. Failing to successfully do so prevents the access to necessary resources and can lead to

venture mortality. This in turn is a concern for the society, the respective communities and the government at hand that are in need for those offered services and products. In 2015, the UK government represents an area with over 70,000 social enterprises (Social Enterprise UK, 2015). From these, currently 11,922 community interest companies are on public record from which 2,727 new CICs were established in the recent year (CIC-Annual Report, 2016). In comparison, 1,433 CICs in the UK had been dissolved between March 2015 and April 2016 from which the majority was dissolved in the first two years of incorporation (CIC-Annual Report, 2016). The findings of this study can support a reduction of the number of newly incorporated social venture failures by providing a description and explanation of how successful social enterprises are strategically able to gain the necessary legitimacy and with it, the vital access to resources for survival and growth.

Concrete consequences for new social ventures are firstly to internalise their social mission and be clear on how they want to create social value. This starting point allows to design legitimation strategies to tactically conform, manipulate or create the necessary ground for operation. Do the social visions involve a lack of normative ground and are there starting points available to render the environment of the operational domain? In this case, manipulation strategies are found to be successful. Forming strategic partnerships and having a strong network with other like-minded organisations and public bodies can enhance the manipulative and creative effect in order to forward visionary interests and build the necessary normative, cognitive and societal ground for support. This can be done especially at a local community level by using tacit and exclusive, local-based knowledge and then be spread afterwards to other communities and areas. Besides partnering and lobbying activities, concrete manipulative and creational strategies to build the necessary ground for operations include the intention to change or manipulate the community and their respective clients where the venture operates. This can be performed directly or indirectly through changing their norms and values or through the creation of the societal context. Strategic actions that target to increase the social ventures' taken-for-grantedness involve activities to create opportunities in their operational domain that aim to establish new ways of assumptions, beliefs, practices and models or simply the modification of them. This would increase the taken-for-grantedness and the comprehensibility of the social ventures' activities.

Practical implications of the identified selection strategies allow the newly incorporated social enterprise to identify areas in need for a social service or a product that supports the venture in

formulating their tailored company vision if not yet formulated beforehand. Further, in selecting a locality of operation, it is highly recommended to utilise the enterprises' tacit knowledge about a community and start to focus on one or a few particular communities first. This allows to creatively engage in bricolage activities for support of the new social venture and plan for collective action with other organisations and existing programmes in that area that are familiar to the social enterprise because this supports bringing the company's vision into reality.

On the other side, conformance strategies are most effective if the new social venture plans to operate in an operational domain that requires accreditations, qualification and compliance in order to garner the necessary impression of a legal operation. This includes not only for instance *CRB Checks* but also the proper filing of incorporation documents as a way to communicate with relevant stakeholders. In this context, the government represents not only a relevant stakeholder that provides funding opportunities and has an interest in the continuation of a social venture to benefit the community and its residents. Also, the government and the public sector represent a vital client group and source of income for social ventures (Social Enterprise UK, 2015) where strategic actions of conformance and even manipulation appear successful. Manipulation strategies to facilitate favourable rules and regulations can be of high importance for practicing social enterprises where for instance the establishment of the *Social Value Act* in the UK as public service reform has revealed high potential to benefit the social service sector (UK-Government, 2016). In line with theory, this study suggests that collective actions are needed to establish or change the regulatory ground for social ventures with strategic actions. However, this is less often to be observed from newly incorporated social ventures. Therefore, the extent in which the enterprises' sociopolitcal regulatory legitimacy is enhanced is more supported by the results of this study with conformance strategies that show adherence to rules and regulations. Additionally, conformance strategies were found to be also beneficial when social ventures conform to their normative environment by linking their operations with established programmes that follow the rules and thereby deliver so-called spill-over effects. Spill-over effects are evident when the new social venture is piggybacking with the organisational legitimacy of the linked programmes (Deeds et al., 1997). Referring to and therefore being identified with legitimate organisations positively influences the judgements of resource-holding audiences (Zimmerman and Zeitz, 2002) and establishes trust in the ventures' operations.

In conclusion, having the support of relevant audiences and stakeholders that appreciate, understand and find the venture desirable will make the respective social venture legitimate in the eyes of this resource-holding audience and facilitates the access to resources for survival and growth. With this, social ventures' failures in the first years of incorporation can be minimised that will not only benefit the respective venture but also the affected community, area, society and the government. For this reason, new social ventures are strongly recommended to include in their start-up activities the identification of their social value vision and then conform, select, manipulate or create the necessary operational domain for a supportive ground. This can be performed in any sequence or concurrently when it is strategically aligned with the given societal environment (or the created one) and the company's vision.

5.5 Limitations and Directions for Further Research

The application of the unobtrusive nature of a qualitative directed content analysis provides value to strategic management research through the possibility to identify characteristics in textual documents to make inferences about values, attitudes and intentions of the subjects under study (Morris, 1994). But this methical approach also brings with it limitations that need to be taken into account. In order to produce valid inferences, a reliable coding scheme needs to be used that exposes consistency and reproducibility (Weber, 1990). These are threatened when ambiguities in word meanings, definitions of concepts / categories and coding rules are prevalent that rely on the subjectivity of individual researchers (Morris, 1994). The limitations of this study based on utilising an existing theoretical framework to analyse the data with adaptive theory (Layder, 1998) mean that the researcher is informed but also inherent to bias and pitfalls (Hsieh and Shannon, 2005). Firstly, researchers can be inclined to find evidence more often that is supportive rather than contradictory to the findings of previous research (Hsieh and Shannon, 2005). Empirical data can be forced to fit into the predefined concepts based on the utilised theoretical framework (Layder, 1998; Glaser and Strauss, 1967). Further, the usage of a whole theoretical framework can lead to a 'ready-made explanation' without the necessary inspection of findings (Layder, 1998). For this reason, a collaboration with experienced researchers in the field of organisational legitimacy and social entrepreneurship becomes even more important to avoid biases and pitfalls related to the chosen methodology. This would in turn also prove consent in coding and analysis when tests based on intercoder-reliability are performed (Morris, 1994).

The utilisation of the theoretical framework of Zimmerman and Zeitz (2002) in this study involves further conceptual limitations. Being the most exhaustive framework to analyse legitimation strategies of social ventures at the moment represents conceptual ambiguities regarding the dimensions of organisational legitimacy. According to the utilised theoretical framework, sources of organisational legitimacy can be distinguished into sociopolitical regulatory, sociopolitical normative and cognitive legitimacy. This conceptualisation is based on the threefold framework of Suchman (1995) that distinguishes between pragmatic, moral and cognitive legitimacy. While the latter two of both Zimmerman and Zeitz (2002) and Suchman (1995) are conceptually conform to each other, the first one (pragmatic and sociopolitical regulatory) are rather different *(compare Appendix 1.0)*. Additionally, academic literature exists that merges normative (moral) and cognitive legitimacy to one dimension (*cultural, constitutive legitimacy*) based on the work of Archibald (2004). This lack of consent among scholars in the academic literature complicates consent and theory development in the field of organisational legitimacy. For instance, even when Archibald (2004) and Zimmerman and Zeitz (2002) have provided a more recent conceptualisation of legitimacy that assimilates the work of Suchman (1995), it is still apparent that state-of-the art research neglects advancements and stays with Suchman (1995) to study legitimation strategies of ventures (c.f. Laïfi and Josserand, 2016). For this reason, future research is strongly recommended to find consent among legitimacy conceptualisations as it would benefit theory development and practice in social sciences essentially.

Additionally, the findings of this study confirm that different dimensions of legitimacy are addressed by social enterprises but analysing potential sequences was beyond the scope of the study. A longitudinal approach would remedy this limitation and provide the necessary understanding of the legitimation process not only at start-up (at incorporation) but also in the important first years of operation (Zimmerman and Zeitz, 2002). For instance, this can be continued with community interest companies in the UK. Under the CIC legislation, every new social venture must file a CIC-report. It must be delivered each year and provides the necessary information about relevant stakeholder involvement, dividend payments, transfer of assets and directors' remunerations. The completion (on time) of this report and publication is obligatory and demonstrates that the new venture continues to serve community needs for their interest and benefit (CIC-Annual Report, 2016).

Furthermore, this study could only find limited details about the essential partnering, networking and lobbying behaviour of social ventures. Taking the research findings of Lerner (2016) further into

account, which indicate the attraction of supportive, complementary partners, leads to suggesting future research that incorporates the effects of collective actions towards organisational legitimacy and influences on resource-holding audiences. Furthermore, the findings of this study that new social ventures tend to manipulate and build their own, favourable societal context, normative and cognitive ground demands further research in this field. Related areas include for instance the research of O'Neil and Ucbasaran (2016) that concerns environmental enterprises and how they enact their own values and beliefs in the NV legitimation process or the research of Meek, Pacheco and York (2010) that forwards the research of the impact of social norms on environmental entrepreneurial strategic actions and legitimacy. Relating these researches even further to place attachment (regional) and social legitimacy[5] (Kibler, Fink, Lang and Muñoz, 2015; Kibler, Kautonen and Fink, 2014) would further the academic literature towards deepening the understanding of community-based *social bricolage* that was highlighted in this research study.

6. CONCLUSION

The purpose of this study was to gain a more in-depth understanding of the strategic legitimation process of social ventures because it has important consequences not only for theory development and academic research but also for practical concerns. Therefore, this research contributes to the existing body of knowledge by answering the following research question: *"How do social enterprises perform strategic actions to acquire organisational legitimacy at incorporation?"* Previous knowledge provided this research with a theoretical framework to study the legitimation process of nascent ventures to answer this research question in the light of newly incorporated social ventures that operate in a resource-scarce environment. Applying extant theory to study observed phenomena among social-mission oriented ventures benefits the academic body of knowledge (Dacin et al., 2010). Therefore, the utilisation of a qualitative directed content analysis has enabled this study to enhance the understanding of extant theory and provides new knowledge at the same time through adaptive reasoning that integrates the influence of extant theory as well as results from empirical data (Hatak et al., 2015; Layder, 1998). Studying a sample of 50 CICs of which all were found to be successful retrospectively, has led to a threefold answer to this paper´s question.

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[5] The concept of social legitimacy involves the surrounding environment (especially locally-based) of nascent ventures where prevalent social norms act as enabler for value creation beyond profit or as preventer (Muñoz and Dimov, 2014; Kibler et al., 2014).

Firstly, a detailed description of legitimation strategies of successful social enterprises at incorporation was performed. The findings indicate that social ventures gain legitimacy though applying a mix of all four legitimation strategies that extant theory proposes. These strategic actions are mainly selection, manipulation and creation that aim to establish the necessary ground for the ventures' social visions and operations. Conformance strategies that provide the impression of adherence to the given environment were evident to a lesser extent compared to the remaining three legitimation strategies. Secondly, the results indicate that social ventures utilise legitimation strategies in combination to enhance the positive impact on organisational legitimacy. Thirdly, new social ventures were found to address multiple sources of organisational legitimacy concurrently, namely sociopolitical regulatory, sociopolitical normative and cognitive legitimacy. Thereby, successful social ventures´ strategies were found to address sociopolitcal normative legitimacy to the greatest extent while sociopolitcal regulatory legitimacy was less frequently targeted by successful social enterprises.

The results of this study contribute to the academic body of knowledge as follows. Beforehand, the knowledge about the strategic process of achieving legitimacy at the organizational level appeared unclear, superficial, barely understood and relatively scarce. Through the efforts of this study, the literature streams surrounding social entrepreneurship and social bricolage have gained insights on how social value creation actually unfolds in practice and how interactions with resource-holding audiences on a local-basis can lead to organisational legitimacy for social enterprises. The literature stream surrounding organisational legitimacy benefits through an enhanced understanding of the different sources of legitimacy (sociopolitical regulatory, sociopolitical normative and cognitive) addressed in practice. Therefore the lack of understanding surrounding the importance of various types of organisational legitimacy is moderated especially for a specific profile – social entrepreneurs (Zimmerman and Zeitz, 2002; Suchman, 1995). The practical consequences of this study provide social enterprises with concrete practical examples and directions to create successful legitimation strategies to gain access to resources and overcome their liabilities of newness. With this, new social venture failure can be reduced, which benefits not only the company in question but also ensures continued benefit for the affected community, area, society, residents and government.

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APPENDIX
APPENDIX 1.0: SUMMARY – DIFFERENTIATION BETWEEN CONCEPTUAL DIMENSIONS OF (NV) LEGITIMACY

AUTHOR(S)	DIMENSIONS	MAIN NOTION(S)
Stryker (1994)	Normative	Legitimacy as attitudinal approval of rules which is synonymous with loyalty, attachment, favorable affective orientation (Tyler, 1990) to political and legal systems. The process is normative as people internalise the so-called rules of the game. This belief in law's rightness causes obedience-perceptions at the individual level that aggregates furthermore to produce collective approval constructing legitimacy of the legal or political system (Tyler, 1990; Lehman, 1987).
	Instrumental Mechanisms	Legitimacy as behavioral consent to rules involving active participation, passive accordance until sullen obedience (Przeworski, 1980).
	Constitutive	Legitimacy as cognitive orientation to binding rules that differentiates between validity, collective orientation towards binding rules, propriety and approval of rules on an individual level (Thomas, Walker, and Zelditch, 1986). The concept of validity, however requires solely the (collective) recognition of (binding) rules but not its approval or disapproval defining what Walker, Thomas and Zelditch (1991) call's 'the way things are'.
	Synthesis	Legitimacy itself is produced in part of all three mechanisms for which institutionalized rules are critical. Commitment to these rules is enhanced when rule's appropriateness (normative) is acknowledged by people. This occurs when a provision of resources and positive outcomes through rule applications is given and relatively outweigh the expected costs of breaking rules (instrumental). This in turn, leads to the constitutive element-recognition of 'the way things are' that support the production of legitimacy (Stryker, 1994).
Aldrich and Fiol (1994)	Cognitive	Referring to the spread of knowledge about a new venture that is on its peak when taken-for-grantedness is achieved from a new process, product of service. Cognitive legitimation is performed when new venture replicate itself based on existing organisational forms or when consumers become knowledgeable users.
	Sociopolitical	Given existing norms and rules, sociopolitical legitimation describes the process by which key stakeholders, key opinion leaders, the general public or the government officially accept the appropriateness and rightness of a new venture in place.
	Synthesis	Even though scholars have primarily focused their attention on venture's ability to acquire and maintain sociopolitical approval (Elsbach and Sutton, 1992), most relevant for new ventures (in emerging industries) are their lack of cognitive legitimacy. The missing widespread knowledge and understanding around an organisations activities tend to lead to difficulties in maintaining the support of key constituencies (sociopolitical) (Aldrich and Fiol, 1994).
Suchman (1995)	Pragmatic	Legitimacy rests on the judgment of self-interested calculations of a venture's judges and evaluators.
	Moral	Legitimacy rests on audience's normative evaluations and judgments about whether the venture's activities are 'the right thing to do'.
	Cognitive	Legitimacy rests on cognition (not interests or evaluations per se) that involve either the affirmative backing or the mere acceptance of a venture based on its taken-for-granted cultural models.
	Synthesis	This three types of organisational legitimacy share the feature that involves a generalized assumption or perception of a venture's appropriateness, desirability or its being simply proper in their socially constructed systems of beliefs, norms, values and definitions. Each of them rest however on a different set of behavior dynamics with subtypes that contain an accumulated set of twelve distinct legitimacy types. This twelve-part typology involves two organisational foci (venture's actions versus their essence) and two temporal textures (continual versus episodic) (Deephouse and Suchman, 2008).
Scott (1995a) and similar to Hunt and Aldrich (1996) – Zimmermann and Zeitz (2002)	Sociopolitical Regulative	Gaining NV Legitimacy can be performed by visibly conforming to rules, regulations, standards, and expectations that were institutionalised by governments, credential associations, influential organisations and professional bodies.
	Sociopolitical Normative	Visibly endorsing and implementing values as well as norms that are held within new venture's various domains of activity.
	Cognitive	NV Legitimacy can be achieved by visibly supporting and practicing widely held assumptions and beliefs which are taken-for-granted within their various domains of action.
Zimmerman and	Industry	An industry including its standards, practices, norms and technologies can be a source of legitimacy

Zeitz (2002)		for the nascent venture as well (Zucker, 1988; Aldrich and Fiol, 1994; Suchman, 1995; Scott, 1995b).
	Synthesis	Sociopolitical legitimacy is especially important for new ventures as a failure to acquire it can prevent a new venture from legally operating and limit them in accessing resources temporarily or even permanently. Sourcing legitimacy from sociopolitical normative in order to enhance new ventures' chances of survival means provision of credibility, contact and support that build a positive image towards the new venture. This is often performed by networking with established organisations where their legitimacy spills over to them in the eyes of resource-holding audiences. However, in empirical regard it is difficult to distinguish between cognitive and normative legitimacy (Zeitz, Mittal and McAulay, 1999). Cognitive legitimacy indicates rather the socially constructed reality (the so-called 'game') where new ventures demonstrate or try to put forward the impression that it is appropriate and desired by adherence to them (Zimmerman and Zeitz, 2002).

Appendix 1.0 represents a short overview of previous studies which highlights the major consensus among legitimacy conceptualisations (Deephouse and Suchman, 2008). This list, however, is not exhaustive as more recently there had been some scholarly efforts to reconsider these dimensions of legitimacy (Deephouse and Suchman, 2008). For instance, Archibald (2004) merges Scott's (1995a) regulative legitimacy with Aldrich and Fiol's (1994) sociopolitical legitimacy and has merged cognitive and normative legitimacy into one dimension called *'cultural legitimacy'* (Deephouse and Suchman, 2008).

APPENDIX 2.0: CODING SCHEME – LEGITIMATION STRATEGIES

"The first three strategies – conformance, selection, and manipulation – were proposed by Suchman (1995). We propose a fourth strategy" (Zimmerman and Zeitz, 2002, p. 422). The sources of legitimacy that were addressed are described in detail in *Appendix 1.0*.

CONFORMANCE	SELECTION	MANIPULATION	CREATION
In accordance with previous research, text segments from CIC 36/37 documents are identified as following conformance strategies if they indicate the new venture is "following the rules".	Text segments are coded as in line with selection strategies if they involve the CIC to strategically locate in an environment that is assumed to be favourable.	Text segments form CIC 36/37 documents are coded as following manipulation strategies if they aim to achieve consistency between the CIC and its environment through initiating/lobbying for changes.	Text segments are coded as following creation strategies if the CIC is developing/offering something that did not exist before. Text segments follow creation strategies if they involve the creation of the societal context.
Sociopolitical Regulatory	**Sociopolitical Regulatory**	**Sociopolitical Regulatory**	**Sociopolitical Regulatory**
All activities and intentions related to adhering to rules and regulations. Key words involve e.g. accreditation, certification, registration, authorisation, admission, allowance, and concession.	All activities and intentions to locate the new venture based on favourable rules and regulations in a specific geographic location.	All activities and intentions to initiate or lobby for changes in the existing regulative environment.	All activities and intentions to create favourable rules and regulations.
Sociopolitical Normative	**Sociopolitical Normative**	**Sociopolitical Normative**	**Sociopolitical Normative**
All activities and intentions related to adhere to professional and societal norms, beliefs and values such as treating employees fairly.	All activities and intentions to locate the new venture in a domain that is more in line with the CIC's norms, values and beliefs.	All activities and intentions to change existing values, beliefs and norms through e.g. building networks.	All activities and intentions to create norms, beliefs and values.
Cognitive	**Cognitive**	**Cognitive**	**Cognitive**
All activities and intentions related to comply with practices, models, ideas, etc. from which it is assumed to be correct. An example involve hiring top employees.	All activities and intentions related to selecting domains where the practices, models, ideas, etc. are more in line with the new ventures.	All activities and intentions related to changing existing practices, models, ideas, etc. towards the new venture.	All activities and intentions related to new operating practices, ideas, and models.

Appendix 2.0 represents an overview of the coding scheme used for the analysis and interpretation. The legitimation strategies 'conformance, selection, manipulation and creation' represent core concepts that order and classify the textual data provisionally that can be revised or confirmed at a later stage in accordance with the adaptive theory approach (Layder, 1998). The three-fold typology of '*Pragmatic*, *Moral* and *Cognitive Legitimacy*' together with the strategic efforts '*Conformance, Selection* and *Manipulation*' represent organisational efforts towards legitimacy based on the groundwork of Suchman (1995). The organisation of these various legitimation strategies were based on the framework provided by Zimmerman and Zeitz (2002) that utilised the groundwork of Suchman (1995) as well as them of Scott (1995a) which were similar to Hunt and Aldrich (1996) research findings (see *Appendix 1.0* for more details).