Social enterprise and neoinstitutional theory: An evaluation of the organizational logics of SE in the UK

Steven Pinch and Peter Sunley

*Introduction*

This paper examines the extent to which neoinstitutionalist theory can be used to illuminate the development of social enterprise (SE) in the UK. Neoinstitutional theory, which emerged in the 1970s (e.g. Zucker, 1977), may be regarded as a set of diverse but interrelated approaches that seek to understand how formal organizations are shaped by institutional forces embedded in the wider socio-economic and political environment (Powell, 2007). Although their precise nature is much debated, institutions are generally understood as systems of rules that structure social interactions, including both formal rules and informal conventions and norms (Hodgson, 2006, p.2; Rodriguez-Pose, 2013). Organizations may be conceived as formal expressions of these institutions, linked to their wider environment, that attempt to attain some purposeful goal or action (*ibid*.). Institutionalization refers to the processes through which particular values and behaviours become embedded within an institution and its organizational manifestations.

Institutional theory is playing a steadily increasing role in the understanding of SEs (e.g. Dart, 2004; Nichols, 2010; Zeyen and Beckman, 2011; Teasdale, 2012; Tracey *et* *al.*, 2011; Sepulveda, 2014). Previous work on the institutional forms of SEs has highlighted how their co-operative and mutual legal forms allow them to mobilise stakeholders and social capital in pursuit of their objectives (Galera and Borzaga, 2009). Since SEs are organizations that are managed by stakeholders rather than shareholders, it is argued that their economic activities emerge from their reciprocal relationships that enable them to blend markets with principles of redistribution and reciprocity (Bacchiega and Borzaga, 2001; Defourny and Nyssens, 2006; Laville and Nyssens, 2001). Other work has examined how the institutions of the state and civil society shape the way in which SEs in any country develop through time (Kerlin, 2010; Sepulveda, 2014). Thus Urbano *et al*. (2010, page 58) write, “The institutional environment defines, creates and limits social opportunities, and this affects the speed and scope of SE”. However, both Mair and Marti (2006) and Townsend and Hart (2008) argue that SEs operate in environments characterised by ‘institutional ambiguity’, where both governmental and private sector institutions have been absent. Zeyen and Beckman (2011) argue that one response to this institutional ambiguity in the sphere of SE is the creation of different organizational forms within a broader entity that has an overarching social mission. In a somewhat different vein Tracey *et al.* (2011) argue that another response to this ambiguity is the creation of new organizational forms through a process of *bridging institutional entrepreneurship*. They argue that this process involves an institutional entrepreneur combining aspects of established institutional logics and their associated practices and organizational forms to create a new organizational form underpinned by a new hybrid logic (as in their case study of the SE Aspire, which combined a retail logic with helping the homeless). Similarly, Teasdale (2012) explains how housing SEs experience a trade-off between commercial and social priorities and in order to reconcile the two must transfer their higher costs to consumers and funders.

This paper examines further the potential of neoinstitutional theory for understanding this ambiguity and the subsequent dilemmas faced by SEs in the UK. The analysis is based on 40 in-depth interviews with managers of SEs in four major cities of the UK: Birmingham, Southampton, the London borough of Newham and Southampton. The interviews covered a range of issues relating to the origins, development, financial basis and prospects of the SEs. The first part of the paper outlines some basic elements of neoinstitutionalism and considers how they may be applicable to the study of SE. Part two describes the methodology use in the study and why a qualitative approach was especially appropriate in this context. After outlining some of the major dimensions of the institutional field of SE we consider the implications for future study.

*Background to Neoinstitutional Theory*

The earliest neoinstitutional work tended to focus upon ‘institutional isomorphism’; the need for institutions to gain legitimacy by conforming in some ways to their external environment (DiMaggio and Powell, 1983). A key concern of these studies was to explain why the formal organizational representations of institutions come to resemble each other. In order to do this, DiMaggio and Powell built upon the concept of the *organizational field*. This may be defined as a community of disparate organizations, such as producers and consumers, engaged in common activities and subject to similar regulatory pressures (*ibid*.). DiMaggio and Powell emphasised three forces acting upon such a field: first, *coercive pressures*, as from legal regulation and state sanction; second, *normative pressures* through cultural expectations and education; and finally, *mimetic pressures* through the need to conform to others.

Building upon the work of DiMaggio and Powell, Scott (2012) posited three ‘pillars’ of institutional order. The first pillar was *regulative*, fostering institutional legitimacy through legal sanction. The second was *normative*, promoting legitimation through factors such as education and professional endorsement. The third pillar was *cognitive*; developing legitimacy through commonly accepted cultural meanings. An organizational field, Scott argued, would be shaped by various combinations of these pillars in ways that varied across time and space. As organizational fields developed, they would be characterized by a number of factors: increased patterns of organizational complexity and hierarchy; increasing social interaction; the exchange of ever greater amounts of knowledge; and finally, the development of mutual awareness of engagement in a common purpose.

Although highly influential, this early work was thought by some to be too structural and one sided. Subsequent work has therefore attempted to get a greater sense of human agency through focussing to a greater extent on the mindful behaviour of individuals within organizations. There is now a focus upon how institutions may evolve in different ways depending upon various factors, not only in their surrounding environments, but also through the evolution of their local cultures, as well as strategic decisions taken by individuals within organizations (Streeck and Thelen, 2005; Sepulveda, 2014). Factors such as regulations and legal requirements need to be interpreted and acted upon and are therefore conceptualised as partly endogenous forces, rather than just external constraints. A key feature of neoinstitutionalism, which gives it an affinity with geographical work, is that fact that it recognises the diversity of institutional forms and their associated logics, in different places and at different times. Highly influential in this context has been the work of Kostova (1999). Her theory of ‘institutional duality’ argues that Scott’s three pillars of institutional order will combine in different ways to produce differing institutional profiles and actor behaviour in different settings.

A key element within this work has been the study of ‘institutional logics’ (Thornton and Ocasio, 2008). These have been defined as ‘the socially constructed, historical patterns, assumptions, values, beliefs and rules by which individuals produce and reproduce their material subsistence, organise time and space, and provide meaning to their social reality.’ (Thornton and Ocasio, 1999, p.808; see also Thornton *et al*., 2012). Put more simply, they are the cultural beliefs and rules that shape the cognitions and behaviours of actors (Dunn and Jones, 2010). They are socially shared and deeply held assumptions and values that provide criterion for legitimacy and help organizations to function. One of the main ways in which it is suggested institutional logics exert their effects on individuals and organizations is when they identify with an institutionalized group, organization, profession, industry or section of the population (Thornton, 2004). Processes such as education and social networking, both formal and informal, may lead to a collective sense of identity.

Traditionally, institutions have been thought of as sources of stability and equilibrium but in recent years there has been a renewed focus upon institutional change. Changes in institutional logics have been a key focus for such work, especially situations where institutions have multiple, contested, logics. The ways in which these competing logics become mobilised in the struggle for ideas and resources can determine the extent of institutional change within organizations. As Schneiberg and Clemens argue (2006, p.201) “ an appreciation of heterogeneity and the relative incoherence of fields is crucial for explanations of institutional change”.

Studies of institutional change have typically focussed upon the shift from one dominant form of institutional logic towards another. However, as Dunn and Jones (2010) highlight, such studies have tended to neglect situations where there are plural competing logics within an organizational field. They highlight medical education in the US, where ‘scientific’ logic has, over a number of years, competed with ‘social care’ logic (*ibid.*). The relative balance of power of these logics seems to have varied over time according to a number of factors.

Dunn and Jones (2010) argue that, since it is a metatheoretical framework, the notion of institutional logics, in itself, give little clues as to which logics will dominate a field or how plural competing logics will be accommodated within an organizational field over the years. These logics are likely to depend upon a variety of contingent factors such as forces external to the organizational field (i.e. socio-economic and political changes, either in the form of slowly evolving processes or sudden shocks) and also endogenous influences such as the relative strength of professions, inter and intra-professional conflicts as well as organizational innovation. We now examine the insights provided by this perspective for the study of SE in the UK.

*Methodology*

In order to assess the degree of institutional order in the SE sector we chose to interview 40 SE managers located in four major cities in the UK: Birmingham, Liverpool, the London borough of Newham and Southampton. These cities were chosen to provide a range of challenging urban environments for the functioning of SE. Because institutional logics are often quite complex we adopted a semi-structured qualitative interview schedule. This approach is likely to have provided us with greater insights that a structured formal questionnaire since it enabled us to probe the responses in depth, testing for the validity and veracity of the replies and looking for elements of ambiguity in the comments and attitudes expressed. The SEs were selected for detailed study by a combination of web searches and word-of-mouth recommendations from key informants in the areas, sometimes involved in SE support agencies. To enable them to speak freely, all the respondents were assured of anonymity and none of the results were presented in any way that would enable individual enterprises to be identified. The managers were often well informed and quite experienced members of the SE sector and they often expressed firm, trenchant, opinions. These opinions often involved criticism of other SEs, their support agencies, various public sector agencies and the private sector. The comments were taped, transcribed and examined for common themes. We sought for saturation of responses in terms of seeing the dominant narratives but recognised that there were frequent disagreements between the respondents.

Although we were not seeking a representative sample of SEs in a truly statistical sense (this would have been impossible to verify accurately in any case due to the lack of a comprehensive sampling frame of SEs for the cities concerned) we did some comparisons with other national studies of the sector. These comparisons indicated that we had broadly captured much of the diversity of the sector. Over half of the SEs, were principally engaged in education and training, often for disadvantaged groups including the unemployed, mentally ill, mentally handicapped and drug abusers. Over a third the SEs were involved in some form of community development, such as through the provision of local facilities such as cafes, shops, childcare, or community centres. Approximately a fifth were involved in the provision of business services; some of which were provided on a purely commercial basis with the profits returned to a parent charity or trust. Fifteen per cent were involved in SE support activities in their area and a similar proportion were involved in health and social care. Just over ten per cent were involved in some sort of manufacturing and about 5 per cent are involved in recycling or environmental schemes. A small proportion of our SEs provided cultural facilities and one was a retailer, whilst another also provided accommodation for the homeless. The SEs were registered in a variety of legal forms. The most common type was a company limited by guarantee (CLG), often with charitable status (well over a half), whilst others were community interest companies (CICs) public limited companies (PLCs), charities and industrial and provident societies (IPSs). Our sample differed from that studied by the Bank of England (2003) in that it had a greater incidence of CICs, a legal form specifically introduced to aid the development of SE.

*Social Enterprise and Institutional Logics*

SE may be conceptualised as a set of distinctive organizational forms, comprising an organization field, within the broader institution of the social economy (Thornton and Ocasio, 2008). Although diverse in character, these many hybrid types of SE organization share, to varying degrees, an institutional logic that attempts to use market means to achieve social objectives. Hence, the distinctive institutional logic that integrates the field of SE is the allocation of profit for some social, community or environmental purpose, rather than exclusively to shareholders (e.g., DTI, 2002).

Viewed through an institutionalist lens, what makes SE particular interesting is the fact that, through attempting to combine business means with social ends, SEs would seem to sit at the interface of two types of institutional logic. As in the Dunn and Jones (2010) study, these logics are may be conceptualised as, as on the one hand, some form of ‘market’ logic and, on the other hand, some form of ‘social care’ logic. As we will see later, this social care logic gets expressed in very different ways but in general it represents an alternative to giving priority shareholder profit. Hence, it usually involves some other form of social accounting in which the added value to the community is encapsulated in some way.

If we pursue an institutionalist approach and adopt Scott’s (2012) typology, we can see changing regulative influences on SEs through various recent legal innovations such as the introduction of Community Interest Companies (CICs) and changes to finance. Such changes have involved the institutionalization of SEs since new regulative rules have created a policy consensus on the sectors’ legitimacy and value (Sepulveda, 2014). Dart (2004) argues that this normative legitimacy of SE has been linked to the appeal of its commercial logic. Certainly, these changes these have attempted to introduce more of a market-based logic to SE. Through various organizational initiatives and networks, both formal and informal, attempts have been made to shape the normative framework of SE. These regulative and normative changes have in turn impacted upon the cognitive outlook of SE managers but, as we shall reveal below, the result is a contested field. Some networks have brought about increased awareness of the need to be more commercially minded but others, whilst accepting this in principle, have argued that many of the assumptions built into the market model are incompatible with the social care approach.

One result of these competing logics is considerable uncertainty over the meaning of SE, both amongst SEs themselves and other actors involved with the sector. Taking the cognitive dispositions of our SE manager as a whole, there was little doubt that our sample felt that they belonged to a movement or community with a strong sense of purpose. Hence, there was much evidence in our interviews of the passion and commitment of the managers to SE. Some were inspired to work in the sector after traumatic personal experiences such as redundancy or illness. Many acknowledged that they could earn more in the private or public sector and that because of their social mission they could employ talented people below market rates. The aims of SE were in general terms widely understood and articulated in a clear manner. However, in parallel, or perhaps because of, this commitment to SE, a minority of those within the sector were also unsure about its parameters. One respondent said that many of the groups they work with didn’t see themselves as SEs but they are “getting it now”. One respondent claimed that SE was itself an “oxymoron”, alluding to the combination of commercial means and social ends. Another respondent claimed:

I don’t fully understand the purpose of social enterprise. We’ve discussed it in various different meetings, but it’s just difficult understanding it and associating it with what we’re currently doing (Newham, 3).

Whilst this was an extreme manifestation of confusion, it belied a more general feeling of uncertainty as to how the broad mission of SE could be implemented.

Given thatsome of our SE managers were unsure about the meaning of SE, it is perhaps unsurprising that they also felt their social mission was fully understood either by others. The feeling of incomprehension was especially directed at local authorities: one manger in Birmingham said of local authorities. “It (SE) confuses them, they don’t quite understand”, such that; “The concept of the triple bottom line is something the council still doesn’t get”, (Birmingham 8). The feeling that others just don’t “get it” was also directed at the financial system:

I went to the bank the other day, and I was talking to a bank manager who’d never heard of the term social enterprise – a bank manager. If you, as a bank manager, don’t know what social enterprise is, you know, is it any wonder? They just haven’t got a clue in the real world out there what social enterprise is (London, 7).

The legal profession were also found to be wanting in knowledge at times:

I’ve done a couple of networking lunches that we’ve been invited to do presentations with and one of them was for local solicitors and what have you. So it gets the name of social enterprises – because you say a social enterprise and people go ‘Oh right, OK’ and it’s like they don’t know what it is. I was talking to some guy and he said ‘I thought you said you were a company director’; I said ‘I am’ he said ‘but you work with people with mental health and learning disabilities’, so I said ‘Yeah, it’s a social enterprise centre’, ‘Well what’s one of them?’ and they just don’t understand it (Southampton, 2).

Finally, the public at large were also thought to be in the dark:

When you’re looked at from the outside world, everyone’s belief is, because I run a profit-making company, that I was a greedy, you know, capitalist paying myself a fortune and people in charities are working for nothing. In fact, it was the other way around. I was the one working for nothing and people in charities, who could get funding, were paying themselves telephone book salaries, as most of my competitors still do (Newham, 3).

Zeyen and Beckman (2011) argue that one response to the ambiguity resulting from competing institutional logics in the sphere of SE is the creation of different organizational forms within a broader entity that has an overarching social mission. The rationale for this approach is that some parts of the organization can be more profit-oriented than others. However, we found only limited evidence for this strategy in our survey. It was true that some SEs were just one trading arm of a much larger organization within a charitable umbrella. The rationale was that if that trading arm went bankrupt it would not damage the other parts of the organization. However, these various arms still attempted to act in a socially enterprising manner. In general, therefore, our SEs dealt with competing institutional logics in other ways, as outlined below.

*Market Logics*

The most common manifestation of the notion of institutional ambiguity within our sample of SEs was the fact that the degree of adherence to the market logic varied considerably within our sample. At one extreme some managers felt they were undertaking contracts just like a commercial organization:

We are absolutely treated by them as we would like, as a contractor, a supplier, we’re performance managed, if we've got issues – it's very collaborative, we can go and say ‘Aargh, the thing we thought was what was needed, we've actually learnt that this is better so can we do it like that. But we are treated as a commercial relationship. We don't have special needs in terms of, we're a social enterprise so be nicer to us, we have a commercial relationship (Birmingham, 3).

This view was translated into a business proposition that was felt to be appropriate for the times:

I suppose our fundamental difference as a social enterprise is we see our customers as the NHS, the people who use our services are not our customers, obviously they're our service users but we aren’t there to – our primary aim is not to... this sounds the wrong way round but... we sell efficiencies to the NHS. Like a charity would say we're here to improve the lives of children, we're saying we're here to improve the efficiency of the NHS. A by-product of that is lives get improved but our mantra isn’t charity-based and philanthropy, it's you’re the NHS, we want to help you save money (Birmingham, 3).

Another organization expressed similar sentiments:

So we’re not saying to them (the contractor) “Buy something that you wouldn’t otherwise buy”, we are saying “We are a very core service that you need to deliver, and in the process of doing that, we would be brilliant at doing the job. We’d be more efficient than anybody else and therefore cheaper than anyone else”, and then there’s a whole wave of social dividend created (Newham 5).

Among the minority of SE managers who expressed such a strong ‘commercial’ logic there was also a feeling there was far too much ‘feather-bedding’ of SEs with grants rather than commercial loans. This was felt to be an unjustified use of taxpayers’ money, propping up enterprises that had little success of ever becoming viable in the sense of trading with a surplus:

I get fed up with social enterprises bleating about how someone won’t give them money, or lend them money, when I wouldn’t do it because the business case is crap (Newham, 5).

And if you don’t get that bit right (looking after the customer), it doesn’t matter how much of a social dividend you create, sooner or later, and it’s normally sooner, your customers are going to be saying “Your intentions are brilliant, but you’re letting me down far too much, and I can’t run my business on that basis” (Newham, 5).

Another manifestation of this strong commercial outlook was antipathy towards state agencies, and local authorities in particular. Not all of this antipathy was from those who adopted a purely commercial outlook; some wanted a greater understanding amongst local authorities of the dilemmas facing SEs. However, some of the SEs seemed to want to have little do with local authorities. Thus, SEs expressed antipathy towards innovative forms of finance for the social economy from the public sector.

It was also noticeable that there was considerable competition amongst some of those within the sector – something some managers thought was a good thing:

Whenever we work with Boroughs like that, they come into us and they say, ‘Come on, we’re a team, we’re all in this together, so what we’re going to do, we want to share best practices,’ and I just say, ‘You’re joking, in the end what I do is sensitive in a competitive manner and the last people I’d share it with is your other providers’. You know, they’re the last people I would share it with. And I often have to say to these people, ‘Just before we’re all third sector companies, doesn’t mean to say we’re friends’. We’re not and we can’t afford to be friends. At the end of the day, we are serious competitors for each other (Newham, 3).

One respondent claimed a competitor was coming to visit him and expecting to pick up hints at how to run an SE; an approach he thought was unreasonable. This commercial stance had clear consequences for networking, with those adopting this attitude being much less likely to participate in, or be favour of, SE support networks, both formal and informal. Thus, the more commercially minded SEs were more likely to be seeking stronger ties with the private sector. One senior SE manager claimed he did not need to participate in networks to be reminded how difficult it was to run and a SE. Another claimed you learnt more from networks with a “different mindset”. The degree of adherence to market logics seem to vary with the age on SEs, with older more established successful SEs being less hostile.

*‘Social care’ logics*

These expressions of adherence to a relatively clear ‘market’ logic were, however, a minority view. Instead, the majority of the SE managers displayed a dominant form of social care logic that was manifest in different ways, depending to some degree on the origins and evolution of the enterprise. For example, one subset of our survey had been inspired by religious convictions. One manager spoke of his commitment to SE in quasi-religious and spiritual terms:

It starts... any movement starts with a man or a woman who is shaken by the throat at three a.m. and you can't… I can do no other but this (Newham, 2).

Religious convictions were manifest in a resistance to funding from the lottery (through aversion to funds derived from gambling) and also a strong sense of optimism, which ensured that whatever vicissitudes affected their organization, they would – through God’s grace – survive. Such SEs also felt they could draw upon huge amounts of support from their local communities through voluntary support and donations.

Another minority of SEs managers appeared deeply hostile to a purely market logic determining their operations on the basis of antipathy towards corporations, big business and capitalist norms. Indeed, in many of the interviews one could see a mindset that was different from the private sector. For example, one manager in recycling said he found the private sector “brutal” another claimed they were “not that friendly”. Another manager expressed antipathy to all forms of large organization, local authorities and big businesses.

The majority of managers in our study displayed attitudes that were located between the extremes noted above in that they attempted to achieve a pragmatic, accommodation of economic and social care logics. As many have commented over the years, reconciling social ends with commercial means can lead to many tensions within SEs and there were many illustrations of these issues in our interviews. Some of these pressures were heightened by the fall out from the deep recession that began in 2007/8. For example, in some cases SEs had to make staff redundant or reduce their working hours. Those SEs that provided services to deprived communities sometimes had to recognise that declining real incomes set limits on the extent to which they could raise prices. But most importantly, with reduced grants and increased pressures to perform in a more commercially efficient manner in order to win contracts for goods and services, many SEs argued that their social mission might be threatened. For example, many felt that whilst SEs *should* eventually be self-supporting, the markets within which they operated were typically precarious and instable. In this context, grants were essential to both establish and sustain SEs in their crucial early years. Hence, many of our respondents approved, in principle, of SEs taking up loans and becoming more commercially minded. However, they recognised this was extremely difficult in the current economic climate:

There’s been a lot of talk about us in the third sector becoming contract-ready, commission-ready, over the last three years and now that’s suddenly out of the window because there’s no money for contracts. And now, it’s all the voluntary sector, almost as if we were all doing it for nothing (Birmingham, 1).

One manager claimed that many SEs are doing things “on the cheap” and yet contractors still expect them to “tick all the boxes”:

I think that one of the key mistakes within the social enterprise arena is the fact that people think that you can just do it as quickly as a business – well you can if you're doing it as just a business that gift aids its profits over to service users but if you're trying to actually take the service users with you and involve them in the process it takes longer. The seeding period takes longer (Southampton, 9).

The potential challenge of new contracting arrangements was vividly revealed by the following quote:

I understand most because we come from the private sector where it (contracting) was all about that, so for us the challenge of personalisation is a smaller one than it is for other enterprises who are at the moment providing social care on block contracts and aren’t acting in an enterprising way and thinking in an enterprising way, because they’re just seeing the end of the contract: ‘what to we do now?’ Panic. Because when that announcement was made a couple of weeks ago by the council, I was in the room at the time; you could have heard a pin drop, and I was the only one thinking, ‘oh, okay’. Everyone else was white-faced, blind panic, ‘What are we gonna do?*’* (Birmingham, 8).

Another expressed dismay at the new funding arrangements being introduced:

Is this constant un-investment in those organisations that have developed, good practice and a good track record in a borough? Allowing… competition’s good, don’t get me wrong, but there’s enough competition between organisations in a borough without opening the flood doors and letting all and sundry come in just because you’ve got the Olympics (Newham, 5).

In this changing financial climate, mixing social care logics with commercial ends raised profound tensions. This may be illustrated by the following quote. This enterprise has social underpinnings in that it takes on staff who might not be employed in the private sector, and it thinks of itself as innovating in ways that private sector organizations might not, but at the same time it recognises it need to be more customer oriented:

I think we empower the staff to innovate, so we’ve got mechanisms internally for people to take an idea for a walk and try it out. I’ve got people who are quite flaky and who probably wouldn’t be employed in most mainstream businesses but who are interesting and challenging and make the business think. So yeah, I think it is a pretty innovative business. And I do think social enterprises generally speaking are. I think sometimes I’m not sufficiently market oriented, and they don’t necessarily understand quality, and I think sometimes their interpretation of customer care is linked to, again, a sort of patronage relationship with the customers rather than actually about delivering an excellent service for them. And my private sector guy regularly reminds me that our purpose is to create customer delight. So I’m working on that one, trying to delight a few customers.

This respondent had introduced a Business Manger to improve efficiency but had found this caused antipathy amongst the existing staff who felt the enterprise was in danger of losing its social mission. Such expressions of tension were quite common in the interviews. The following is another typical example:

I think part of our problem is we’ve mixed up the aims, so that we’re trying to do all these socially worthwhile things, and be nice to everybody and all the rest of it, and we’re also trying to make a bit of money, and actually I’m starting to think that probably we need to get some proper management in there, someone who knows how to run a business and run it as a business, for profit, and I think that’s a bit of a challenge for us at the moment, making that jump.

Finally, the following quote also illustrates the tensions between business and social logics.

I think that... the difficulty is, .. social enterprises ..you can run them in different ways, you can have just professionals running a business that do nothing but make money and give it to other places that do the good things with it. If you're actually trying to actually benefit service users during the process sometimes banks wouldn’t see that as the most efficient way of doing things. Whereas in actual fact I think the focus is very clear for us, is that the reason we're doing social enterprise is to create social outputs.

That the institutional field of SE is unstable, ambiguous and contested should perhaps come as little surprise, since some of the sentiments shown above have been replicated elsewhere over the years. The key issue, therefore, is in what ways does a neoinstitutionalist approach enhance our understanding? We argue that the main advantage of the approach is a sophisticated contextualization of the organizational field of SE field together with new insights into its evolution in different places.

*Diversity of Institutional fields*

A key feature of neoinstitutionalism, which gives it an affinity with geographical work, is that fact that it recognises the diversity of institutional forms and their associated logics, in different places and at different times (Rodriguez-Pose, 2013). The work of Kostova (1999) has been highly influential in this context. Her theory of ‘institutional duality’ argues that Scott’s three pillars of institutional order will combine in different ways to produce differing institutional profiles and actor behaviour in different settings. However, Faulconbridge and Muzio (2012) argue that the quantitative methodology that has become associated with this approach has led to macro-level comparisons that ignore the way in which institutions shape specific micro-level practices (and vice versa). The regulative framework surrounding SE is an institutional pillar that may be regarded as structurally uniform throughout England. However, the way in which the rules are interpreted and resources are distributed in specific practices shows some variation within the UK and in turn this affects the second of Scott’s pillars of institutional order – normative expectations. The various local SE support systems, educational initiatives and networking systems serve to legitimate certain interpretations and logics that are applicable to SE. Hence, our analysis revealed contrasting linkages between these normative processes and the third pillar of institutional order – the cognitive dispositions and of SE managers in different city regions. These differences are summarised in table 1.

Table 1 about here

For example, Liverpool demonstrated a very positive and supportive relationship between organizational support for SE and the favourable dispositions of SE managers. Liverpool ranks bottom in terms of the 2007 Index of Multiple Deprivation of 171 major urban authorities in England and in response to these problems the city has received various forms of state and European aid over many years. The city has been highly active in attracting both private and public capital into the city through public/private partnerships. Various bodies have been involved including The Merseyside Partnership, Liverpool First and Liverpool Vision. The latter organization was a spinout from the local authority and offers a wide range of support to the social economy including advice and guidance to would-be social entrepreneurs through the city’s Eldonian Group and small one–off grants of up to £10,000 to support capital expenditure. Liverpool Vision also supports a Women’ Enterprise Hub at Liverpool’s leading SE centre, Blackburn House, offering mentoring and administrative support to female social entrepreneurs. Learning opportunities are also available in Liverpool through the Academy for Sustainable Enterprise and the Liverpool School for Social Entrepreneurs.

This dense support infrastructure was reflected in positive attitudes towards SE in this city and towards SE support in general. This meant that the ‘social care’ logic was firmly entrenched in the region. Whilst one of the respondents claimed there was “no special advantage” to being in the city and that it was “overrated’” as a place in which to undertake SE activity, all the other respondents were upbeat about the location. As one SE manager commented, being in a deprived area meant that he could “tick all the boxes” when it came to funding. There was also a generally positive attitude towards the local authority; as one respondent commented, “There’s a will and understanding within the City Council to support the growth of social enterprises”. This positive attitude was manifest in training programmes on issues such as procurement as part of the ChangeUp programme. Hence our respondents were often board or committee members of organizations that were essential to gain information, grants, donations and contracts. This enthusiasm was also reflected in a dense set of network linkages. There were only a couple of exceptions – one Liverpool SE CEO claimed he was not a member of networks but that was probably down to naivety and ignorance on his part about the potential benefits. The other hostile respondent gave some insights into the cognitive structures in Liverpool. He stood out from the crowd arguing that SE networks were a “waste of time”. Interestingly, the interviewee appears to have been bruised by earlier feelings of exclusion from local organizations through a perception that his organization was too “private sector orientated”. This respondent felt that some SEs were “feather bedded” by a close web of public or quasi-public patronage. However, the majority of Liverpool SEs did not share this attitude and, in similar fashion to most British SEs, they are heavily dependent on the panoply of third sector grants and public sector contracts.

Birmingham, also displayed a supportive context for SE development with generally favourable synergies between normative expectations and cognition. Although Birmingham’s deprived status meant it has also taken advantage of EU and central funding, in this case the origins and development of this context were different to those in Liverpool. In particular, the organizations and networks are far less public sector led. Indeed our interviewees were generally quite critical of the City Council and the West Midlands Regional Development Agency (see also Mawson (2010) for a historical perspective). For example, one Birmingham respondent claimed they had been unable to establish a good relationship with the RDA and another claimed the West Midlands’ regional bodies were “too bureaucratic”. Whilst some SEs had claimed they had good relations with the council (for example, “they’ve been very good” and being described as “quite innovative”), others criticised the local authority, claiming that they were Conservative-dominated and too “private sector” in outlook without enough understanding of the triple bottom line of SE (“There was either enterprise or voluntarism as far as they were concerned” as one manager commented). Another claimed that although they had had good relations with the council in the past, these were now under strain as new contracting relationships were being introduced. More social entrepreneurs seemed to argue that the local public sector had not recognised and appreciated the potential of SE.

What appeared to compensate for this perceived mismatch between cognition and infrastructural support in Birmingham was the extensive and dynamic networking within the city, largely amongst various third sector support agencies and networks. Ironically, some of the networks were funded by the City Council and when then council was praised it was clear that it was the networks that were appreciated rather than specific actions of the LA. Some of the key local networks were created by individuals who had had experience of local economic development and established organizations outside of the public sector that had become the basis of successful SE networks. Dissatisfaction with these organizations had led to new cognitive frames that led to the formation of new social networks that had over time hardened into successful formal institutions. Our interviewees described highly active and beneficial networking in operation amongst a diverse range of organizations. Some of these organizations were specialist ones such as those for black and ethnic minority SEs. This dense ecology was seen to be important at all stages of SE evolution in the city region – from start up to development and on to forward thinking about policy change. As one active member of the BSSEC (Birmingham and Solihull Social Economy Consortium) argued, people do not tend to automatically think of SE as a solution to social issues; it needs a great deal of promotion and education through networks to enable people to see this as a possibility. Through these activities and various other networks (both formal and informal in character) information was gained on a host of factors: developments in other SEs, changes to the political environment and information of upcoming contracts. Overall, these networks provide encouragement and legitimation for what the SEs in the part of the market field were doing: as one manager of an SE claimed, ”There’s an element of them (the networks) recognising something that’s working and actually saying, ‘We think that works’”.

In contrast, the two other local contexts studied appeared to show less positive synergies. On the organizational front, Southampton presented the least developed of all out four case studies. The local authority, for example, had tried to encourage SEs during the 1990s but after this strategy had been largely unsuccessful, had not established a SE champion or SE strategy for a number of years. SEs now barely get a mention anywhere on the authority’s website. However, it is not just the role of the local authority that is at issue here; lacking in EU monies or other forms of regional assistance, the city also lacks other forms of organizational structure that could support SE activity. Unsurprisingly, then, a common theme in our discussions with social entrepreneurs in Southampton was the view that the city was at a distinct disadvantage compared with ‘northern’ regions because it was seen as less deserving of funds. Indeed, no one mentioned any particular advantage of being in the region, although it was noticeable that being an area with relatively buoyant economy there were plentiful prosperous firms nearby who were able to donate buildings and, or, old equipment. There was also a closely related effect in terms of a general lack of interest in networking, even though networks supporting SE were quite well developed within the wider Hampshire region, at least for those who wanted to use them. Here, as in Liverpool, the age of the SE appeared to be important; younger embryonic SEs were more likely to claim they needed the support of other SEs with greater experience, if only to help keen their spirits up in times of adversity. The more established SEs were, in contrast, much more lukewarm about networking. As with most of our interview responses, replies were inevitably somewhat mixed, for example, one CEO of a thriving well-established SE was part of an informal network of social entrepreneurs who met regularly to keep up to date with the changing scene. However, one factor (also observed in the other regions) was competition between SEs; some were reluctant to give away what they felt were valuable items of information to competitors.

These networking structures reflect and replicate the cognitive frames of Southampton respondents in SEs. This meant that the market logic was much more in evidence. Although many were reliant upon various types of grant, or contracts with organizations funded through the public purse, there was little desire to engage with public agencies. There was, for example, a fair degree of resentment expressed towards the local authority. Thus, SEs expressed hostility towards innovative forms of finance for the social economy from the public sector. Instead, the majority of SEs wished to have firmer links with other SEs or the private sector for useful business contacts. Indeed, we uncovered some highly critical attitudes towards what was seen as unwarranted public support for some SEs that were regarded as unviable from a business perspective. These views would seem to manifest a hard-edged, business savvy, attitude that was prevalent amongst some of our SEs. Whilst a small minority felt they were different from conventional businesses and needed protection in the form of grants, far more widespread was this recognition of the need for financial solvency.

Whilst Southampton showed a lack of support organisations and relative low degree of networking, the case of the London Borough of Newham showed a much more fragmented pattern. As in the case of Liverpool, SEs in this region were able to gain benefits from the exceptionally deprived status of the area that made it easier to attract grants (some were jealous of SEs from other areas in London moving in with partnerships to take advantage of new Olympic related monies). One SE Director claimed the borough was “quite dynamic” and “very forward thinking” being used as “test bed” for social policy by the previous Labour Government. However, interviewee responses regarding the quality of the local public sector support were quite polarised. While some SEs praised the council (one respondent claimed “We’ve had the nice deep pockets of the Council to dip into”) others felt resentful and argued that the local networks were overly selective, politicised and even divisive. One disgruntled manager even went so far as to claim Newham was “the worst place in the country” to undertake SE; consequently, they had much better relations with surrounding boroughs that were much more supportive of SE.

In this case it seems that some SEs were much more successful at exploiting local networks to provide resources and reinforce their position. Newham was also different from our other case studies in that both organizational support and networks were stretched across London. Many SEs, unhappy with support within the Borough, made use of London-wide organisations such that the notion of local embeddedness meant something different in this context. There was little doubt that Newham-based SEs benefited from the extraordinarily rich mixture of institutional support centred on London. Some of these support systems were locally based (such as the Newham Voluntary Sector Consortium, the Newham Youth Trust, or Newham Chamber of Commerce) but many were pan-London in character (e.g. the East London Business Partnership, London Rebuilding Society, London 2012, the London Community Resource Network, and London Development Association) and others were national organizations based in or near the capital (e.g. Social Firms UK). Hence, there was the absence of such an intense localised network structure as could be perceived in Liverpool, even though organizations in the latter extended across a substantial conurbation. Newham SEs also appeared to have the opportunity of developing philanthropic and investment links with the vast wealth of the City of London. Indeed, despite the limited size of our sample, we were able to distinguish SEs in Newham that befitted from wealthy individual donors, financial links with the nearby City and donations in kind from London businesses.

*Conclusion*

Neoinstitutionalist perspectives are playing an increasingly valuable role in the study of SE. Echoing other recent authors (e.g. Tracey, *et al*., Sepulveda, 2014), we argue that the main advantage of the approach is a sophisticated contextualization of the organizational field of SE field together with new insights into its evolution in different places. This paper suggests the approach offers the prospect of some illuminating insights regarding institutional change, since SE may be seen as an organizational field characterised by considerable institutional incoherence and ambiguity. However, a neoinstitutional approach suggests there is nothing inevitable or intrinsic to SE that leads to the contested sentiments expressed above. Rather, the numerous signs of institutional ambiguity in SEs reflect real differences over the logics that should be applied to the sector. In terms of Scott’s (2012) typology of institutional pillars, the field has in recent years been subject to legal (regulative) and educational (normative) initiatives attempting to shift the (cognitive) dispositions of actors in the SE sector towards a more fully-fledged market logic. These initiatives mimic those that have affected many organizations in recent years and not just those in the public sector. These initiatives have clashed somewhat with the social care logic of SE; hence in our study of 40 SEs in four deprived areas of the UK we could readily discern many manifestations of these contested logics. The analysis also indicated geographical variations in the strength of the social care logic that could be related to the organizational and educational infrastructure and associated normative expectations in the different areas. Although there were some variations within the regions, one could readily perceive variations in cognitive dispositions related to the local ecology of institutional pillars.

SEs in the UK would seem to deal with these contested logics in different ways. At one extreme is a commercial view, which argues that SEs should more or less behave like, and are as good as, if not better than, firms in the mainstream private sector. Another alternative extreme view is the assertion that SEs are different to the commercial logic of the market. The majority of SEs managers would seem occupy an intermediate position, attempting to reconcile the competing logics of the market and social care. For some, this involves a recognition that they ought to be more commercially minded, adopting business plans and commercial loans, but there was also an acceptance that, given the fragile markets within which they operate, this would be a foolish stance. One might argue that over time, as state sponsored institutional support is withdrawn in the wake of the 2007/8 financial crisis, a market logic will come to dominate the organizational field, as less commercial SEs go under. This was certainly a key concern of many of our respondents. However, studies of other institutions show that change in an organizational field is typically a complex amalgam of many factors. Institutional logics need to be shown to ‘work’ in some ways, no matter how much rhetorical power they may possess. It may be that as SE is seen to fail as a strategy for dealing with social issues the social care logic may gain greater adherence.

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