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Legitimation of Social Enterprises as Hybrid Organizations

Ji-Hoon Park [1,*] and **Zong-Tae Bae** [2]

[1]   School of Business, Hanyang University, 222 Wangsimni-ro, Seongdong-gu, Seoul 04763, Korea
[2]   College of Business, Korea Advanced Institute of Science and Technology (KAIST), 85 Hoegi-ro,
      Dongdaemun-gu, Seoul 02455, Korea; ztbae@kaist.ac.kr
*   Correspondence: jihoonpark@hanyang.ac.kr

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Abstract: On the basis of an inductive multiple case study of ten social enterprises, we explore how social enterprises, which incorporate for-profit and not-for-profit logics as a hybrid form, gain legitimacy. Our analysis suggests the existence of three types of social entrepreneurs' hybrid identities and shows how these hybrid identities systematically shape legitimation patterns of social enterprises. Furthermore, our findings suggest that social enterprises' organizational types as hybrids also determine their legitimation patterns. These findings theoretically contribute to the research on hybrid organizing, legitimation of new ventures, and social entrepreneurship.

1. Introduction

Until the late twentieth century, organizational forms, which are legitimate templates for organizations, were composed of clearly distinct subordinate forms such as business firms, public organizations, and charities. However, the distinction among these social sectors became blurred [1,2] with the emergence of hybrid organizations, which comprise multiple organizational forms [3,4].

Among hybrid organizations, the social enterprise is regarded as a representative form by researchers [5–8]. In management and organization research, social enterprise is regarded as a form of hybrid organization in which aspects of business and charity are closely integrated [9]. Because of social enterprises' unique nature, scholars have regarded them as an appropriate context for conducting research on organizational hybridity [3,5]. Although the research attention paid to social enterprises was limited until a few years ago [10], scholars eventually responded to the call for research on this topic by publishing special issues in journals (e.g., *Academy of Management Learning and Education*, 2012; *Entrepreneurship Theory and Practice*, 2012; *Journal of Business Ethics*, 2012) and establishing an exclusive journal (*Journal of Social Entrepreneurship*, established in 2010). Furthermore, influential intermediaries (e.g., Ashoka, Skoll Foundation, Schwab Foundation) were established to support social entrepreneurship. Even technology giant Google introduced the Google Impact Challenge program to promote entrepreneurial endeavors and create social values around the world. More importantly, social enterprises are regarded as effective vehicles to achieve the United Nations' Sustainable Development Goals (SDGs) by addressing social problems with innovative solutions [11,12].

However, social enterprises are facing severe challenges internally and externally because of their organizational hybridity [3,6]. In particular, hybrid organizations, including social enterprises, are having difficulties in gaining legitimacy among many different audiences [13]. Additionally, there is a theoretical need to examine how social enterprises as hybrid forms gain legitimacy and which factors are decisive and influential in their legitimation [3,13,14]. We thus explore the following questions in this study: *How do social enterprises, which incorporate for-profit and not-for-profit logics as a hybrid*

form, gain legitimacy? What kinds of strategies do they use to gain different types of legitimacy from various audiences? What determines their legitimation patterns? To address our research questions, we conducted an inductive multiple case study of ten social enterprises that were about to be established or had recently been established.

While scholars have suggested the idea that social entrepreneurs have hybrid identities [15,16], empirical research has yet to provide much insight into the relationship between their hybrid identities and their legitimation patterns. Extending this line of research, our findings begin to explain how their hybrid identity configurations affect their legitimation process (i.e., what kinds of legitimacy they pursue and what strategies they use to gain it). In particular, our study suggests that social entrepreneurs' identities are composed of two different role identities associated with social welfare and commercial logics and that each one represents a different configuration of these identities. Our findings reveal that these identity configurations provide a critical explanation of why their legitimation patterns differ. We discovered that social entrepreneurs who had socially dominant identities mainly pursued moral legitimacy through various kinds of strategies, while social entrepreneurs whose hybrid identity was dominated by a commercial logic placed emphasis on pursuing both pragmatic and moral legitimacy but usually conformed to their audiences to obtain legitimacy. Social entrepreneurs with balanced identities aimed to obtain pragmatic legitimacy rather than other types of legitimacy and adjusted themselves to or proactively persuaded audiences despite seldom selecting social environments to win legitimacy. In addition, the organizational types of social enterprise as hybrid organizations can be classified in terms of the extent to which social activities serving beneficiaries and commercial activities serving paying customers are integrated into them [8]. To our knowledge, however, there is no empirical research on the influence of these hybrid organizational types on their legitimation patterns. Our findings also suggest that legitimation patterns of social enterprises were explained by their organizational types as hybrids. Social enterprises as highly integrated hybrids pursued pragmatic legitimacy by conforming to their audiences, while social enterprises with differentiated hybrid organizational structures emphasized gaining moral legitimacy by adapting themselves to the needs, norms, or cognitive frames of their audiences. Interestingly, the analysis revealed that the legitimation patterns of social enterprises with moderately integrated hybrid structures hinged, not on their hybrid organizational type, but on their entrepreneurs' hybrid identity type. These findings contribute to the research on the legitimation of new ventures, entrepreneurial identity, hybrid organizing, and social entrepreneurship.

2. Theoretical Background

2.1. Liability of Newness and Legitimation of New Ventures

Stinchcombe [17] suggested the term 'liability of newness' in a seminal paper, arguing that young organizations are more likely to die than are old ones because young organizations must learn new roles as social actors, coordinate newly established roles for their employees, rely heavily on social relations among strangers, and have low levels of legitimacy. Previous scholarship, including by Stinchcombe [17], has described legitimacy as an antidote for the young organizations' liability of newness and as a critical foundation for new ventures' success [18].

Legitimacy is a 'generalized perception or assumption that actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' [19] (p. 574). In other words, legitimacy is a social judgment of desirability, appropriateness, and acceptance about a social entity in a social system [20]. Legitimacy can be a means by which an organization improves its capacity to acquire the resources required to survive and grow, such as financial resources, human resources (e.g., employees, managers), social capital (i.e., networks), and technology [21–24]. Therefore, the acquisition and improvement of legitimacy are critical tasks for new ventures because their resources are severely constrained and they lack the legitimacy needed to access such resources.

How new ventures (hereafter NVs) achieve legitimacy has attracted much research from various social science domains, such as economic sociology, management, and entrepreneurship. A recent review on the legitimation of NVs suggests that the legitimation mechanisms for NVs can be classified into five perspectives: institutional, cultural entrepreneurship, ecological, impression management, and social movement [13]. Although there is a wealth of research on the legitimation of NVs from various theoretical perspectives, further research is still needed in this area [13]. One understudied topic in this domain is the legitimation of various NV subtypes such as corporate ventures [25], international ventures [26], and hybrid ventures [27]. In particular, the hybrid form of organization has drawn organizational theorists' attention because this type faces difficulties in gaining legitimacy among many different audiences [3,4]—the social enterprise especially is regarded as a representative form of hybrid organization among researchers [5–8].

2.2. Organizational Hybridity

Hybrid is a biological term referring to the offspring of two animals or plants of different species, such as a mule. In organization studies, the term hybridity has been used to indicate organizations that combine multiple existing elements or rationalities [2]. The concept was developed from various research streams, such as the literature on organizational identity, organizational form, and institutional logic [3]. While the discussions about organizational hybridity occur in separate research streams and levels of analysis, they all broadly agree [3] that combinations of organizational identities, organizational forms, and institutional logics appear concurrently [28,29]. In particular, research on social enterprises, which represent an extreme case of organizational hybridity, has received increasing attention among organization and management scholars [3,5,6,8].

2.3. Emergence of Social Enterprise as a Hybrid Organization

Before the term 'social enterprise' was widely known, some organizations were created at the intersection of business and charity, such as mutual associations and cooperatives [30]. However, these are not viewed as a typical form of organization by the public or scholars. The burgeoning popularity of the term 'social enterprise' coincided with entrepreneurs' responses to their economic conditions. In the United States, cutbacks in government funding for nonprofit sectors during the 1980s prompted the development of novel social projects to tap new sources of funding [31]. Furthermore, the consistently high levels of unemployment during the 1970s in Western Europe resulted in the expansion of social enterprises designed for the long-term unemployed, which provided services such as solutions for the housing problems of increasingly marginalized people and childcare services [31].

In academia, the term 'social enterprise' refers to one form of hybrid organization that combines aspects of charity and business to an extreme degree [9]; due to this distinct nature, social enterprises are regarded as an ideal context for research on organizational hybridity [3,5]. However, this organizational hybridity creates social–business tensions in various ways, such as 'performing', 'organizing', 'belonging', and 'learning' tensions [6]. First, social enterprises experience tensions in performing their activities because of their multiple and potentially conflicting organizational goals [32]. For example, they face difficulties in defining 'success' in their social mission and commercial outcomes: the former is usually subjective and qualitative, and the latter is relatively objective and quantitative. Second, social enterprises encounter organizing tensions when they establish their structures, practices, and processes [32], as charity and business rationalities require different and contradictory organizational structures (e.g., legal form [33]) and practices (e.g., whom to hire and how to socialize employees [34]). Third, there are belonging tensions in social enterprises, related to their identity as hybrid organizations—who we are [32]. These tensions become more severe when stakeholders are located across diverse social domains; while stakeholders such as non-profit organizations, foundations, and donors are aligned with the social mission, investors such as venture capitalists are aligned with the business rationality. Amid these tensions, social enterprises must decide on their identities (e.g., multiple differentiated identities or integrated hybrid identity) and on how to communicate their identity to stakeholders. In addition,

learning tensions also arise in social enterprises as they pursue growth over the long term while also striving for stability in the short term [32]. Social enterprises also want to expand their businesses, like traditional firms, to increase their social impact [35]. However, growth may dilute the impact of their social initiatives, as the facilitating factors in their social missions (e.g., the core values of the firm imprinted by the founders) can dwindle as they grow. Thus, social enterprises face both internal and external challenges because of their organizational hybridity [3].

Among these challenges, this paper focuses on the legitimacy issue for the social venture as a hybrid form, one of its significant external challenges. As mentioned, legitimacy is given to organizations that meet the expectations of their audiences in a social system, and various resources are granted on that basis [36]. However, social enterprises do not comprise a single organizational form and thus experience difficulties in building their own legitimacy. Although all new organizations face the liability of newness and challenges in acquiring legitimacy [17], the social enterprise as a hybrid organization faces more challenging situations because of its organizational hybridity in terms of the combination of distinct organizational forms of business and charity [3,6]. There are calls in the organization and management literature to examine how social enterprises as hybrid forms gain legitimacy and which factors are decisive and influential in their legitimation [3,13,14]. Heeding these requests, we address the following questions in this study: *How do social enterprises, which incorporate for-profit and not-for-profit logics as a hybrid form, gain legitimacy? What kinds of strategies do they use to gain different types of legitimacy from various audiences? What determines their legitimation patterns?*

2.4. Potential Determinants of Social Enterprises' Legitimation

We expect that a social enterprise's legitimation depends on an identity configuration of the entrepreneur and the degree of integration of its social and commercial activities.

2.4.1. Identity Configuration

First, we expect that a social entrepreneur's identity configuration accounts for the firm's legitimation since entrepreneurs' identities are related to institutional logics [28,29].

Identities are defined as the recognized and meaningful social categories which people apply to themselves as individuals (e.g., ethical, caring), members in a group (e.g., Hispanic, Protestant), or role players (e.g., parent, teacher) [37]. Identity has a distinct behavioral standard that projects common expectations for the identity that ought to be enacted [38], rationalizing why certain practices associated with an identity are proper or appropriate and desirable. This evaluative function of identities' behavioral standards is the point where identity theory and institutional logics converge [39,40].

In this connection, scholars have argued that identities and institutional logics are related, even though each is theoretically distinct [28,29]. An institutional logic is 'the way a particular social world works' [41] (p. 112) and is included in practices that are sustained and reproduced through rules, norms, and beliefs [42]. In other words, institutional logics are shared meaning systems that justify the legitimacy of specific values and thus provide a rationale for meaningful actions [15]. According to Thornton, Ocasio, and Lounsbury [40], identities are linked with institutional logics and specify the practices through which the values are pursued. The literature has described the connections between two constructs, such as the manager identity, related with a commercial logic [29], the physician identity, associated with a scientific logic, and the public health worker identity, linked to a patient care logic [43]. In addition, when people adopt identities and these identities are activated, they behave to maintain consistency with the behavioral standard of the identity since identity-consistent behavior, or self-verifying behavior in identity theory, leads to positive feedback such as increased self-esteem and self-efficacy [44]; otherwise, they receive negative feedback. Thus, socially defined shared meanings of institutional logics are incorporated into the behavioral standards of peoples' identities [44].

We expect that social entrepreneurs can have two kinds of identities: one with a social welfare logic and the other with a commercial logic [15]. We focus on social entrepreneurs' role identities since personal identities are enacted through other role identities [45,46]. In identity theory, roles are

social positions—the 'relatively stable, morphological components of social structure' [44] (p. 225). These roles invoke meanings in the form of expectations regarding one's own and others' behavior [38]. As mentioned above, a person who adopts role identities pursues identity-consistent behaviors to attain positive feedback and avoid negative feedback such as scorn and derision due to a violation of behavioral standards of identities [38]. In addition, the extent to which people commit to their identities affects the level of identity salience, which is the likelihood that an identity will be activated [44]. The commitment of a person who has enacted a role identity has two dimensions [47]: the number of people to whom a person is tied through an identity (quantitative dimension) and the relative strength of the ties to others (qualitative dimension). These social relationships of persons with role identities create internal and external accountability pressures on them when identities are salient; these accountability pressures lead to frequent enactment and the development of relevant knowledge and competencies [48]. Identity theorists have suggested that there is a salience hierarchy among role identities that determines which role a person enacts in a situation when more than one role identity might be proper [49]. The identity at the top of the salience hierarchy is more likely to be enacted regardless of situational cues [44].

Based on this salience hierarchy of role identities, we expect that social entrepreneurs' legitimation patterns vary with the hierarchical configurations of their role identities since a role identity positioned higher in the salience hierarchy is associated more strongly to their behaviors [50], especially their legitimation behaviors in this study. Although several studies have recently engaged with identity theory to shed light on the process of social enterprise creation [15,16], our study appears to be the first empirical attempt to examine the effect of social entrepreneurs' identity configurations on their legitimation activities.

2.4.2. Integration of Social and Commercial Activities

Next, we expect that the legitimation of social enterprises differs according to the degree of their integration of social and commercial activities.

While social enterprises engage in both social and commercial activities, the extent to which these two kinds of activity are integrated varies [1,3,51]. According to Ebrahim, Battilana, and Mair [8], social enterprises can be divided into two ideal types in terms of the level of integration of activities: integrated hybrids and differentiated hybrids. The former refers to organizations whose activities that are designed to serve beneficiaries are the same as those intended to serve paying customers. For example, most microfinance organizations are integrated hybrids since the beneficiaries to whom they provide loans are also customers. On the other hand, in differentiated hybrids, activities intended to serve customers and generate profits are separate from those aimed at achieving the social mission by serving beneficiaries. Mobile School, a Belgian organization, is an example of a differentiated hybrid [1]. It provides educational materials to street children (the beneficiaries) through a 'mobile school', basically a box on wheels with blackboards and educational board games. Since these children cannot pay for these products and services, Mobile School cannot sustain its own operations. Thus, founder Arnoud Raskin established a consulting business, Streetwize, a social purpose company in Belgium. Although the activities of Streetwize are separate from those of Mobile School, it generates revenue to sustain Mobile School's operations.

In this study, we expect that the difference between these two ideal hybrids causes the variations in their legitimation activities. If a social enterprise is an integrated hybrid, its main revenue is generated by selling products or services to beneficiaries. In this situation, it might be relatively easy for them to acquire legitimacy related to their social missions from audiences since they directly bring the value to beneficiaries, who are their key stakeholders of social activities. However, they may experience difficulties in obtaining legitimacy from commercially oriented stakeholders, such as venture capitalists, because their commercial activities may be limited by their customers, who usually cannot afford to pay for their products or services over a certain price. In differentiated hybrids, the situation is reversed. It may be relatively easy for differentiated hybrids to gain legitimacy associated with their

commercial success from audiences since their key stakeholders of commercial activities are general consumers or client companies. However, they must make more tremendous efforts to gain legitimacy concerning the social mission because their social activities are separate from or loosely coupled with their business operations.

Additionally, we consider these two hybrid organizational types not as extreme poles but as part of a continuum. Scholars recognized that not all social enterprises fall exactly into these two hybrid organizational types [8,52,53]. For instance, work integration social enterprises (WISEs), a prominent form of hybrid, are positioned between two extreme hybrid organizational types [3]. WISEs provide job training programs to employees as beneficiaries and generate revenue by producing products or services for general customers in a market. These organizations can be considered partially integrated hybrids as their social activities (e.g., job training and counseling) are partly achieved through their commercial activities; their beneficiaries and customers are not the same. Additionally, they cannot be regarded as differentiated hybrids because their social activities are not entirely separate from their commercial activities.

3. Methods and Data

3.1. Empirical Approach: Inductive Multiple Case Study

Our research questions ask how social enterprises as hybrid forms build legitimacy, and we employ an inductive case study research design to explore them. To the best of our knowledge, there is no concrete theory or logical explanation of the legitimation of hybrid organizations (i.e., a nascent theory). Thus, an inductive approach is needed for our research because its questions require 'understanding how a process unfolds, developing insight about a novel or unusual phenomenon, digging into a paradox, and explaining the occurrence of a surprising event' [54] (pp. 1161–1162). In particular, a case study fits our study well because case study research generally answers questions about how and why in unexplored research domains effectively [55,56]. Additionally, an 'intensive case study method' is considered appropriate and effective in examining the legitimation of NVs because 'the kind of information required' in our research is 'extensive' and 'qualitative' [23] (pp. 428–429). Although single case study research of specific organizations or events can reveal initial insights into a theory, we adopt a multiple case study design for theoretical and empirical reasons such as replication, elimination of alternative explanations, and enhancement of the robustness of findings [55,57].

3.2. Sampling Approach

We used purposive sampling to collect data about the legitimation of social enterprises for the robustness of our analysis. For this study, we chose ten social enterprises in Korea, most of which were founded by students from the Social Entrepreneurship MBA (SEMBA) program at the Korea Advanced Institute of Science and Technology (KAIST). In our sample, nine social enterprises were founded by students in the KAIST SEMBA program. The remaining social enterprise was selected from firms supported by the Korea Social Enterprise Promotion Agency (KoSEA). The KoSEA is a government-affiliated organization to foster and promote social enterprises in Korea.

The KAIST SEMBA program was launched through the collaboration of SK Group and KAIST College of Business to enable promising students to identify and develop sustainable social enterprise business models that lead to the successful establishment and management of social enterprises. The KAIST SEMBA program is one of the most prestigious education and training programs for current and potential social entrepreneurs in Korea. Because the goal of this program is to help students develop innovative *business* models to solve significant *social* problems, companies founded by the students from this program can be regarded as *hybrid organizations* that combine aspects of business and charity at their core [3]. We selected social enterprises that (1) had been launched within the past four to five years, (2) have their headquarters in Korea, (3) were willing to participate in our research project, during which they would spare time for our interviews and share their information. The reasons why we targeted social enterprises in the early stage are the following: (1) avoiding sampling bias caused

by outcomes and (2) because the early stage of the firm has been less well examined in the extant literature [23]. We also tried to select social enterprises that are varied in their characteristics (e.g., sector, business model, targeted customer, beneficiary) to build variation into our analysis. Finally, we studied social enterprises in a confined geographic area (i.e., Korea) to minimize sample variations introduced by environmental factors (e.g., business climate, socio-political context, resource availability) and due to information accessibility. Following Eisenhardt's (1989) recommendation, the final sample comprised ten social enterprises for comparison. Table 1 provides brief accounts of each sample firm and entrepreneur. Due to anonymity and confidentiality concerns, all firm names are replaced by single letters (from A to J), and details about their business are omitted or changed.

3.3. Data Sources

We conducted interviews with social entrepreneurs; the interviews were supplemented with multiple sources of archival data such as text from websites, news articles, and information brochures.

3.3.1. Interviews with Social Entrepreneurs and Employees

Before we started the interviews, we guaranteed anonymity to all interviewees, and they agreed to be recorded. We conducted interviews with founder entrepreneurs and key employees (e.g., functional managers) more than two times for each sample firm. At first, we arranged face-to-face meetings with the entrepreneurs and employees, and those interviews lasted between 50 and 80 min each time. We asked the interviewees additional questions several times through e-mail whenever we became aware of something we missed or ambiguities after the interview. We collected information on the sample firms from 2015 to 2016.

Since our interviewees spoke Korean as their mother tongue, interviews were conducted in this language, transcribed, and then translated into English. We employed the semi-structured interview format using a protocol prepared in advance to ensure consistency across interviews (see Appendix A). Following a guideline for the preparation of collecting evidence [57], we created a structured interview protocol before we met the interviewees. Our interview protocol comprised items related to the legitimation process, such as a basic profile of the firm (e.g., establishment year, location of head office), mission statement and objectives, and business model [58] (using Osterwalder and Pigneur's (2010) Business Model Canvas). We asked for detailed information on their legitimation process: whom they meet (audience), why they meet that audience, and how they communicate their business to the audience (types of legitimacy, legitimation strategies).

Like most cultural processes, the process of gaining legitimacy rests on communication between an organization (an entrepreneur) and its various audiences [59]. Thus, we asked the interviewees about their meeting and communicating with their audience in detail. Furthermore, we collected information on their identities as social entrepreneurs; as mentioned, we expect that their identity configuration is an influencing factor in their legitimation patterns [60,61]. We used a questionnaire designed to measure the identity configuration of a social entrepreneur. The questionnaire is composed of two components representing two role identities—*social problem solver* and *entrepreneur*—related to the social welfare logic and commercial logic, respectively [15]. The term 'social problem solver' indicates the role identity associated with social welfare logic, whereas the term 'entrepreneur' refers to the role identity associated with commercial logic. To make the distinction between these role identities clear, we articulated the exact definition of each role identity using additional explanations through examples of similar role identities (e.g., a manager or entrepreneur in commercial enterprises, a social worker for social problem solver). We also investigated the types of businesses that reside along the continuum between the two ideal types of hybrid—*integrated hybrid* and *differentiated hybrid*. Integrated hybrids pursue 'their mission by integrating beneficiaries as customers', whereas 'social activities are separate from commercial ones' in differentiated hybrids [8] (p. 83). Since we aimed to collect vivid accounts of social entrepreneurs' experiences, we tried to make our interview questions open-ended and to understand the situations and activities from the interviewees' point of view [62].

Table 1. Firm and entrepreneur characteristics.

Firm	Target Social Problem	Principal Activities	Founding Year	Entrepreneur Identity Type	Hybrid Type
A	Low accessibility of education for children.	Firm A has several paid subscription plans in which customers can regularly receive handicrafts produced by skillful women in a developing country who have children; the only condition for joining A's business is that they let their children go to school at least two times a week.	2012	Balanced	Moderately integrated
B	Diet-related diseases and 'food desert' problem. Unemployment of young people.	Firm B's business is composed of the following programs with a specific food (hereafter 'b'): (1) cooking/nutrition class, (2) healthy food campaign, (3) tasting event, (4) selling b to consumers in metropolitan areas as well as 'food desert' areas through food trucks. To operate its business, it has employed young people who are unemployed but have a strong will to venture into its business.	2011	Commercially dominant	Highly integrated
C	Huge global waste problem of underused accessories such as bags. Poor educational environment in developing countries.	Firm C produces and sells eco-friendly bags made of biodegradable fabrics. Additionally, C receives used bags from donors, including its customers, to upcycle and deliver them to children in developing countries. C will provide handmade bags upcycled by people in developing countries; this will generate additional revenue for them.	2015	Commercially dominant	Differentiated
D	Deprived area in a metropolitan city due to industrial decline.	The mission of D is to regenerate a deprived area in a metropolitan city by re-designing communities using existing resources in the area. For this mission, D provides (sells) an education program for firms interested in regenerating a deprived area as corporate social responsibility (CSR) activities. Additionally, D invented a unique design process that introduces unique clothes as well as reduces cloth waste during manufacturing processes. Manufacturers in the area participate in D's businesses, and the profit from it has become a new revenue source for them.	2011	Balanced	Moderately integrated

Table 1. *Cont.*

Firm	Target Social Problem	Principal Activities	Founding Year	Entrepreneur Identity Type	Hybrid Type
E	People who are unable to be self-reliant due to their social status or economic situation.	The mission of E is to promote the self-reliance of people who are socially or economically alienated. Its primary businesses are (1) urban greening and (2) flower products. Through its urban greening and landscape architecture companies, E provides training programs and jobs for people who want to be self-reliant.	2013	Socially dominant	Moderately integrated
F	Producers in developing countries who have weak bargaining power in the market (unfair trade environment).	Firm F aims to promote the healthy development of communities in developing countries and improve the quality of life of local residents in those areas through businesses that meet the standards of 'fair trade.' F sells products made by residents in developing countries. With local fair trade organizations, F monitors all business processes, which include manufacturing, logistics, and pricing, to ensure they meet fair trade standards.	2014	Socially dominant	Moderately integrated
G	Education inequality among adolescents caused by socioeconomic situations.	Firm G seeks to enhance adolescents' capabilities through debating education programs regardless of their socioeconomic situation. The purpose of G's business is to provide equal education opportunities for all adolescents in Northeast Asia. G's profit is generated by offering debating education programs to customers, such as schoolteachers. Through this profit, G offers high-quality debating education programs to adolescents who are socioeconomically disadvantaged for free.	2013	Socially dominant	Differentiated
H	Perverse travel industry structure, such as the deceiving foreign travelers by seemingly good souvenirs, which leads to a shrinking regional economy.	Firm H develops local travel plans. During development, F attempts to ensure that the plans meet two conditions: (1) providing foreign tourists with novel and fascinating tour plans, delivered in a reasonable and honest way, and (2) helping small local enterprises generate profits. Firm F generates profits by selling local tour courses they have developed. Additionally, F receives brokerage commissions from partner firms by leveraging its information platform.	2015	Commercially dominant	Highly integrated

Table 1. *Cont.*

Firm	Target Social Problem	Principal Activities	Founding Year	Entrepreneur Identity Type	Hybrid Type
I	Female breadwinners with limited incomes such as single mothers and housewives in single-parent families.	The firm I provides cooking classes designed by a professional chef to female breadwinners with low incomes to make them self-reliant. After they complete the class, the firm I hires them and implements their own business with them. Its business is composed of two main services: catering service and cooking consulting service (e.g., development of recipes).	2015	Socially dominant	Moderately integrated
J	Insufficient jobs for highly educated people in a developing country, which leads to a brain drain from the country.	Firm J developed an IT solution platform in which English learning services are provided by local people in a developing country who have a bachelor's degree or higher. The English learning services of firm J are delivered in two ways: mobile chatting and by phone. Firm J is now supported by the government of the developing country since it provides jobs with satisfactory salaries for highly educated people in the country by using the IT infrastructure that the government has constructed with great effort.	2014	Balanced	Moderately integrated

3.3.2. Additional Materials

In addition to the interviews with social entrepreneurs, we gathered additional material either from the interviewees (e.g., an overview of the business and brochure for public relations) or that was publicly available documentation (e.g., websites and news articles). These data helped us to confirm our interview data, such as the identity configuration of interviewees, the extent to which their social and commercial activities are integrated, and which strategies they used to gain each type of legitimacy.

3.4. Data Coding and Analysis

We started to work with our data from the 'ground up' since our study is based on an inductive approach with multiple cases [57,63,64]. This study followed Van Maanen, Sørensen, and Mitchell's [65] (p. 1146) rationale for theorizing, 'there is a back-and-forth character in which concepts, conjectures and data are in continuous interplay. [...] allowing for a logic of discovery ... ' We began to analyze data during the interviews and engaged in exploring theoretical categories as well as gathering data according to the grounded theory method. The goal of the analysis process was to find out theoretical constructs to demonstrate how social enterprises manage paradoxical tensions.

First, we constructed a database by bringing together interview data and collected documentation. Initially, one author worked independently on the data so that the others could inductively compile a set of codes. A mentor of the entrepreneurs in the KAIST SEMBA program, not engaged in data coding procedure, participated in data analysis to ensure the credibility of our findings [62].

We employed a more deductive approach through an in-depth exploration of the literature on hybrid organizing, e.g., [3,8], identity configuration, e.g., [15], and legitimation, e.g., [13,19]. According to exemplary studies of grounded theory, this research moved from an inductive to an abductive approach, with the data and relevant theories simultaneously considered [62]. Nonetheless, the insights were derived inductively from the data coding procedure [57]. In this phase, we discussed the theoretical grounds to recognize the emerging themes describing the phenomena we had observed. We focused on the underlying mechanisms of the legitimation of the sample firms. We examined the differences among cases as well as within an interviewee's description of the legitimation process of his or her company. With a set of codes extracted from the data, we started to create a data structure to describe the relationship between the codes and articulate the resulting themes from the analysis (Table 2). As shown in Table 2, we recognized that the social entrepreneurs expressed different emphases about which role identity was salient in them; this difference led to variations in the legitimation processes of their organizations. Additionally, the results of the analysis revealed the association between the degree of integration between social and commercial activities and the legitimation patterns of social enterprises.

As we moved from analyzing the data to generating theoretical explanations for the legitimation patterns we observed, we made multiple alternative versions of our phenomena. Through intense discussions, we finalized the entire data structure, as represented in Table 2. The findings are discussed in depth below, with several quotations from the social entrepreneurs.

Table 2. Data structure.

Coding Definition	Initial Codes from Interview Scripts	Themes	Theoretical Dimensions
An individual whose identity is dominated by the role identity associated with social welfare logic.	Giving higher scores on 'social problem solver' identity than on 'entrepreneur' identity in the questionnaire. Statements reflecting one's strong beliefs related to social welfare logic.	Socially dominant Identity	Social entrepreneur identity configuration
An individual whose identity is dominated by the role identity associated with commercial logic.	Giving higher scores on 'entrepreneur' identity than on 'social problem solver' identity in the questionnaire. Articulation of self as a profit-seeking businessman or entrepreneur.	Commercially dominant Identity	
An individual whose identity is evenly dominated by both the role identity of commercial logic and that of social welfare logic.	Giving similar scores on both identities. Talk of one's commitment to putting equal emphasis on business operations and social activities.	Balanced identity	
A hybrid organization whose beneficiaries are the same as the paying customers.	Description of one's organizational activities in which beneficiaries are also targeted customers who pay for its products or services.	Highly integrated Hybrid	Hybrid types
A hybrid organization whose beneficiaries are included in its commercial activities.	Description of one's organizational activities in which target beneficiaries are embedded in its commercial activities such as employees, producers, or suppliers.	Moderately integrated Hybrid	
A hybrid organization whose social activities serving beneficiaries are separate from its commercial activities.	Description of one's organizational social activities that are disconnected from its commercial activities (i.e., its beneficiaries are not included in its commercial activities).	Differentiated hybrid	
A legitimacy resting on audiences' self-interest.	Talk of one's commitment to making its organization become more responsive to audiences' interests (e.g., giving direct and substantive benefits to audiences).	Pragmatic legitimacy	Legitimacy types
A legitimacy based on a normative evaluation by audiences.	Statements about one's efforts to align its organizational outputs or procedures or structures with audiences' normative criteria (i.e., rightness).	Moral legitimacy	
A legitimacy embedded in audiences' cognition (i.e., comprehensibility).	Talk of one's efforts to organize its self-definition or experiences into coherent and understandable accounts in the social world of audiences.	Cognitive legitimacy	

Table 2. *Cont.*

Coding Definition	Initial Codes from Interview Scripts	Themes	Theoretical Dimensions
The effort to gain legitimacy by positioning one's organization within an existing institutional regime, which is composed of claims of audiences.	Statements reflecting one's efforts to satisfy audiences' substantive needs or invite them into one's decision-making processes (pragmatic legitimacy). Personal efforts to produce normatively meritorious outcomes or embed one's organizational structures in legitimate institutions (moral legitimacy). Talk of efforts to imitate the prominent entities in the sector or formalize and professionalize one's organizational procedures (cognitive legitimacy).	Conform	Legitimation strategies
The effort to gain legitimacy by selecting a favorable social domain or audience.	Talk of one's efforts to select an audience whose interest is aligned with the values of those provided (pragmatic legitimacy). Statements reflecting one's efforts to select an audience whose moral criteria accord with one's organizational goal (moral legitimacy). Personal efforts to select a social environment in which audiences share common cognitive ground with one's organization (cognitive legitimacy).	Select	
The effort to gain legitimacy by shaping social environments into environments favorable to one's organization.	Talk of one's attempts to persuade audiences or advertise an image to accelerate exchanges with audiences (pragmatic legitimacy). Statements of one's efforts to persuade audiences in terms of moral standards embedded in the organization's outcome, structure, or procedures (moral legitimacy). Talk of one's attempts to promote a new social environment in which the cognitive definition of the organization resides (cognitive legitimacy).	Manipulate	

4. Findings

Our analysis revealed that the identities of social entrepreneurs are blended with the role identities of social welfare and commercial logics and that the identity mix between the two extremes accounts for their legitimation patterns. This insight led us to conclude that each social entrepreneur could be said to hold a *hybrid identity*, coupled with the role identities of potentially conflicting institutional logics within the self. In particular, we came to understand that the social entrepreneurs fell into three categories according to the extent to which each entrepreneur blended the identities of the two extremes. Some entrepreneurs were strongly coupled with one identity, whereas others were equally coupled with both identities. This insight led us to the following typology of the hybrid identities of social entrepreneurs: (1) *socially dominant*, (2) *commercially dominant*, or (3) *balanced*. The analysis also led us to understand that there are also three organizational types of social enterprise (as hybrids) according to their degree of social and commercial activities: (1) *highly integrated*, (2) *moderately integrated*, or (3) *differentiated*. From the insights we derived from the phenomena, we concluded that the legitimation patterns of social enterprises are also explained by these three hybrid organizational types.

With this overall picture of the legitimation of social enterprises as hybrid organizations, we set out to unpack how these identities and hybrid organizational types affected the legitimation of social enterprises. We began to uncover key differences in the link between the hybrid identity type and the legitimation of social enterprises and the link between the hybrid organizational type and the legitimation of those. During this stage, we complemented our novel insights with additional material, such as documents and website materials. We discuss below the influences of each hybrid identity type and each hybrid organizational type in detail.

Table 3 provides the results of our analysis to support our categorizations of hybrid identity type and hybrid organizational type. Tables 4 and 5 provide further details on the legitimation patterns, which include the main target types of legitimacy and strategies for gaining legitimacy by each hybrid identity type and hybrid organizational type.

Table 3. Analysis results for each hybrid identity type and hybrid organizational type.

		A	B	C	D	E	F	G	H	I	J
Degree of Coupling with Each Role Identity [a]	Social	●●●●●●○	●●●●●○○	●●●●●○○	●●●●●○○	●●●●●●●	●●●●●●○	●●●●●●●	●●●○○○○	●●●●●○○	●●●●●○○
	Commercial	●●●●●○○	●●●●●●●	●●●●●●●	●●●●●●○	●●●●○○○	●●●○○○○	●●●●○○○	●●●●●●○	●●●○○○○	●●●●○○○
Hybrid Identity Type		Balanced	Commercially dominant	Commercially dominant	Balanced	Socially dominant	Socially dominant	Socially dominant	Commercially dominant	Socially dominant	Balanced
Beneficiary		Members of handicraft cooperative (producers). Children of producers	Residents in food desert areas (customer)	Children in developing countries	Owners of sewing factories (producers). Residents in the area (partners)	North Korean refugees (employees). Residents in a shabby one-room town (employees)	Local weavers and farmers in developing countries (producers)	Socioeconomically disadvantaged adolescents	Foreign travelers (customers). Local owners of small businesses (partners)	Female breadwinners (employees)	Local English tutors in a developing country (employees)
Hybrid Organizational Type		Moderately integrated	Highly-integrated	Differentiated	Moderately integrated	Moderately integrated	Moderately integrated	Differentiated	Highly-integrated	Moderately integrated	Moderately integrated

[a] These results were collected by the questionnaire measuring the degree of an informant's coupling with each role identity. After the interview with the informant, we quantified the degree of coupling with each role identity by measuring each axis as a seven-point Likert scale. To make the results robust, we confirmed the results against the interview data.

Table 4. Legitimation patterns (corresponding to hybrid identity type).

Hybrid Identity Type	Case	Target Audience	Main Target Type of Legitimacy	Strategies for Gaining Legitimacy
Socially dominant	E	Staff: Co-founders	Moral	Select
		Staff: Employees (North Korean refugees)	Pragmatic, Moral	Select
		Staff: Employees (residents in the shabby one-room town)	Pragmatic	Select
		Sponsor: Government branch	Pragmatic, Moral	Select, Conform
		Sponsor: Large commercial company	Pragmatic, Moral	Conform, Manipulate
		Partner: District office	Moral	Conform
		Partner: Urban greening and landscape architecture companies	Moral	Select, Conform (invited)
		Partner: NGOs	Moral	Manipulate
		Customer: Individuals and companies	Pragmatic	Manipulate
	F	Staff: Employees	Moral	Manipulate
		Sponsor: Investors	Moral	Select
		Sponsor: City hall	Cognitive	Conform
		Producer: Local weavers and farmers in the developing countries	Cognitive	Manipulate
		Partner: Local fair trade organizations in developing countries	Moral	Select Manipulate
		Partner: Social enterprises in the affiliated cooperative	Moral	Conform
		Distributor/Store: Social enterprise	Moral	Select
		Customer: Individuals and customers	Pragmatic, Moral	Conform, Manipulate
	G	Staff: Co-founders	Moral	Select
		Staff: Employees	Moral	Select, Manipulate
		Partner: International organizations	Pragmatic	Conform (Invited)
		Partner: International NGO that provides the academic program for promoting participants' skills and capabilities	Pragmatic	Conform (Invited)
		Customer: Public and private schools (for students and English teachers)	Pragmatic, Moral	Conform, Manipulate
		Customer: Individual customers	Pragmatic, Moral	Conform, Manipulate
	I	Staff: Professional chef	Moral	Manipulate
		Staff: Employees (nutritionist, clerk)	Moral	Select, Manipulate
		Staff: Employees (female breadwinners)	Pragmatic	Conform, Manipulate
		Sponsor: Government branch	Cognitive	Conform
		Supplier: Food ingredients supplier	Moral	Conform (Invited)
		Partner: City hall	Moral	Conform (Invited)
		Partner: Other social enterprises	Moral	Select, Conform (Invited)
		Partner: Social welfare organizations	Cognitive	Select
		Customer: Other organizations (in social sector)	Moral	Manipulate
		Customer: Other organizations (in non-social sectors)	Pragmatic	Manipulate
Commercially dominant	B	Staff: Employees	Pragmatic, Moral	Conform, Manipulate
		Sponsor/Partner: Large commercial company	Pragmatic, Moral	Conform (Invited), Manipulate (Invited)
		Producer: Advertising professional	Moral	Select, Manipulate
		Partner: Local government campaign	Moral	Conform (Invited)
		Partner: Local institutions (e.g., council, foundation, consulate)	Moral	Conform (Invited)
		Customer: General consumers	Pragmatic	Conform
		Customer: Residents in the food desert areas	Pragmatic, Cognitive	Conform, Manipulate

Table 4. *Cont.*

Hybrid Identity Type	Case	Target Audience	Main Target Type of Legitimacy	Strategies for Gaining Legitimacy
		Staff: Co-founders	Moral	Manipulate
		Sponsor: Government branch (social venture competition)	Cognitive	Conform
	C	Producer: Bag manufacturer	Moral	Select
		Partner: NGO	Moral	Conform
		Customer: Individual customers	Pragmatic, Moral	Conform, Manipulate
		Staff: Employees	Moral	Select, Manipulate
		Sponsor: City hall	Moral	Conform
		Sponsor: State-owned firm	Pragmatic	Manipulate
		Sponsor: Venture capital (impact investment)	Pragmatic, Moral	Conform, Manipulate
	H	Partner: Owners of small local businesses	Pragmatic, Moral	Conform, Manipulate
		Partner: Other travel companies	Pragmatic	Conform
		Partner: Other ventures (including social enterprises)	Pragmatic	Conform
		Partner: Local NGO	Pragmatic	Conform
		Customer: Foreign travelers	Pragmatic	Manipulate
		Staff: Coworkers	Moral	Conform
		Sponsor: Government branch (social venture competition, promotion for social entrepreneurs)	Cognitive	Conform
		Producer: Members of handicraft cooperative	Pragmatic	Manipulate
	A	Partner: Large social enterprise	Pragmatic	Manipulate
		Partner: Non-profit community of students and universities	Pragmatic	Manipulate
		Partner: Large local NGO	Pragmatic	Manipulate
		Customer: Individual customers	Pragmatic, Moral	Conform, Manipulate
		Staff: Co-founders and employees	Moral	Manipulate
		Sponsor: Government branch	Cognitive	Conform
		Sponsor: Large commercial company	Pragmatic, Moral	Conform
	D	Producer: Owners of sewing factories	Pragmatic, Moral	Manipulate
Balanced		Partner: Residents in the area	Pragmatic	Manipulate
		Partner: District office	Moral	Conform (Invited)
		Partner: Associations, foundations, museums	Pragmatic	Manipulate
		Customer: Individual customers	Pragmatic, Moral	Conform, Manipulate
		Staff: Co-founder	Moral	Conform
		Staff: Managers and IT developers	Pragmatic	Conform
		Staff: English tutors in the developing country	Pragmatic	Manipulate
		Staff: Advisor (government official in the developing country)	Pragmatic, Moral	Manipulate, Conform
	J	Sponsor: The government of the developing country	Pragmatic	Manipulate
		Sponsor: Government branches in Korea	Cognitive	Conform
		Partner: Large commercial company	Pragmatic	Conform (Invited)
		Customer: Individual customers	Pragmatic	Conform

Table 5. Legitimation patterns (corresponding to hybrid organizational type).

Hybrid Organizational Type	Case	Target Audience	Main Target Type of Legitimacy	Strategies for Gaining Legitimacy
Highly integrated	B	Staff: Employees	Pragmatic, Moral	Conform, Manipulate
		Sponsor/Partner: Large commercial company	Pragmatic, Moral	Conform (Invited), Manipulate (Invited)
		Producer: Advertising professional	Moral	Select, Manipulate
		Partner: Local government's campaign	Moral	Conform (Invited)
		Partner: Local institutions (e.g., council, foundation, consulate)	Moral	Conform (Invited)
		Customer: General consumers	Pragmatic	Conform
		Customer: Residents in the food desert areas	Pragmatic, Cognitive	Conform, Manipulate
	H	Staff: Employees	Moral	Select, Manipulate
		Sponsor: City hall	Moral	Conform
		Sponsor: State-owned firm	Pragmatic	Manipulate
		Sponsor: Venture capital (impact investment)	Pragmatic, Moral	Conform, Manipulate
		Partner: Owners of local small businesses	Pragmatic, Moral	Conform, Manipulate
		Partner: Other travel companies	Pragmatic	Conform
		Partner: Other ventures (including social enterprises)	Pragmatic	Conform
		Partner: Local NGO	Pragmatic	Conform
		Customer: Foreign travelers	Pragmatic	Manipulate
Moderately integrated	A	Staff: Coworkers	Moral	Conform
		Sponsor: Government branch (social venture competition, promotion for social entrepreneurs)	Cognitive	Conform
		Producer: Members of handicraft cooperative	Pragmatic	Manipulate
		Partner: Large social enterprise	Pragmatic	Manipulate
		Partner: Non-profit community of students and universities	Pragmatic	Manipulate
		Partner: Large local NGO	Pragmatic	Manipulate
		Customer: Individual customers	Pragmatic, Moral	Conform, Manipulate
	D	Staff: Co-founders and employees	Moral	Manipulate
		Sponsor: Government branch	Cognitive	Conform
		Sponsor: Large commercial company	Pragmatic, Moral	Conform
		Producer: Owners of sewing factories	Pragmatic, Moral	Manipulate
		Partner: Residents in the area	Pragmatic	Manipulate
		Partner: District office	Moral	Conform (Invited)
		Partner: Associations, foundations, museums	Pragmatic	Manipulate
		Customer: Individual customers	Pragmatic, Moral	Conform, Manipulate

Table 5. *Cont.*

Hybrid Organizational Type	Case	Target Audience	Main Target Type of Legitimacy	Strategies for Gaining Legitimacy
	J	Staff: Co-founder	Moral	Conform
		Staff: Managers and IT developers	Pragmatic	Conform
		Staff: English tutors in the developing country	Pragmatic	Manipulate
		Staff: Advisor (government official in the developing country)	Pragmatic, Moral	Manipulate, Conform
		Sponsor: The government of the developing country	Pragmatic	Manipulate
		Sponsor: Government branches in Korea	Cognitive	Conform
		Partner: Large commercial company	Pragmatic	Conform (Invited)
		Customer: Individual customers	Pragmatic	Conform
	E	Staff: Co-founders	Moral	Select
		Staff: Employees (North Korean refugees)	Pragmatic, Moral	Select
		Staff: Employees (residents in the shabby one-room town)	Pragmatic	Select
		Sponsor: Government branch	Pragmatic, Moral	Select, Conform
		Sponsor: Large commercial company	Pragmatic, Moral	Conform, Manipulate
		Partner: District office	Moral	Conform
		Partner: Urban greening and landscape architecture companies	Moral	Select, Conform (Invited)
		Partner: NGOs	Moral	Manipulate
		Customer: Individuals and companies	Pragmatic	Manipulate
	F	Staff: Employees	Moral	Manipulate
		Sponsor: Investors	Moral	Select
		Sponsor: City hall	Cognitive	Conform
		Producer: Local weavers and farmers in the developing countries	Cognitive	Manipulate
		Partner: Local fair trade organizations in developing countries	Moral	Select, Manipulate
		Partner: Social enterprises in the affiliated cooperative	Moral	Conform
		Distributor/Store: Social enterprise	Moral	Select
		Customer: Individuals and customers	Pragmatic, Moral	Conform, Manipulate
	I	Staff: Professional chef	Moral	Manipulate
		Staff: Employees (nutritionist, clerk)	Moral	Select, Manipulate
		Staff: Employees (female breadwinners)	Pragmatic	Conform, Manipulate
		Sponsor: Government branch	Cognitive	Conform
		Supplier: Food ingredients supplier	Moral	Conform (Invited)
		Partner: City hall	Moral	Conform (Invited)
		Partner: Other social enterprises	Moral	Select, Conform (Invited)
		Partner: Social welfare organizations	Cognitive	Select
		Customer: Other organizations (in social sector)	Moral	Manipulate
		Customer: Other organizations (in non-social sectors)	Pragmatic	Manipulate

Table 5. *Cont.*

Hybrid Organizational Type	Case	Target Audience	Main Target Type of Legitimacy	Strategies for Gaining Legitimacy
Differentiated	C	Staff: Co-founders	Moral	Manipulate
		Sponsor: Government branch (social venture competition)	Cognitive	Conform
		Producer: Bag manufacturer	Moral	Select
		Partner: NGO	Moral	Conform
		Customer: Individual customers	Pragmatic, Moral	Conform, Manipulate
	G	Staff: Co-founders	Moral	Select
		Staff: Employees	Moral	Select, Manipulate
		Partner: International organizations	Pragmatic	Conform (Invited)
		Partner: International NGO that provides the academic program for promoting participants' skills and capabilities	Pragmatic	Conform (Invited)
		Customer: Public and private schools (for students and English teachers)	Pragmatic, Moral	Conform, Manipulate
		Customer: Individual customers	Pragmatic, Moral	Conform, Manipulate

4.1. Legitimation Patterns by Hybrid Identity Type

4.1.1. Socially Dominant Identity

Social entrepreneurs in our first category articulated their identity as being dominated by a social welfare logic focusing on solving social problems. For example, the entrepreneur from firm F said the following:

After I graduated from university, I joined a general trading company in Korea and worked at a plant division in the company. At that company, I was in charge of several official development assistance projects for constructing infrastructure in developing countries. However, I hoped that I would do something helpful and beneficial for others since I was a high school student. Hence, I quit the job and set out on a trip to India. In that country, I definitely met my dream . . . In the beginning, I do not have any strong desire to succeed in my business but just wanted to achieve my old dream.

These entrepreneurs' primary role was to create a specific social impact on their domains, whereas commercial profits were ancillary. Thus, we label this configuration of social entrepreneur identity as *socially dominant*, indicating a strong commitment to pursuing social values by solving a specific social problem (social) but utilizing commercial activities to achieve this objective (commercial).

As Table 4 shows, social entrepreneurs who have socially dominant identities mainly pursue moral legitimacy. For instance, the entrepreneur from firm E stated the following:

While searching for business partners, it was effective to suggest the social value of our company. Think about it. They are just businessmen who always calculate the costs and benefits of transactions. They really needed benefits. However, the main reason why they met me, whose company was a tiny venture firm and faced uncertain circumstances, was their sympathy with the social value we suggested [Moral Legitimacy].

In fact, we overcame other obstacles to our business due to our social mission.

These entrepreneurs attempted to gain moral legitimacy from all kinds of audiences, including employees, partners, and sponsors, and they placed equal emphasis on all kinds of strategies to gain legitimacy. In other words, they chose various tactics for winning legitimacy corresponding to the situation they faced. For example, the entrepreneur from firm G said the following:

To hire employees, we selected candidates whose personal values were aligned with our social mission [Select]. *And after our company hired them, we held an intense meeting with new employees to create a consensus about the social value the company should create during their first week in the company* [Manipulate] . . . *My decision on forming partnerships with international organizations was quite strategic. Since we needed their reputation and business know-how, we communicated with them by responding to their substantive needs and aligning our values with their missions* [Conform].

In addition, we found that these entrepreneurs obtained legitimacy by being invited by audiences more frequently than others who had either commercially dominant or balanced hybrid identities. We discuss this later (in the Discussion section) in detail.

Thus, our analysis reveals that, when a social entrepreneur's identity is dominated by the identity associated with social welfare logic, they mainly pursue moral legitimacy through various kinds of strategies. Interestingly, we found that this was not the case for the next group, commercially dominant entrepreneurs.

4.1.2. Commercially Dominant Identity

The social entrepreneurs in the second hybrid identity category put more emphasis on the commercial side, which involves pursuing economically profitable opportunities as a priority. They were mainly motivated by generating a financial return to maintain and improve their business operations. To their business, solving a specific social problem seemed a secondary consideration. For instance, the entrepreneur from firm H said the following:

The reason why I started the social enterprise was the perverse travel industry structure for foreign travelers in Korea . . . However, the main motivation for creating the company was the business opportunity I found. The core of our business is creating profits through the consistent development of travel products.

Based on these characteristics, we label this configuration of hybrid identity as *commercially dominant*, indicating a relatively strong desire for wealth through opportunity-seeking activities (commercial) but also showing a degree of personal commitment to solving a social problem (social).

To gain legitimacy, these entrepreneurs tried to acquire both pragmatic and moral legitimacy, as shown in Table 4. For example, the entrepreneur from firm B stated the following:

The value of our product is comprehensive in that all the value customers want resides in our value proposition . . . During the advertising tour in the United States, one man who experienced our product told me, "In fact, I went on a diet due to a doctor's advice. After I ate your food, I felt so good. It was not only healthy but also delicious. I would like to eat your food day after day." His statement includes the value our company pursues, which is providing the opportunity to taste delicious food [Pragmatic Legitimacy] *as well as making their lives more healthy* [Moral Legitimacy] *by offering an affordable price to them.*

They also often conformed to the audiences they met to gain legitimacy. The entrepreneur from firm C told us the following:

Used bags collected from customers were sent to the non-profit organization as our business partner, which helps children in developing countries by upcycling used clothes. In fact, its business operations and social mission are very similar to those of our company. So, to form a partnership with that organization, we communicated with them by aligning our social mission with theirs [Conform].

Hence, our analysis suggests that social entrepreneurs whose hybrid identity is dominated by a commercial logic emphasize pursuing both pragmatic and moral legitimacy but often adjust themselves to their audiences to gain that legitimacy.

4.1.3. Balanced Identity

The final hybrid identity category that emerged from our analysis is composed of social entrepreneurs who place equal emphasis on both identities. These entrepreneurs said that they grappled with their business to integrate their social missions and profitable business operations more effectively. The entrepreneur from firm D told us the following:

The keyword of our business is symbiosis. One is our lives as artists without worrying about the problem of living. The other is the sustainable community we reside in. Especially, we wanted to invigorate the community by making it solve its own social problems by itself. For this, we searched for ways of employing our artistic talent, by which we could be financially sustainable. At last, we found the way. And we began to run our own business as a social enterprise.

We label this identity category *balanced*, indicating a strong commitment to social entrepreneurship as a means of achieving synergy between an entrepreneur's social and commercial identities.

As shown in Table 4, social entrepreneurs with balanced identities focused on gaining pragmatic legitimacy rather than moral or cognitive legitimacy. For instance, the entrepreneur from firm A said the following:

We found out that it is not useful to persuade artisans to work for us by emphasizing the social value we had. If we persuaded them only through social value, we would lose bargaining power in the transactions. Furthermore, a goodwill or an authentic heart was not enough to persuade them since it could not guarantee the sustainable success of the business. Thus, we said to them, "Anyhow, we are going to sell the products we order from you. Please check the amount of our first order." In other words, we tried to convince them of our business by showing our ability to connect them with the markets we are involved in [Pragmatic Legitimacy].

Furthermore, to win legitimacy, they usually conformed to their audiences or attempted to manipulate their social environments. Interestingly, however, they never selected the target audiences when pursuing legitimacy. For example, the entrepreneur from firm J stated the following:

During the hiring process, I told job candidates about the social mission we had. But it is auxiliary to me. I just hired appropriate candidates whose capabilities seemed valuable to our business [Non-selection] . . . *When I sounded out the potential of our business to the government official of the developing country, I responded to the needs of the target country*[Conform] *and tried to persuade him by the value of our business, especially the effect of creating substantial jobs in the country* [Manipulate] . . . *When I visited the country and met country representatives, I also made an effort to convince them of the potential of our business through the IT infrastructure they had already built*[Conform]. *Of course, I appealed to them by advertising the economic effect of our own business* [Manipulate].

These findings lead us to suggest that social entrepreneurs with balanced identities aimed to obtain pragmatic legitimacy more than other types of legitimacy and these entrepreneurs adjusted themselves to their audiences or proactively persuaded them, although they rarely selected social environments in order to gain legitimacy.

4.2. Legitimation Patterns by Hybrid Organizational Type

4.2.1. Highly Integrated Hybrids

The first hybrid organizational type we defined is *highly integrated*, which serves beneficiaries who are also paying customers—Ebrahim, Battilana, and Mair [8] called this type of hybrid an 'integrated hybrid'. As the literature has pointed out, some hybrid organizations are neither integrated nor differentiated [8]. Thus, we label social enterprises whose beneficiaries and customers are the same as *highly integrated*, representing an extreme pole as a hybrid organization.

Table 5 reveals that the social enterprises of this hybrid organizational type mainly pursued both pragmatic and moral legitimacy but placed slightly more emphasis on the former. They also tended to conform to the needs and definitions of their audiences, even though they occasionally tried to manipulate them. For example, the entrepreneur from firm H stated the following:

Basically, my intention in running the social enterprise is to correct the perverse structure of the travel industry for foreigners in Korea. However, I emphasized more the economic potential of our business opportunity. For example, to raise the financial resources from the Korea Tourism Organization (a state-owned company in Korea), we appealed to them by suggesting the substantive value of our business in response to the problem in the travel industry in Korea, which was one of the main concerns they faced [Pragmatic Legitimacy, Conform] . . . *When we planned to collaborate with either the organization that ran the tourist attraction in Korea or new airlines that wanted to develop attractive travel courses, we first learned about their business needs or issues and then suggested the benefits they would earn from collaborating with our company* [Pragmatic Legitimacy, Conform].

From these results, we suggest that social enterprises that are highly integrated hybrids focused on gaining pragmatic legitimacy by conforming to the audiences they met.

4.2.2. Moderately Integrated Hybrids

Social enterprises in our second category are defined as *moderately integrated*, whose beneficiaries are embedded in their business operations as employees or producers.

Their legitimation patterns were intriguing, since they depended, not on their hybrid organizational type, but on their entrepreneurs' hybrid identity type. In Table 5, there are six moderately integrated hybrids. Among them, firms A, D, and J are classified as social enterprises with balanced identities, and their legitimation patterns were determined by their hybrid identity type rather than by their hybrid organizational type. As mentioned, these social enterprises mainly pursued pragmatic legitimacy by conforming to audiences or manipulating them. On the other hand, firms E, F, and I have socially dominant identities, and their legitimation patterns also accord with their hybrid identity type. These social enterprises placed the most substantial emphasis on gaining moral legitimacy but equally emphasized all kinds of legitimation strategies to win legitimacy. As shown in Table 5, however, we found that these social enterprises acquired legitimacy by being invited by audiences more frequently than other social enterprises of either the highly integrated or differentiated organizational hybrid types. We discuss this issue later (in the Discussion section) in more detail.

4.2.3. Differentiated Hybrids

We label the final category of the hybrid organizational type as differentiated, indicating hybrid organizations whose social activities serving target beneficiaries are separate from its commercial activities.

Table 5 reveals that these social enterprises mainly pursued moral and pragmatic legitimacy but were more focused on the moral type. For instance, the entrepreneur from firm C said the following:

To search for bag manufacturers for our business, we visited Sinseol-dong, where bag manufacturers are gathered in Seoul. Most of them had already received orders from large apparel companies and made bags for them. However, once we started to discuss the social value we pursued, some of them expressed sympathy with our social mission. Furthermore, they also offered us favorable contract terms [Moral Legitimacy].

Moreover, they usually conformed to audiences to obtain legitimacy from them. For example, the entrepreneur from firm G stated the following:

An international organization, which is one of the United Nations organizations, contacted us in advance to offer an opportunity for our company to collaborate with it. In fact, their objective did not match our company's objective. Their main reason for contacting us was to ask us to help them

hold a contest for social enterprises, whereas the main objective of our company at that time was to hold debate competitions in Korea as a means of invigorating debating education programs. However, I accepted their offer and collaborated with them for the potential synergy between us since both that organization and our company prepared for the 'competition' at that time [Conform] . . . *An international financial institution also invited us as a collaboration partner during their international forum in Korea. In particular, they planned to hold debate sessions in the forum. So, we accepted their offer because we shared common ground: the debate* [Conform].

Hence, our analysis reveals that social enterprises of the differentiated hybrid organizational type mainly pursued moral legitimacy by adapting themselves to the needs, normative norms, and cognitive frames of their audiences.

5. Discussion

Given the perceived tension between a social welfare logic and commercial logic, how do social enterprises as hybrid organizations gain legitimacy? What factors determine their legitimation patterns? This study sought to address these questions through an inductive multiple case study of ten social enterprises. Our findings extend the current understanding of the legitimation of social enterprises as hybrids by discovering the role of identity configurations and hybrid organizational types in terms of what kinds of legitimacy they seek and the strategies they choose to gain legitimacy. The findings revealed that social entrepreneurs had various identity configurations and that their enterprises were also classified by their organizational types as hybrid organizations. Our study suggests that these two properties of social enterprises affected their legitimation patterns (i.e., the kinds of legitimacy they pursued and the strategies they employed to win them).

5.1. Insights Into the Legitimation of Social Enterprises as Hybrid Organizations

This study contributes to the hybrid organizing literature by unearthing the role of identity configurations and hybrid organizational types in the legitimation of social enterprises as hybrid organizations.

Through a multiple case study of social enterprises, we captured several general patterns in their legitimation. First, they grappled with gaining internal legitimacy from organizational members. Our analysis revealed that all social entrepreneurs in the sample firms obtained moral legitimacy from organizational members such as co-founders and employees. All informants emphasized this moral legitimacy derived from internal members since this legitimacy was directly associated with their social missions: moral legitimacy rests on social judgments about whether an organization's activity is 'the right thing to do' [19] (p. 579). Thus, they either selected organizational members whose personal values were closely aligned with their social missions or persuaded them to accept their social missions. For example, the entrepreneur from firm G even tried to gain moral legitimacy from job candidates by letting them submit their personal mission statements during the document screening in the hiring process. Second, as expected, social enterprises usually conformed to their audiences when comprising a government branch or a local government. Since these institutions have their own institutional logics as representatives of the government, little discretion may be allowed of owners of social enterprises in obtaining legitimacy from them. Third, as mentioned in the Findings section, social enterprises gained legitimacy by being invited by audiences, besides the other ways of winning legitimacy suggested by the literature, such as conforming, selecting, or manipulating [19,66]. We observed this legitimation phenomenon frequently among social enterprises with either socially dominant identities or moderately integrated organizational structures (see Table 6). Although some invitations were just coincidental, most were the result of the proactive advertising of their social business. We could confirm that these invitations gave them favorable opportunities to gain legitimacy during the interviews with social entrepreneurs. For instance, the entrepreneur from firm E, which had a socially dominant identity, said that he met most of his current partners through the invitations of an acquaintance in a social sector. We thus infer that social enterprises with socially dominant

identities obtain legitimacy through networks among organizations in social sectors. This may be a future research topic for scholars in network theory.

Table 6. Summary of findings about legitimation patterns of social enterprises.

	Category	Main Types of Legitimacy	Main Strategies for Gaining Legitimacy
Hybrid Identity Type	Socially dominant	Moral	Conform Select Manipulate, Invited [a]
	Commercially dominant	Moral Pragmatic	Conform
	Balanced	Pragmatic	Conform Manipulate
Hybrid Organizational Type	Highly integrated	Pragmatic	Conform
	Moderately integrated	Varying by hybrid identity types	Varying by hybrid identity types, Invited [a]
	Differentiated	Moral	Conform

[a] This is newly added in this study.

In addition to these general insights, the findings gave us theoretically novel and intriguing insights into the legitimation of social enterprises as hybrids. First, the more strongly social entrepreneurs were coupled with the role identity associated with a social welfare logic, the more actively they pursued legitimacy. As shown in Table 6, social enterprises whose entrepreneurs had a socially dominant or balanced identity employed more diverse strategies to gain legitimacy. In other words, they attempted to make their social environments more favorable to their business rather than conform to them. Moreover, the findings on the legitimation patterns corresponding to hybrid organizational types showed that social enterprises usually conformed to their audiences no matter what type of hybrid form they were (see Table 6). As mentioned, we placed more emphasis on the strategic legitimacy perspective than on the institutional perspective to implement an inductive study [19]. However, we found that the institutional perspective accounted for the legitimation patterns of social enterprises that were not strongly coupled with a social welfare logic better than the strategic legitimacy perspective did. Thus, we infer that social enterprises whose entrepreneurs' identities are more strongly coupled with a commercial logic perceive institutional constitutive pressures from audiences more acutely than do entrepreneurs with more socially dominant identities. In other words, the legitimation of social enterprises whose entrepreneurs' identities are more commercially dominant is accounted for by the institutional and ecological perspectives, which have *audience*-centered assumptions [13]. On the other hand, the legitimation of social enterprises whose entrepreneurs have identities more strongly coupled with a social welfare logic is explained by the cultural entrepreneurship, impression management, or social movement perspectives, since these commonly have *actor*-centered assumptions [13]. Future research should focus more sharply on these phenomena by applying various perspectives on the legitimation process.

Our second interesting finding is that social enterprises whose entrepreneurs have commercially dominant identities pursued moral legitimacy as well as pragmatic legitimacy. Although these social enterprises also had social missions, their priority was creating profits through business operations. Thus, we can expect that these social enterprises mainly pursued pragmatic legitimacy rather than moral legitimacy during their legitimation process. However, the analysis also revealed that they attempted to gain both pragmatic and moral legitimacy. One possible explanation for this phenomenon is that they might have worried about *mission drift* in their firms [67]. The term 'mission drift' reflects a long tradition in organization studies stressing the risk of an organization's losing sight of its mission in the quest for survival and efficiency [68,69]. Though these social enterprises placed more emphasis on generating revenue through business, they were still 'social' enterprises with specific social missions. Thus, we infer that they struggled to maintain their hybrid identities as social enterprises and thus might have pursued moral legitimacy as well. Concerning this inference, the entrepreneur from firm B provided a clue:

In the early stage, we can run a social enterprise by aligning all the business operations with a social mission. But, one day, we should decide on the priority between a social mission and commercial success, scalability . . . In the future, I expect that I shall earn more money, even if the marginal social impact becomes almost zero. We might choose profitability over social impact. However, I shall pursue our social mission firmly . . .

We expect that this issue of mission drift in social enterprises could be a novel research topic for organizational scholars.

It was also intriguing to find that social enterprises with highly integrated organizational structures mainly pursued pragmatic legitimacy. As mentioned, highly integrated hybrids serve beneficiaries, their paying customers. Thus, we can expect that they might focus on moral legitimacy since their beneficiaries are clearly identified with their audiences, making it easy for them to gain moral legitimacy by just talking about themselves. However, they focused on pragmatic legitimacy rather than moral legitimacy. We offer one possible explanation for this, derived from the audience's perspective. If we are an audience who judges these social enterprises, we may worry about their economic sustainability since their customers are usually people in need, such as the disabled, homeless, or individuals in developing countries, most of whom cannot afford to pay for the products or services over a certain price. Thus, we infer that they might need pragmatic legitimacy to make their business sustainable. For instance, firm B is now applying separate price policies to general customers and beneficiaries, people in food desert areas. For general customers, it applies the normal price policy, whereby customers pay a fixed price, whereas it applies a free-price policy, whereby customers pay as much as they want, to its beneficiaries (customers). It thus subsidizes its beneficiaries through the profits earned from its general customers. Through this dual price policy, firm B can guarantee economic sustainability and thus obtain pragmatic legitimacy from audiences, such as employees and the sponsor company. On the other hand, it was not surprising that social enterprises that were differentiated hybrids mainly pursued moral legitimacy, since their beneficiaries were not directly identified in their business model; thus, they might be required to win moral legitimacy to maintain their identities as 'social' enterprises. We expect that these findings also portend great promise for examining social enterprises from the perspective of a unique business model.

Overall, this study theoretically contributes to the organization and management literature, such as research on the legitimation of new ventures, hybrid organizing, and social entrepreneurship [3,5,13]. Notably, this research contributes to the entrepreneurship literature in that we expand the understanding of the role of founder identity in the entrepreneurial process [70–72]. For example, according to Fauchart and Gruber [70], social entrepreneurs generally have *missionary* identities, with which entrepreneurs pursue the principle that their actions are positively related to the well-being of others, and they should seek to act in a socially responsible manner for making the world a better place. However, our study revealed that not all missionaries are identical in their legitimation process, which is an essential part of their entrepreneurial process. Thus, our study not only complements the extant research on the role of entrepreneurs' identities in the entrepreneurial process, but also offers novel insights into how the heterogeneity in their legitimation arises in the context of hybrid organizations.

5.2. Limitations and Future Research

Despite the significance of our findings, some limitations pose further questions to be addressed.

First, our sample of ten social enterprises is somewhat small. However, the intention of this study is not to capture the population but to seek appropriate cases that are well aligned with the phenomena of interest. Since we were interested in how social enterprises as hybrid organizations gain legitimacy, a relatively small sample is acceptable for examining the phenomena. Additionally, Eisenhardt [56] suggested that between four to ten cases are usually recommended for case study research for comparison among them. To our knowledge, empirical research on social enterprises using large datasets is still limited. Thus, conducting a large-scale survey to collect information about

the legitimation of social enterprises could extend our research and confirm the results of this study by adding more meaningful variables to the survey.

Second, one might question if there was bias since we conducted interviews with social entrepreneurs who were about to begin their business or whose companies were at a nascent stage. Since our interviews mostly depended on the informants' memories about their legitimation process, our sampling criteria are appropriate for collecting data about these phenomena. However, during the interviews, we discovered that the entrepreneurs' identities might change. Thus, examining the dynamics of social entrepreneurs' identity configurations in their growth path would be a fruitful direction for future research. In line with this, we also discovered that social entrepreneurs were sometimes overwhelmed by their personal identities, rather than the role identities they were coupled with, while gaining legitimacy. Hence, it would be interesting to investigate the conditions under which social entrepreneurs' personal identities are enacted more strongly than their role identities are.

Third, there might be recall bias in our interview data; the social entrepreneurs we met may have tried to describe themselves in a way that attracted our approval. To mitigate this potential bias, we carefully designed the interview settings. For example, we did not directly ask the entrepreneurs about their legitimation process. Instead, we derived insights through inductive procedures; we coded their own words iteratively and moved back and forth between the previous literature on the legitimation of firms and the emergent categories. In addition, we asked them about their legitimation process first and their identities at the end of the interviews to avoid potential cognitive bias caused by the informants' conscious or unconscious attribution between them. Having an opportunity to track social enterprises from the very beginning would provide more detailed and precise explanations about social enterprises' legitimation processes.

Fourth, even though this study provides several insights into legitimation patterns of social enterprises as hybrid organizations, this study is limited in that the context of the research is not considered in the interpretation of the results. Although the purpose of this study is to reveal legitimation patterns of social enterprises as hybrid organizations in general, the context could affect social enterprises' legitimation process. In fact, in management and international business research, context has been regarded as a significant factor [73–75]. For example, the Social Enterprise Promotion Act was enacted in 2006 in Korea [76]. Based on the Act, the KoSEA was founded in 2010 to promote social enterprises in the country. In particular, the certification of social enterprises in Korea is coordinated by the KoSEA and the Ministry of Employment and Labor. Moreover, at this time, large companies in Korea began to engage in fostering social enterprises through their corporate social responsibility (CSR) activities (e.g., 'H-On Dream Audition' by Hyundai Motor Group and 'LG Social Fellows Festival' by LG Group). All these contextual factors in Korea could affect legitimation patterns of social enterprises, such as the main target type of legitimacy they pursue or the primary strategies to gain legitimacy. Thus, it would be a potentially fruitful avenue for further research to examine how legitimation patterns of social enterprises differ depending on the contextual factors.

Finally, this study could be extended into a more practical research project, which would have implications for policymakers. As scholars and policymakers have discussed, social enterprises are considered as effective social entities to achieve the United Nations' SDGs by dealing with social issues with innovative business solutions [11,12]. According to the insightful review of Smith, Gonin, and Besharov [6], social enterprises experience internal and external tensions between social and commercial logics; they often face severe challenges to becoming meaningful. During the interviews with social entrepreneurs, we found that their attempts to gain legitimacy were closely related to these tensions. Since these tensions sometimes become overwhelming obstacles to their business, they should draw the attention of policymakers and government officials who wish to promote social enterprises in their country.

Appendix A. : Sample Interview Protocol

Appendix A.1. Entrepreneur (General Information and Identity Configuration)

- Can you tell me about your background and how you came to start this company?
- Are you a 'Social Problem Solver' or an 'Entrepreneur'? Please describe your identity as a social entrepreneur (Identity Configuration).

  ■ Using the questionnaire about the interviewee's (social entrepreneur's) identity configuration.

Appendix A.2. Company (General Information and Business Model)

- Can you give me general information about your company?

  ■ Name of company, foundation year, office location, legal form, formal certification from the Korea Social Enterprise Promotion Agency (KoSEA) or B Corporations in the United States.

- Could you describe the company's mission and objectives? What social problems do you aim to address?
- Can you tell me a story about the company from the founding to today?
- Please describe your business model (the degree of integration between social and commercial activities). Can you tell me about the main products or services of your company?

  ■ Using Business Model Canvas by Osterwalder and Pigneur (2010).

Appendix A.3. Legitimation

- Whom do you meet to gain legitimacy for your company?
- How did you communicate your business with him, her, or them? If you used materials during the meeting, can you show me the materials you used? What were their responses?
- Will you meet some other audiences to gain legitimacy for your business? Why?

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