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Organizational Legitimacy in Multiple Institutional Environments: A Qualitative Study in the Context of Italian Social Enterprises

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1 INTRODUCTION

Organizational legitimacy is a concept of central importance in institutional theory (Meyer and Rowan, 1977; Scott, 2001) because this research approach asserts that legitimacy enables organizations to gain those financial and human resources which are necessary to operate and survive (Zimmerman and Zeitz, 2002; Ruef and Scott, 1998).

As noted by Greenwood (Greenwood et al, 2008), given its importance, since the middle of 1990s institutional theorists have increasingly focused their theoretical and empirical investigation on the strategies adopted by organizations to manage legitimacy (Suchman, 1995; Zimmerman and Zeitz, 2002; Deephouse and Suchman, 2008; MacLean and Behnam, 2010).

Accordingly a well-established research stream has investigated symbolic and substantive strategies (Ashforth and Gibbs, 1990; Wespahl and Zajac, 2001) enabling organizations to become legitimized, by virtue of their perceived consistency with values and norms broadly accepted within an existing institutional environment (Oliver, 1991; Deephouse, 1996). Yet, as noted by Lamin and Zaheer (2012), these studies have mainly focused on symbolic and substantive actions adopted by organizations to acquire (Zott and Huy, 2007; Aldrich and Fiol, 1994) and maintain (Berrone et al, 2010; Wespahl and Zajac, 1998) legitimacy, while only few studies have focused on the strategies carried out by organizations to defend and repair their legitimacy when it is explicitly challenged (Elsbach, 1994; Patriotta, 2011).

However, the ongoing globalization process (Lewis, 2001; Kostova and Zaheer, 1999) has dramatically increased the risk for business organizations to be under legitimacy threats because in a globalized playing field taken for granted values and beliefs are less stable (Castellò and Lozano, 20011; Scherer and Palazzo, 2011) and organizations are exposed to multiple and often conflicting pressures (Smith and Lewis, 2011; Kostova and Roth, 2002; Pache and Santos, 2010b) coming from stakeholders belonging to different and sometimes conflicting institutional logics (Friedland and Alford, 1991; Thornton & Ocasio, 2008; Greenwood et al, 2011).

Moreover, in the last years Non-Governmental organizations (NGOs), consumers and the civil society have begun to pressure business organizations (Baur and Palazzo, 2011; Spar and La Mure, 2003; Scherer and Palazzo, 2011) with the aim to force them to take into account the impact of their actions on society and the environment (Margolis and Walsh, 2003; Crane and Matten, 2010). Thus, business organizations have been forced to hybridize their practices and to adopt socially and ethically oriented actions (Palazzo and Scherer, 2011; Christmann and Taylor, 2006; Stevens et al, 2006; Berrone et al, forthcoming).

Given the growing recognition that organizations are enduring exposed to conflicting institutional pressures (Kraatz and Block, 2008; Reay and Hinings, 2005), previous research has investigated conditions enabling a new logic to take the place of an incumbent one (Lounsbury, 2002; Reay and Hinings, 2009) and how organizations manage conflicting logics by interpreting, prioritizing and translating them (Oliver, 1991; Pache and Santos, 2010; Glynn, 2001; Pratt and Foreman, 2000; Binder, 2007). However, little is known about the strategy adopted by organizations permanently embedded in conflicting institutional logics to manage, and in particular to defend, their legitimacy (Lamin and Zaheer, 2012; Patriotta et al, 2011).

Moreover there is still latitude to analyze the possibility that “organizations that embody multiple logics and are successful at more than one thing may be especially legitimated for that very reason (Kraatz and Block, 2008: 261) and to investigate the strategies adopted by these organizations to become superior organizational forms (Pache and Santos, 2010).

This study explores these issues through a comparative multiple case study (Eisenhardt, 1989) in the field of Italian social enterprises (Borzaga and Defourny, 2001; Defourny and Nyssen, 2010). Social enterprises are organizations permanently embedded in the conflicting social and commercial institutional logics (Pache and Santos, 2010; Battilana and Dorado, 2010; Binder, 2007), since they adopt market mechanism to create social value and benefit the community rather than maximize profit for shareholders and owners (Borzaga and Defourny, 2001; Tracey et al., 2011; Nicholls, 2004, DTI; 2002).

The results of this study contribute to the literature on institutional theory and organizational legitimacy, by empirically demonstrating that organizations embedded in

multiple institutional fields may become especially legitimated by virtue of their capacity to embody and combine multiple values at the same time.

Moreover this study shows that organizations facing institutional pluralism do not use symbolic decoupling as a long term defensive strategy (Aurini, 2006) and can escape institutional constraints by symbolically framing achieved results in a given logic in way that is acceptable from a conflicting one.

By showing legitimizing strategies adopted by social enterprises, this study also contributes to a better understanding of the conditions enabling social enterprises and social entrepreneurial ventures, whose role is spreading across the world (Terjesen et al., 2010), to endorse external support and thus scale their impact in society (Mair and Marti, 2006; Nicholls, 2004).

The work is organized as follows. The first chapter presents a review of the literature on organizational legitimacy in complex institutional environment. Afterward the characteristics of social enterprises are presented, as well as the evolution of the social enterprises field in Italy.

Chapter four presents the methodology, and in particular the strategy adopted to select cases, gather and analyze data, is described. Chapters from five to eight present the single case studies investigated, while chapter nine proposes a comparison between the case studies and the discussion of the findings. Finally chapter ten presents some concluding insights.

First Part: Theory Development and Research Methodology

2 LITERATURE REVIEW

2.1 Institutional theory and organizational legitimacy

Institutional theory is a sociological-based theory of organizations that defines bounded rationality and uncertainty as founding conditions of societies and organizations (Di Maggio and Powell, 1983; Meyer and Rowan, 1977).

In institutional theory, organizations are described as open systems interacting with their social and cultural environments (Scott, 1994; Strand, 1984). In this context, firms' behavior is mainly defined by normative, cognitive, and regulative actors, and organizational success depends on the conformance to actors' expectations (Tolbert and Zucker, 1983). Consequently, researchers in the institutional theory field assert that widely held rules and beliefs influence organizational structures and behaviors more than technologies and commercial relationships (Zucker, 1987).

This happens because in conditions of bounded rationality (Simon, 1982; 1990), actors are not able to give a clear and complete evaluation of the effectiveness and appropriateness of organizational actions, goals, and performances, and in such uncertainty, they refer back to a stock of broadly accepted scripts, rules, values, and norms to evaluate organizational effectiveness (Pfeffer and Salanik, 1978) and ethically oriented behaviors (Donaldson and Dunfee, 1994).

At the core of institutional theory, there is the idea of organizational legitimacy (Meyer and Rowan, 1977; Suchman, 1995) that can be broadly understood as the conformation to social norms, values, and expectations (Oliver, 1996). Legitimacy is subjectively perceived and objectively assigned to organizations (Suchman, 1995), because it is ascribed to actions and institutions by social construction (Berger and Luckman, 1966).

Some authors maintain that legitimacy is conferred when stakeholders (Freeman, 1984) and constituents (Perrow, 1974) endorse and support organizations' actions (Berrone et al. forthcoming). Therefore, prominent stakeholders' understanding of the congruence of organizational goals and behaviors shared cultural norms and values is a

key variable for every organization to gain legitimacy (Fiss and Zajac, 2006; Sonpar et al., 2010).

Organizations can thus be viewed as legitimacy-seeking systems, because they might try to be perceived by their key (both primary and secondary) stakeholders as conforming to prevailing societal beliefs, norms, and values and as pursuing acceptable goals in an acceptable manner (Ashfort and Gibbs, 1990). Therefore it can be asserted that organizations are able to justify their role in society and to acquire continued support by constituents (Dowling and Pfeffer, 1975; Parsons, 1960, Donaldson and Dunfee, 1994), which guarantees their long-term survival and the continuous flow of human and financial resources.

In the last twenty years, legitimacy has acquired central importance in organizational institutionalism, and much of the literature has recognized the importance of legitimacy to acquiring resources and surviving in the long-term. However, to date, legitimacy has been theoretically (Suchman, 1995) and empirically underdeveloped (Deephouse and Suchman, 2008). Consequently, the understanding of legitimacy in the managerial research has been quite muddled (Aldrich and Fiol, 1994; Suchman, 1995; Zimmermann and Zeit, 2002).

Table 1 provides an overview of legitimacy definitions adopted in the organizational and strategic literature.

Table 1: Definitions of organizational legitimacy in organizational studies

Author	Definition
Dowling and Pfeffer (1977)	an organizations is said to be legitimate to the extent that its means and ends appear to conform with social norms, values and expectations
Suchman (1995)	Legitimacy is 'a generalized perception or assumption that the action of an entity are desirable, proper or appropriate within socially constructed systems of norms, values, belief and definitions
Scott (1998)	Legitimacy is a condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws
Zimmerman and Zeit (2002)	An endorsement is a favorable opinion given by one organization to another, which serves as a vote of confidence
Deephouse and Carter (2005)	Meeting and adhering to expectation of a social system's norms, values, rules and meanings. Organizational legitimacy as the social acceptance resulting from adherence to regulative, normative or cognitive norm
Vergne (2010)	Legitimacy is defined as a generalized perception of social acceptance

This study adopts the legitimacy definition proposed by Suchman (1995) because this scholar proposed a broadly accepted and inclusive definition (Zott and Huy, 2007; Scherer and Palazzo, 2011), which considers both the institutional and the strategic perspective to this theoretical construct (Deephouse and Suchman, 2008).

According to Suchman, legitimacy refers to “a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within socially constructed systems of norms, values, beliefs and definitions” (Suchman: p. 574). In this way organization legitimacy is considered both as a manageable resource and as a taken for granted belief that can be divided in three subsets of pragmatic, cognitive, and moral legitimacy.

Pragmatic legitimacy “rest[s] on the self-interest calculation of an organization’s most immediate audience” (Suchman, 1995, p. 578), and it is achieved by organizations through strategic management and convincing their most immediate stakeholders of the usefulness of organizational decisions, processes, outputs, and leadership behavior.

On the other side, cognitive legitimacy refers to the “acceptance of the organization as necessary or inevitable based on some taken-for-granted cultural account” (Suchman, 1995, p. 582), and this is therefore the less manageable but more powerful subset of legitimacy.

Finally, according to Suchman, moral legitimacy rests in the middle between pragmatic and cognitive legitimacy, because it “reflects a positive normative evaluation of the organization and its activities” (Suchman, 1995, p. 579) based on sociotropic and altruistic evaluations of conformity with ethical shared beliefs.

The way in which organizations can maintain and reproduce legitimacy in a post-national and heterogeneous society (Habermas, 2001) has been discussed through the interpretative lens of Habermas’s concepts of discourse ethics (Habermas, 1993) and deliberative democracy (Habermas, 1996). Scherer and Palazzo (2006; 2010) and Scherer et al. (forthcoming) deepen the features of the three legitimacy’s subsets identified by Suchman and explain their role in the process of organizational legitimacy acquisition. For these authors, in order to survive in complex and heterogeneous environments, organizations might alternatively adopt pragmatic, moral, and cognitive strategies to acquire legitimacy depending on the consistency of external expectations and on the changing internal costs (Scherer et al., forthcoming). Following Suchman, in

Scherer and Palazzo's understanding pragmatic legitimacy rests on the calculations of self-interested individuals, while cognitive legitimacy emerges when the behavior of organizations is taken for granted. Applying Habermas' communicative process (Habermas, 1990), Scherer and Palazzo define moral legitimacy as "conscious moral judgment on the organization's output, procedures, structures and leaders" (2006, p. 73.) that results from a communicative process. According to Scherer and Palazzo (2006) and Palazzo et al. (forthcoming), rather than through manipulation and persuasion (pragmatic legitimacy) or the adoption of behaviors that satisfy external expectations, social norms and beliefs (cognitive legitimacy) organizations can restore and acquire legitimacy by entering in discourses with relevant stakeholders and convincing opponents by reasonable arguments (moral legitimacy) (Scherer and Palazzo, 2006).

2.2 Legitimacy theory, symbolic management and decoupling

Legitimacy enables organizations to survive and succeed, as it allows them to acquire greater human and financial resources (Zott and Huy, 2007), external support (D'Aunno et al., 1991), better institutional relationships (Sullivan et al., 2007), and exchange conditions (Aldrich and Fiol, 1994).

Regarding the way in which organizations acquire legitimacy, Suchman (1995) and Zimmerman and Zeit (2002) explain that, historically, two opposing schools of thought have emerged: the institutional (Di Maggio and Powell, 1983; Meyer and Scott, 1983; Zucker, 1987) and the strategic tradition (Pfeffer and Salancik, 1978; Zott and Huy, 2007; Zuckman, 1995).

The institutional approach identifies legitimacy as virtually synonymous with institutionalization (Suchman, 1988), and it asserts that legitimacy derives from isomorphic adaptation to external values and norms, with very little possibility for organizations to develop strategies to acquire it.

On the other side, the strategic approach has historically suggested that organizations can exercise strategic choice to manage the legitimation process and to acquire/restore/maintain legitimacy (Ashford and Gibbs, 1990; Deeds et al., 1997; Zimmerman and Zeit, 2002) by instrumentally manipulating and deploying symbols to garner social support (Suchman, 1995, p. 572).

In particular, the strategic approach (Ashford and Gibbs, 1990; Suchman, 1995) argues that organizations can acquire legitimacy by developing alternatively or at the same time:

- i) substantive managerial practices and ii);
- ii) symbolic managerial practices (Ashford and Gibbs, 1990).

Symbolic and substantive management practices are useful instruments to alter organizational legitimacy, because they help firms to conform with, select, manipulate (Suchman, 1995), and create (Zimmerman and Zeit, 2002) social structures and norms. For instance, Aldrich and Fiol (1994) pointed out that symbolic communication could facilitate cognitive legitimacy, while Palazzo and Scherer (2006) suggested that organizations could strategically manipulate stakeholders' perceptions through symbols to influence the self-interested calculation of individuals (pragmatic legitimacy).

Substantive management refers to real and material changes in organizational goals, values, and structures in order to adapt to societal norms and environmental expectations. Since conformity is often supposed to be sufficient for gaining legitimacy (Oliver, 1991), alternatively, organizations can adopt symbolic actions, i.e., the strategic manipulation and deployment of symbols in order to convey organizational commitment and conformity with societal beliefs (Wesphal and Zajac, 1998; Berrone et al. forthcoming).

Based on impression management theory (Goffman, 1973; Tedeschi, 1981), organizational symbolism refers to those aspects of an organization that reveal its feelings, images, and values (Dandridge et al., 1980). In the social sciences, so far, symbols have been studied from several perspectives, including anthropology (Geertz, 1973), sociology (Swidler, 1986), and management (Schein, 1983), and they have been broadly defined as anything (an event, an object, or a relationship) that conveys meaning behind the tangible or obvious functional use (Zott and Huy, 2007).

A symbol is thus defined as “any object, act, event, quality, or relation that serves as a vehicle for conveying meaning, usually by representing another thing” (Trice and Beyer, 1984). In organizational studies, symbols are encompassed as specific cultural forms that are distinct from organizational language and practices (Trice and Beyer, 1984). The meaning of a symbol depends on the context and specific culture in

which it appears and on the way in which it is understood in the particular milieu in which it is embedded (Rafaeli and Vinai-Yavetz, 2004).

Table 2 provides an overview of the definitions of symbols adopted in the organizational and strategic literature.

Table 2: Mainstream definitions of symbols in organizational studies

Author	Definition
Dandridge (1980)	it refers to those aspects of an organization that its members use to reveal or make comprehensible the unconscious feelings, images and values that are inherent in that organization. For example <ol style="list-style-type: none"> 1) The kinds of ceremonies or ritualized events 2) the stories and myths that an organization deliberately represents 3) the logo of an organization. I.e. the externalized and concrete visual signs that an organization chooses to convey its distinctive characteristics 4) the day to day affective and political life of the organization as revealed in the countless anecdotes and jokes that are constantly passed around organizations
Oliver (1981)	the strategic manipulation and deployment of symbols in order to convey organizational commitment and conformity with societal beliefs
Trice and Beyer (1984)	a symbol is 'any object, act, event, quality, or relation that serves as a vehicle for conveying meaning, usually by representing another thing'
Zott and Huy (2007)	a symbol is something that stands for or suggests something else

In summary, symbolic actions are behaviors that seek to convey subjective social meanings performed alongside their intrinsic dimension (Zott and Huy, 2007). Moreover, they are policies that might serve symbolic purposes without necessarily being applied in practice (Westphal and Zajac, 1994; 1998; 2001).

Historically, Dowling and Pfeffer (1975) suggested that organizations could acquire legitimacy by changing their missions to substantially conform to prevailing norms and values or alternatively by adopting symbols in order to identify themselves with legitimate social institutions or practices. Moreover, they empirically analyzed several symbolic actions undertaken by a nonprofit educational institute to acquire legitimacy by identifying itself with legitimate actors and institutions, such as respected local political and educational leaders and prominent European schools.

From a theoretical perspective, Pfeffer (1981) identified organizational restructuring, success ceremonies, language developments, and the design of physical surroundings as possible symbolic actions.

More recently, Ashfort and Gibbs (1990) maintained that organizations could seek legitimacy not only through substantive management but also by deploying symbolic actions. They defined symbolic actions in terms of behaviors that organizations might portray or symbolically manage as to appear consistent with social values and expectations without really changing their behaviors.

Furthermore, Ashforth and Gibbs presented a comprehensive list of decoupled symbolic actions that have been later used as milestones for research in symbolic management. These actions include:

- i) exposing socially acceptable goals while pursuing less acceptable ones;
- ii) suppressing information that can potentially damage the organization's external perception;
- iii) redefining means and ends in a socially acceptable way or identifying themselves with legitimate actors, events, and symbols;
- iv) offering accounts and apologies;
- v) adopting certain highly visible and salient practices that are consistent with social expectations without practically carrying them out, such as establishing (but not carrying out) a consumer affairs department, a corporate ethics committee, or a task force to study industrial accidents.

Starting from these landmark research studies, in the last ten years, a growing body of empirical literature studying the role of symbolic management in acquiring legitimacy has emerged (Deephouse and Suchman, 2008), alternatively stressing the decoupling (Boxenbaum and Jonsson, 2008; Edelman, 1990; 1992) and framing (Cornellisens and Clarke, 2010; Daft and Weick, 1984) processes of symbolic management.

Focusing on the framing process, a first research stream has investigated the way in which symbolic communication is adopted by for-profit organizations in order to shape the way in which they are perceived by key stakeholders and the broader community. In this stream, Elsbach (1994) found that organizations use symbolic tactics to influence organization legitimacy, providing verbal accounts to defend, excuse, justify, and enhance organizational behaviors (Ashforth and Gibbs, 1990). Moreover, Fiss and Zajec (2006) found that organizations use specific language that fits better with

stakeholders' expectations in order to ensure their acceptance and legitimation of a strategic change.

Applying isomorphism to symbolic management, Glynn and Abzug (2002) pointed out the role of organizational names in organizations acquiring legitimacy, while Suddaby and Greenwood (2005) investigated the role the rhetorical strategy, defined as “a symbolic means of inducing cooperation” (Burke, 1966) to deliberately manipulate cognitive legitimacy.

Finally, Westphal and Graebner empirically proved that CEOs can adopt verbal impression management “to enhance external stakeholders' confidence in the firms' corporate governance” (2010, p. 20) and to reinforce the effectiveness of formal board independence and its symbolic value without causing any substantive change in the governance of the company.

Table 3: Main research studies on the framing of symbolic actions

Author	Symbolic framing
Elsebach (1994)	Organizations use verbal accounts to acquire legitimacy and its effectiveness is reinforced by linking acknowledgements and denials
Suddaby and Greenwood (2005)	rhetoric as a symbolic source to persuade a community of actors to accept an institutional change
Fiss and Zajac (2008)	It seems plausible that implementation and decoupling result in the use of of different framing approaches, either to distract outside stakeholders from closer scrutiny or to appease stakeholders oppose to actual implementation
Westphal and Graebner (2010)	Thanks to verbal impression management CEOs can reinforce the effectiveness of externally visible dimensions of board's independence decoupled from their effective implementation

The decoupling process, is the superficial adoption of new structures without necessarily implementing the relative practices (Boxenbaum and Jonson, 2008; Meyer and Rowan, 1977).

Researchers have pointed out several types of symbolic actions carried out by different organizations to convey organizational legitimacy and its subsets. These researchers have identified a number of actions that can be understood as symbolic. For instance, Middleton Stone and Greer Brush (1996) identified the adoption of formal planning behaviors without their real implementation as symbolic actions that can be put forward by small organizations with low control over resource acquisitions and

facing the needs of multiple stakeholders, such as nonprofit and entrepreneurial organizations.

Westphal and Zajac (1998; 2001) understood as symbolic practices the announcement without implementation of long-term incentive programs for top managers and Stock buyback programs in listed companies. However, Weaver (1999), Stevens et al. (2005), and Christmann (2006) identified respectively the adoption without real implementation of formal corporate ethics programs, international certifiable standards, and code of ethics as symbolic actions adopted by for-profit companies to convey moral legitimacy and socially responsible practices (Carroll, 1999) to key stakeholders.

With the aim to study the relationship between organizational legitimacy and resource acquisition, Higgins and Gulati (2003) pointed out the symbolic value of upper-echelon affiliation in a young firm's initial public offering. However, Zott and Huy (2007) identified several symbolic actions conveying different subsets of organizational legitimacy, such as symbols of personal credibility, professional organizing, organizational achievement, and stakeholder relationship quality (Zott and Huy, 2007, p. 97).

Finally, adopting Bansal and Clelland's (2004) definition of environmental legitimacy, Berrone et al. (forthcoming) identified i) voluntary government programs, ii) board committees for environmental issues, iii) environmental pay policies, and iv) environmental trademarks as symbolic actions adopted by US polluting companies to acquire environmental legitimacy. On the other hand, Delmas and Montes-Sancho (2010) assessed that the symbolic participation in the US Climate Change Program can be a legitimization strategy carried out by organizations to seek environmental legitimacy.

LITERATURE REVIEW

Table 4: Main empirical studies on the decoupling process of symbolic actions

Author	Definition and measurement of symbolic action
Dandrige (1980)	<p>It refers to those aspects of an organization that its members use to reveal or make comprehensible the unconscious feelings, images and values that are inherent in that organization</p> <ol style="list-style-type: none"> 1) The kinds of ceremonies or ritualized events 2) the stories and myths that an organization deliberately represents 3) the logo of an organization. It is the externalized and concrete visual sign that an organization chooses or designs to convey its distinctive inner characteristics to the outer environment 4) anecdote and jokes adopted by the organization
Pfeffer (1981)	<ol style="list-style-type: none"> 1) ceremonies restructuring 2) physical surrounding
Dowling and Pfeffer (1984)	<ol style="list-style-type: none"> 1) Cooptation of political and educational leaders 2) List of prominent USA Universities where course participants have earned advanced credits 3) use of campuses of European prominent Universities
Ashforth and Gibbs (1990)	<p>Rather than actually change its ways, the organization can simply portray them so as to appear consistent with social values and expectations</p> <ol style="list-style-type: none"> 1) exposing socially acceptable goals, 2) denial and concealment 3) redefining means and ends 4) offering accounts 5) offering apologies 6) ceremonial conformity
Elsebach (1994)	<p>How people manage their personal legitimacy by merely adopting and maintaining widely used and accepted practices organizations use verbal accounts to defend, excuse, justify or enhance organizational behaviors and protect legitimacy:</p> <ol style="list-style-type: none"> 1) acknowledgments are forms of accounts that minimize their organizational responsibility for events or attenuate negative perception of events 2) denials are forms of accounts that separate organizations from controversial events, both can be linked to: a) technical characteristics: signals efficiency and effectiveness in organizational performance, b) institutional characteristics: this is a type of account that consists of socially endorsed and normative organizational processes
Middleton Stone and Greer Brush (1996)	Adoption of formal planning without any real implementation
Westphal and Gulati (1997)	Symbolic actions measured in terms of TQM adoption decoupled from any implementation
Weaver and Trevino (1999)	<p>An easily decouple structure or policy provides the appearance of conformity to external expectation while making it easy to insulate much of the organization from those expectations.</p> <p>Ethics oriented communication are decoupled when they are presented without any indication that the message is relevant to the responsibilities and goals of individuals employees.</p>
Westphal and Zajac (1998)	Announcement with no implementation of Stock Buyback Programs
Abzug and Galazievicz (2001)	Non profit boards composition is driven by the purpose of representing different identities and claims rather than effectiveness
Higgins and Gulati (2003)	Receiving endorsement by a prestigious firm embeds an organization in a status hierarchy that can enable the firm to build a favorable reputation
Christensen and Laegreid (2003)	Declaration of administrative reform plans without real implementation
Christmann and Taylor (2006)	Symbolic adoptions of standards when organizations fail to use the practices prescribed by certified standard in daily operations
Zott and Huy (2007)	<p>Symbolic actions are behaviors that seek to convey subjective social meanings, performed alongside their intrinsic dimension. Defining an action as a social expression that can incorporate both intrinsic and symbolic dimensions extends the view of a symbol as either a rhetorical device with little substantive action or as a socially legitimate verbal statement decoupled from any implementation</p>
Delmas and Montes- Sancho (2010)	Consider symbolic management as mechanism to enhance organizational legitimacy while leaving the internal organization largely unchanged
Short and Toffel (2010)	With no external regulator surveillance organizations are more likely to adopt self regulation practices only as window dressing instrument
Berrone et al (forthcoming)	<p>Symbolic actions are those policies or codes of conduct which might serve symbolic purpose without necessarily being applied in practice.</p> <ol style="list-style-type: none"> 1) they are easier to be implemented 2) are more visible than substantive endeavors 3) are subject to be decoupled from substantive actions

Summarizing, even if several studies embedded in institutional theory have identified the role of framing and decoupling in symbolic management, there is still a lack of the following:

- 1) a comprehensive, grounded body of empirical knowledge about the symbolic actions adopted by hybrid organizations such as social enterprises, which are organizations that try to match financial sustainability with the achievement of a social mission (Borzaga and Defourny, 2001; Pache and Sontos, 2010; 2010a).
- 2) a full understanding of how symbolic and substantive actions interplay in legitimacy acquisition and under which conditions and to what extent decoupling is a successful/unsuccessful strategy.

2.3 Institutional logics, institutional complexity and legitimacy threats

Organizations face institutional complexity whenever they operate within multiple institutional logics (Thornton, 2008; Friedland and Alfordt, 1991), i.e. when they have to deal with different overarching sets of principles and cultural norms that prescribes how to interpret organizational behaviors and reality. Institutional logics in other words defines the rules of the games that define and direct organizational behaviors and goals (Kraatz and Block, 2008).

Organizations should comply with logics in order to acquire the endorsement they need from external and internal stakeholders in order to survive and because logics provide a mean for understanding the social world and for acting (Greenwood et al, 2011).

Early students of institutional theory (Meyer and Rowan, 1977; Di Maggio and Powell, 1983) focused on isomorphism from the societal level to the level of organizations to explain the survival of organizations and their evolutionary paths. In this context empirical and theoretical researches have defined how cultural, normative and cognitive structures shape organizational actions and choices (Deephouse, 2001; Ruef and Scott, 1998; Zucker, 1983; Palazzo and Scherer, 2007).

Yet, since the seminal work of Friedland and Alford (1991) researchers have started analyzing how different institutional logics define the content and meaning of institutions. Starting from the assumption that organizations are shaped by multiple and sometimes conflicting pressures, this approach, developed also by Rao (1977), Ocasio

(1999) as Scott (2000), has no longer focused on isomorphism as early scholars of institutional logics but on the effect of differentiated institutional logics on individuals and organizations.

Namely, the term institutional logics was first introduced by Friedland and Alford (1991) in order to identify the contradictory practices and beliefs which constrain the different institutions of modern western countries. More precisely, they defined political democracy, capitalism and the State as the three institutions shaping organizational and individual behaviors.

According to Friedland and Alford the core institutions of society, i.e. the family, the market, the state, democracy and religion, have all a central and enduring logic that constrains both the ends and the means of individuals and organizational behavior and are constitutive of their practices.

More recently Ocasio and Thornton (1999) defined institutional logics as “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space and provide meaning to their social reality (Ocasio and Thornton, 1999; 804). Accordingly, logics provide a link between individuals cognitive patterns and societal values and beliefs.

While varying in their emphasis, both Alford and Friedland definitions of institutional logics try to explain individual and organizational behaviors on the basis of shared norms and values which are located in a social and institutional context, which regularize behaviors and provide opportunity to change.

Given that institutional logics define the “rules of the games” of the an organization and individual behaviors, when organizations deal with conflicting institutional logics, i.e. with logics framing reality in contradictory ways, they are inevitably under pressures and tensions since they are exposed to multiple regulatory regimes, normative orders and stakeholders pressures. A typical example of this situation is the one of Universities, which are increasingly exposed to pressures coming from the commercial logics in order to maintain their financial sustainability, but are also exposed to the scientific logic since they should achieve higher standards of quality in terms of scientific research (Greenwood et al, 2011).

Prior research has uncovered numerous instances of organizations facing institutional pluralism, like hospitals (D'Aunno et. al., 2000; Ruef and Soctt, 1998), nonprofit organizations (Stone and Brush, 1996), universities (Albert and Whetten, 1985), multinational firms (Kostova and Zaheer, 1991; 2002; Basu and Palazzo, 2008), social enterprises (Tracey et al, 2011; Battilana and Dorado, 2010). Accordingly, over the last decade a scaling number of researchers have focused on institutional complexity and its impact on organizational legitimacy.

A first research stream has focused on the social level dynamics caused by institutional complexity, investigating how different logics shape societal behaviors (Bhappu, 2000; Greenwood et al, 2010; Purdy and Gray, 2000), suggesting that norms and values dictated by prominent institutions have an impact of societal and markets behaviors. Another research stream has focused on the evolution of an organizational field caused by a new logic challenging the incumbent one (Rao et al, 2000; Lousbury, 2002; 2007), investigating the transitory phenomenon of the replacement of an old logic by an alternative one and suggesting that conflicts in the institutional demand are resolved at the field level by the progressive assimilation by the incumbent logic of features of the challenging one (Hoffman, 1999; Marquis and Lousbury, 2007).

More recently, scholars have also recognized that organizations usually face fragmented and moderately centralized fields (Pache and Santos, 2010), and in these conditions conflicting demands can't be resolved at the field level and organizations are thus permanently embedded in conflicting institutional logics (Battilana and Dorado, 2010; Tracey et al, 2011; Lamin and Zaheer, 2012). These pressures put an organization in a challenging conditions since it has to satisfy conflicting demands and satisfy one demand may imply to ignore another, thus jeopardizing organizational legitimacy (Kraatz and Block, 2008).

While previously mentioned researches have mainly focused on drivers and effects of institutional pluralism, other students have investigated organizational responses to this conditions. Accordingly two lines of exploration have faced this issue. The first one has investigated the strategies adopted by organizations to face institutional complexity (oliver, 1991; Kraatz and Block, 2008; Wesphal, 2001), while the other has analyzed structures and practices adopted by organizations embedded in multiple logics (Binder, 2007; Glynn, 2001; Foreman and Pratt, 2001).

Table 5: studies on institutional complexity in mainstream journals (adapted by Greenwood et al., 2010)

Author	Approach	Key Findings
Battilana and Dorado, 2010	Qualitative	Conditions causing conflicting logics and organizational practices adopted to avoid mission drifts are presented
Tracey, 2011	Qualitative	Conditions enabling a social entrepreneur to introduce a new logic into a field are discussed
Battilana and Dorado, 2011	Qualitative	Decoupled and substantial actions adopted by hybrid organizations are described
Oliver, 1991	Theoretical	Different strategies to face institutional complexity are described, along with conditions enabling each of the strategies to be adopted
Pache and Santos, 2010	Theoretical	Different strategies to face institutional complexity are described, along with conditions enabling each of the strategies to be adopted
Greenwood et al, 2011	Theoretical	Critical literature review of studies on institutional complexity
Binder, 2007	Qualitative	Organizations units respond in different ways to different external pressures
D'auanno et al	Quantitative	Strong market forces and heterogeneous pressures lead to the abandonment of an incumbent logic
Ruef and Soett 2008	Quantitative	Symbolic actions enabling organizations to acquire legitimacy within different institutional environments
Glynn and Lounsbury, 2005	Quantitative	Institutional changes shape discourse of critics
Greenwood et al, 2008	Quantitative	Three different institutional logics shape organizational responses
Lock, 2010	Qualitative	The role of identity construction in institutionalization process
Lounsbury, 2002	Qualitative and Quantitative	The shift from regulative and market logics enable autonomy
Lounsbury, 2007	Quantitative	The spread of a new practices is shaped by competing logics
Marquis and Lounsbury, 2007	Quantitative	Competing logics facilitate resistance to institutional change
Rao et al, 2003	Qualitative	Identity movements lead to institutional transformation
Wesphal and Zajac	Quantitative	The shift from corporate to agency logic impacts the perceived values of practices

Researches investigating possible strategic responses to institutional complexity have studied how and to what extent organizations embedded in conflicting institutional environments take into account and address pressures coming from field level referent audiences. In other words, as noted by Pache and Santos previous strategic research has mainly investigated to what extent organizations embedded in multiple logic adopt symbolic or substantive actions to address conflicting expectations (Boxenbaum and Johnson, 2008; Oliver, 1991; Aurini, 2006). Organizations are thus supposed to adopt only symbolically those practices coming from the institutional environment which is less represented/powerful within the organization, while substantially adopting those practices which are aligned with organizational goals and affinities (Kraatz and Block, 200).

Organizations have been shown to symbolically decouple certain practices when they are exposed to conflicting demands regarding quality management practices (Kostova et al, 2002, Christmann, 2005), the adoption of socially oriented strategies (Stevens, 2006; Palazzo and Basu, 2008; Jovanovic and Wood, 2006; Berrone et al, forthcoming), long term incentive plans for CEO (Wesphal and Zajac, 2001; 2004) and management control system (Basu et al, 2009) and the adoption of shareholder value approach (Fiss and Zajac, 2006).

The overall idea of this approach is that since appearance of consistency with shared values and norms (Oliver, 1991) is supposed to suffice to provide legitimacy, organizations may deploy a symbolic image of conformance with them, while concealing nonconformity (Aurini, 2006)

Although presenting interesting insights to understand strategies adopted by organizations to face institutional complexity, decoupling literature underestimated that organizations permanently embedded in conflicting institutional environments might find it difficult to decouple certain practices over the long term (Pache and Santos, 2010; Boxenbaum and Johnson, 2008). Decoupling is a successful strategy until an organization is able to avoid external scrutiny, but it is not always possible to sustain purely ceremonial adoption over time (Edelman, 1992). On the one side external stakeholders could acquire the power to confront organizations (Stevens, 2005; Berrone et al forthcoming), while internal stakeholders may refuse to see themselves merely as

ceremonial prompts (Scott, 2001; Jovanovic and Wood, 2006; McLeand and Behnam,, 2010).

Starting from these concerns, a second and more recent research stream investigating organizational responses to institutional complexity has asserted that organizations are not passive recipient of institutional pressures but interpret, translate and manipulate them (Oliver, 1991; Kraatz and Block, 2008; Pache and Santos, 2010). Accordingly organizations may i) resist or eliminate the tension emerging from conflicting institutional demands; ii) balance different instances by creating bridges between logics and establishing cooperation with them (Pratt and Foreman, 2000); iii) compartmentalize them (Binder, 2007; Oliver, 1991) which is a sort of decoupling strategy according to which organizations are structured in a way which enables them to present a different image and identity to different constituents; iv) become institutions in their own right, by deploying a series of symbolic actions aiming at conveying and frame their double identity in a way which is understandable and acceptable by external constituents. This last strategy creates a link with the emerging field investigating organizational structures, practices and identities adopted by so called hybrid organizations, i.e. organizations embedded in conflicting institutional environments which tries to combine them in unprecedented ways (Battilana and Dorado, 2010).

According to Block and Kraatz (2008), hybrid organizations may become extraordinarily legitimated by virtue of their capacity to embody different values and beliefs at the same times and combine apparently conflicting institutional demands. To acquire this extra legitimacy, these authors suggest that organizations should leverage on so called first and second order legitimacy criteria to acquire external endorsement and combine conflicting logics. While first order legitimacy criteria refers to legitimizing assessments based on the consistency of an organization's behaviors with shared norms and values within an institutional logic, second order legitimacy criteria refers to evaluations based on the commitment and trustworthiness in the stream of actions undertaken by an organization (Selznick, 1957).

Finally, a recent research stream has started analyzing organizational structures adopted by entities permanently embedded in multiple, and mainly double, institutional environments (Reay et al, 2009; Greenwood et al, 2010). These theorists have proposed that the presence of competing values and beliefs may provide organizations with the

possibility to strategically select which forces to comply with (Pache and Santos, 2010) and to exercise some autonomy in regard to the taken for granted norms and cultural values of institutional prescriptions (Dorado, 2005; Tracey et al, 2011). Therefore, when facing competing pressures organizations may adopt new organizational forms and responses, which are an hybridization of the competing institutional logics in which the organizations are embedded in. For instance, Battilana and Dorado (2010) explain that microcredit banks mobilize alternatively socialization and hiring strategy to hybridize the conflicting commercial and social logics (Battilana and Dorado, 2010), while Pache and Santos shows that four work integration social enterprise adopt alternatively practices coming from the commercial and the social logic to manage their hybrid identity, rather than ceremonially conform with both of them.

Moreover, Tracey et al (2011) show how social entrepreneur leverage symbolic actions at different level to acquire legitimacy in order to guarantee the sustainability of the organizations. These studies in other words have investigated structures and responses adopted by organizations to combine logics which seemed to be conflicting in order to create new and hybrid organizational forms (Lock, 2010).

These studies point out that conflicting institutional logics may be reconfigured and filtered through identity definition (Glynn, 2001; Dobbin and Kellin, 2007) since they recognize that institutional pressures drive a behavior to the extends to which they are filtered by a identities (Kraatz and Block, 2008).

In this context identities should be defined both at organizational and institutional level.

At the institutional level, identity can be define in terms as a set of claims to “institutionally standardized social categories” (Glynn, 2008), and it identifies the membership of an entity to a social category (Gioia et al 2010) rather than defining the attributes which characterized an organizations (Albert and Whetten, 1985). In institutional terms therefore an organizational identity define the taken for granted categories to which an organization is supposed to comply with allowing it to acquire cognitive legitimacy. For instance, on the one hand in the first phase of the commercialization process of social enterprises in Italy¹ social some enterprises

¹ See next chapter for a review of the evolutionary path of Italian social enterprises.

struggled to acquire legitimacy within the commercial institutional logic because they were perceived to be nonprofit organizations rather than market oriented entities.

On the other hand, several social enterprises found it difficult to move toward a stronger market oriented approach because they thought they should remain linked to their social mission, identifying themselves as socially oriented organization rather than not a for profit entities.

At organizational level, instead, identity defines those claimed central characters of an organization which are central, distinctive and enduring (Albert and Whetten, 1985; Glynn, 2005) and which drive an organization to prioritize external expectations and pressures (King et al, 2010).

2.4 The research question

Organizational legitimacy refers to the endorsement of an organization given by its stakeholders by virtue of the congruence of its goals and actions with generally accepted norms and values (Meyer and Scott, 1983; Ashforth and Gibbs, 1990; Deephouse and Suchman, 2008). Although this construct was introduced in the literature of organizational studies in the 1960s (Paerson, 1960; Perrow, 1970; Dowling and Pfeffer, 1975) its relevance in the literature emerged with the contributions of the institutional theory (Meyer and Rowan, Zucker, 1977; Di Maggio and Powell, 1983; Scott, 2001). Accordingly, institutional theorists have investigated how organizations gain legitimacy by adopting actions which are perceived as desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions (Suchman, 1995; Deephouse, 1996).

At the organizational level, scholars have traditionally framed legitimacy as a strategic resource (Aldrich and Fiol, 1994; Ruef and Scott, 1998) which enables organizations to gain greater human and financial resources (Zott and Huy, 2007), external support (D'Aunno et al., 1991), better institutional relationships (Sullivan et al., 2007), and exchange conditions (Aldrich and Fiol, 1994).

Given the importance of organizational legitimacy, a well established research stream has investigated strategic choices and actions adopted by organizations to gain, maintain and recover it (Ashforth and Gibbs, 1990; Suchman, 1995; Oliver, 1991; Wespahl and Zajac, 1994). In this context, since appearance rather than conformity may

suffice to acquire legitimacy (Oliver, 1991; Meyer and Rowan, 1977; Zucker, 1983), institutional scholars have hinted that organizations may manage legitimacy not only by substantially conforming with broadly accepted norms and beliefs, but also deploying symbols so as to portray an image of coherence with institutionalized values and expectations (Suchman, 1995; Zott and Huy, 2007). Hence, organizations may garner legitimacy adopting alternatively substantive or symbolic actions (Ashforth and Gibbs, 1990; Christmann and Taylor, 2006).

In the organizational legitimacy literature, substantive actions refers to ‘real, managerial changes in organizational goals, structures, and processes or socially institutionalized practices’ (Ashforth and Gibbs, 1990: 178) that organizations adopt in order to comply with external expectations. On the contrary, symbolic actions are those policies and structures which portray an appearance of consistency with social values and expectations but being decoupled from practice (Ashforth and Gibbs, 1990; Fiss and Zajac, 2006; Berrone et al, 2010).

Institutional theory suggests that an organization usually favors symbolic actions to acquire legitimacy (Oliver, 1991; Suchman, 1995) because they are supposed to be less expensive, easier to implement and more flexible than substantive actions (Christmann and Taylor, 2006, Wessphal and Zajac, 1998, Berrone et al, 2010). Accordingly, scholars have attempted to provide empirical evidence of the adoption of symbolic actions to gain (Higgins and Gulati, 2003; Zott and Huy, 2007; Singh et al, 1986; Elsbach, 1992) maintain (Wessphal and Zajac, 1998; 2001; Ruef and Scott, 1998, Patriotta et al, 2011) and repair legitimacy (Elsbach and Sutton, 1992; Elsbach, 1994; 1996; Elsbach et al., 1998; Lemin and Zaheer, forthcoming). Moreover, both theoretical (Meyer and Rowan, 1977; Oliver, 1991; Boxenbaum and Jonsson, 2008) and empirical scholars (Wessphal and Zajac, 2004; Stevens et al, 2005) have investigated conditions enabling organizations to deploy symbolic actions rather than substantive ones in order to garner legitimacy. Symbolic responses are more likely to be adopted when organizations experience conflicting institutional pressures (Meyer and Rowan, 1977; Aurini, 2006), risks of sanctions are low (Oliver, 1991; Stevens et al 2005) performances are difficult to assess (Berrone et al, 2010; Zott and Huy, 2007) and external expectations contradict organizational values and goals (Wessphal and Zajac; 2004, Kellogg, 2009).

Overall, previous theoretical and empirical research has provided useful insights for a better understanding of organizational strategies to manage legitimacy; yet three general issues remain underdeveloped.

First, previous research generally assumes that symbolic and substantive actions are largely dichotomous strategies: An organization willing to garner social endorsement is supposed to adopt alternatively either symbolic or substantive actions (Wesphal and Zajac, 1994; 1998; Stevens et al, 2005; Christmann and Taylor, 2006; Delmas and Montes-Sancho, 2010). However this assumption is over-simplistic because it does not take into account that symbolic and substantive actions may be complementary rather than alternative (Fiss and Zajac, 2006) and that, when combined, they might have a greater impact on legitimacy (Berrone et al. 2010). Hence, previous research has failed to investigate the possible mechanisms and processes leading the interaction between symbolic and substantive actions and to provide a temporal perspective on the strategic dynamic between them (Elsbach, 1992, Fiss and Zajac, 2006).

Second, although repairing legitimacy is a fundamental concern for organizations (Ashforth and Gibbs, 1990; Elsbach, 1994) since legitimacy gaps may cause adverse consequences (DiMaggio and Powell, 1983; Zuckermann, 1999; Higgins and Gulati, 2003; Ni Sullivan et al, 2007), previous empirical studies have primarily focused on strategies to acquire and maintain legitimacy (Lamin and Zaheer, forthcoming). On the contrary, little attention has been paid to the repairing strategies adopted by delegitimized organizations i.e. organizations which have entered in a legitimacy gap caused by a mis-match between their behaviors and/or goals and socially accepted values and norms (Suchman, 1995; Zuckerman, 1999; Marquis and Glynn, 2004). Repairing legitimacy is a complex, often unsuccessful, process (Lamin and Zaheer, forthcoming; Patriotta et al, 2011) which involves both symbolic and substantive actions (Suchman, 1995).

Delegitimized organizations need to deploy symbols to provide immediate and highly visible replies to the legitimacy threats (Ashforth and Gibbs, 1990; Suchman, 1995) but symbolic answers alone may cause 'moral indignation' (Palazzo and Scherer, 2007) since delegitimized organizations are exposed to great external pressures for substantial change (Ashforth and Gibbs, 1990). Despite these concerns, to date the few

studies which have investigated strategies adopted by organizations to repair legitimacy have primarily focused on the existence of symbolic strategies (Elsbach, 1992; O'Donovan, 2003), but without analyzing their interaction with substantive actions. Moreover Lamin and Zaheer (forthcoming) have empirically proven that classical symbolic actions are almost ineffective in repairing legitimacy, at least in the context of listed companies.

The third gap in the literature on organizational legitimacy concerns the legitimizing strategies adopted by organizations working in contexts characterized by institutional pluralism, (Kraatz and Block, 2008; Greenwood et al, 2011; Patriotta et al, 2011), i.e. by organizations dealing with competing institutional logics (Scott, 1991; Friedland and Alford, 1991; Thornton and Ocasio; 2008). A first research stream has theoretically hinted and empirically tested the existence of symbolic decoupling to handle with institutional pluralism (Oliver, 1991; Aurini, 2006; Boxenbaum and Jonsson, 2008). In this context symbolic actions have been understood as a defensive strategy that allows organizations to convey an image of coherence with an institutional logic and at the same time conceal substantial consistency with a conflicting one (Oliver, 1991; Westphal and Zajac; Hamilton and Gioia, 2009). In other words, an organization facing institutional pluralism is supposed to substantially adopt practices and structures which are aligned with its institutional affinity and adopt merely symbolically those practices which are conflicting with it (Meyer and Rowan, 1977; Pache and Santos, 2010; Lyon and Maxwell, 2011). However this understanding of symbolic actions underestimates the fact that organizations permanently embedded in pluralistic institutional environments may find it difficult to clearly identify their institutional affinities (Kraatz and Block, 2008). Moreover, even if this might be the case, symbolic decoupling is a successful legitimating strategy unless it is detected (Meyer and Rowan, 1977) and organizations permanently embedded in multiple institutional logics may find it difficult to avoid external scrutiny over the long term (Boxenbaum and Jonsson, 2008; Pache and Santos, 2010).

Starting from these concerns, a more recent research stream (Kraatz and Block, 2008; Binder, 2007; Battilana and Dorado, 2010; Tracey et al. 2011) has hinted that an organization can deal with institutional pluralism by defining new structures and practices, which combine and bridge apparently conflicting institutional logics in order

to create hybrid organizational forms (Battilana and Dorado, 2010; Tracey et al. 2011). Despite its merits, this research stream has mainly focused on the internal, substantial processes and structures adopted by hybrid organizations to re-configure conflicting institutional pressures, and it has paid little attention to investigate the external strategies adopted by hybrid organizations to garner social endorsement (Tracey et. al., 2011). In particular, these scholars have underdeveloped the potential role of symbolic management to make hybrid structures and practices understandable (Ashforth and Humphrey, 1997; Zott and Huy, 2007; Tracey et al. 2011) to stakeholders embedded in different institutional logics and thus filtering information differently (Kraatz and Block, 2008).

Summarizing, previous research has provided useful but incomplete insights to explain strategies associated with legitimacy threats. Namely, scholars have investigated drivers enabling organizations to manage legitimacy through symbolic or alternatively substantive actions (Westphal and Zajac, 1994; Christmann and Taylor, 2006, Berrone et al, 2010), and have underlined the extraordinary challenges connected with the reparation of legitimacy gaps (Elsbach, 1992; Lamin and Zaheer, forthcoming), and with institutional pluralism (Kraatz and Block, 2008; Patriotta et al, 2011). However previous research has explained only partially all the processes at the core of the organizational legitimacy. Namely, previous research has underestimated the fact that an organization may combine symbolic and substantive actions to garner social endorsement (Fiss and Zajac, 2006; Kraatz and Block, 2008) and that an organization facing institutional pluralism may find it difficult to decouple symbolic actions from substantive ones (Boxenbaum and Jonsson, 2008) but has latitude to extend the spectrum of symbolic and substantive actions it can adopt to repair legitimacy (Pache and Santos, 1010; Tracey et al, 2011). Accordingly, it seems necessary to investigate how organizations working in pluralistic institutional environments manage symbolic and substantive actions with the aim to repair legitimacy threats. Hence our research question is:

How can organizations facing institutional complexity strategically manage symbolic and substantive actions to repair legitimacy?

By answering this research question we contribute to the literature on institutional theory and organizational legitimacy. Namely, we demonstrate that

organizations willing to repair legitimacy gaps do not rely only on symbolic or alternatively on substantive actions, but strategically manage the temporal interactions between them. Moreover we show that organizations facing institutional pluralism can escape institutional constraints by symbolically framing achieved results in a given logic in way that is acceptable from a conflicting one.

To shed light on this process and consistent with previous research (Pache and Santos, 2010; Battilana and Dorado, 2010) we conducted a comparative multiple case study in the field of work integration social enterprise (Kerlin, 2006; Borzaga and Defourny, 2001) in Italy, investigating symbolic and substantive actions adopted by these organizations to repair legitimacy threats.

3 THE RESEARCH FIELD: ITALIAN SOCIAL ENTERPRISES

3.1 The Social enterprises model: blurring the boundaries between the commercial and the nonprofit logics.

Historically, the business and nonprofit/social sectors have been very different, sometimes conflicting, parts of the socio-economic system: The former was mainly committed to profit maximization paradigm while the latter to addressing social problems (Palazzo and Scherer, 2006; 2011).

During the last decade these two different parts of the civil society have narrowed their relative distances, generating new and unexpected social, economical and even cultural phenomena. Said in other words, recent studies show that, during the last ten years, well established for-profit firms have become more socially oriented, while nonprofit organizations have increased their focus on issues, such as process efficiency and marketing strategy, which were pertained to the for profit world (Crane and Matten, 2005; Nicholls, 2004).

But, what are the *drivers* that explain this important modification in corporate paradigm and practice? Answering exhaustively such a question is surely not easy. We will try to briefly identify the most important drivers supporting critical changes both in the 'traditional' business and in the nonprofit worlds. We will lately describe the emergence of a new category of hybrid organization, i.e. social enterprises, which combine the institutional logic of both the 'traditional' for profit and nonprofit paradigms.

According to several experts, the corporate scandals of the last decade – such as Enron, Parmalat, Madoff's Ponzi scheme, etc. – and the ongoing global, financial turmoil, have undermined the legitimacy and credibility of the profit maximization model proposed by the capitalist paradigm. An increasing portion of the global society believes that corporations and for profit ventures are the main responsible for relevant global issues such as global warming, poverty, child labor, etc (Baur and Palazzo, 2011; Castello and Lozano, 2010).

In this context, consumers, activists and NGOs have increased their pressure against 'traditional' business oriented firms, and in particular MNCs, demanding for more attention to critical socially-related issues. This institutional pressure have forced firms to progressively change their practices; on one side, introducing actions to repair and prevent negative externalities associated with their business operations (e.g. pollution), on the other, launching new programs to create social value and innovation (Crane and Matten, 2005; Scherer and Palazzo, 2008).

Corporate Social Responsibility, Sustainable Development, Stakeholders Value Creation programs generally contain both of the aforementioned elements, i.e. reactive approaches to reduce negative externalities and proactive initiatives to address social issues and introduce social innovations. It is evident that the latter activities represent an important shift of the business world toward the nonprofit/social sector (Melè, 2008).

For instance, since 2007 *The Coca-Cola* company has created a permanent partnership with the *World Wide Fund for Nature (WWF)* with the aim to create water conservation programs in developed and emerging countries and to reduce inefficiency in its system of water use. Similar initiatives have been carried out by other large corporations such as *Johnson & Johnson, Nike* and *Nestlé*.

By the same token, the number of organizations adopting managerial practices such as social reporting, stakeholders engagement and dialogue is scaling up. For example statistics tell us that in 2010 more than 2,000 companies around the world published a sustainability report that addressed the Global Reporting Initiatives (GRI) guidelines (GRI, 2010).

During the second mid of the XX century the business model of nonprofit organizations was mainly based on donations from private entities and/or on governmental support. The new century has brought new, unexpected, changes since the US and European Countries have decided to reduce the direct contribution to these organizations and to introduce a new competitive logic to gain grants and financial subsidie\s. In other words, nonprofit firms have started competing with their peer institutions to gain the necessary financial support.

Two main consequences have followed this new institutional asset.

First, nonprofit organizations have introduced new efficiency-focused practices in order to distinguish themselves from competitors for the assignment of governmental grants and of contributions from private institutions and individuals.

Second, nonprofit organizations have diversified their funding sources. Revenues in the traditional markets of consumer goods and services and investments in the stock market have become valuable funding alternatives of public grants and charitable donations for these organizations. For example *Welcome Trust*, a UK based charity, finances its activities investing assets for around £14 billion in the stock market adopting an investment policy seeking to “maximize its return from global economic activity and to have a broadly diversified portfolio with no innate geographic bias” (source: www.welcome.ac.uk).

While for profit firms are adopting more socially responsible practices, and nonprofit firms are moving to the business side, a third category of organizations is emerging in the global market. This is the social enterprise. “A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximize profit for shareholders and owners” (DTI, 2002). In other words, social enterprises are organizations which can compete in the "normal market" but whose main objective is to address an important social problem (Mair and Matri, 2006; Nicholls, 2004; Kerlin, 2005). Probably the most famous social enterprise in the world is the *Grameen Bank*. It was founded in Bangladesh by the Nobel Prize Professor Muhammad Yunus as the first micro-credit bank of the world. Nowadays *Grameen Bank* provides loans to millions of poor people not only in rural villages of Bangladesh and India but, since 2008, also in USA with *GreemenAmerica*.

Table 5: Grameen Bank: data series (amount in million USD)

Performance Indicator	1976	2006	2007	2008	2009
Cumulative Disbursement (All Loans)	0.001	5,954.02	6,685.51	7,591.32	8,741.86
Disbursement During the Year (All Loans)	0.001	724.96	934.94	905.81	1,150.54
Number of Houses Built cum	0	641,096	650,839	665,568	679,577
Total Deposits (Balance)	0	633.31	756.61	933.89	1,200.49
Number of Members	10	6,908,704	7,411,229	7,670,203	7,970,616
Number of Villages covered	1	74,462	80,678	83,566	83,458
Number of Branches	1	2,319	2,481	2,539	2,562
Profit/Loss (For the Year)	0	20.00	1.56	18.99	5.38

Despite some differences between US and Europe, social enterprises have emerged around the world as a novel way to pursue a socially oriented mission, maintaining conditions of economic and financial self-sustainability from grants, donations or members' dues by virtue of a stronger market orientation and entrepreneurial approach to the social issues challenged.

Today, in Europe social enterprises are part of the so called social economy - which encompasses also organizations like cooperatives, associations, foundations and mutual societies. They are around 2million of firms, represents more than 10% of European business organizations and are active in a wide range of sectors, like social care service, the recycling market, microcredit, education and tourism.

Two interesting examples of European social enterprises are *La Fageda* in Spain and *Solidarietà* in Italy.

La Fageda is a successful social enterprise founded in 1982 with the aim to provide job opportunities to people suffering from mental and psychological diseases. In order to achieve this goal *La Fageda* produces yoghurt and milk and sells them in the normal distribution channels, competing with industry leaders and multinationals in terms of perceived product quality. In 2010 *La Fageda* employed 276 workers, 60% of whom as assisted employees, sold more than 40.000.000 yoghurt and had a yearly turnover of more than M€ 10,7.

Solidarietà, which nowadays employs around 200 assisted workers, and has a yearly turnover of around M€ 10, is a social enterprise founded in 1982 in Italy with the aim to contribute to the common good of society by providing working opportunities, care and training services to marginalized people like ex inmates and inmates on probation, long term unemployed and immigrants. In order to achieve its mission, *Solidarietà* works in the market of "cleaning service" and it competes with other private firms for the award of contracts of services from public bodies and private clients. Accordingly, the financial sustainability of *Solidarietà* is based on its capacity to provide higher standards of quality of services, effectiveness, customer satisfactions and price reduction.

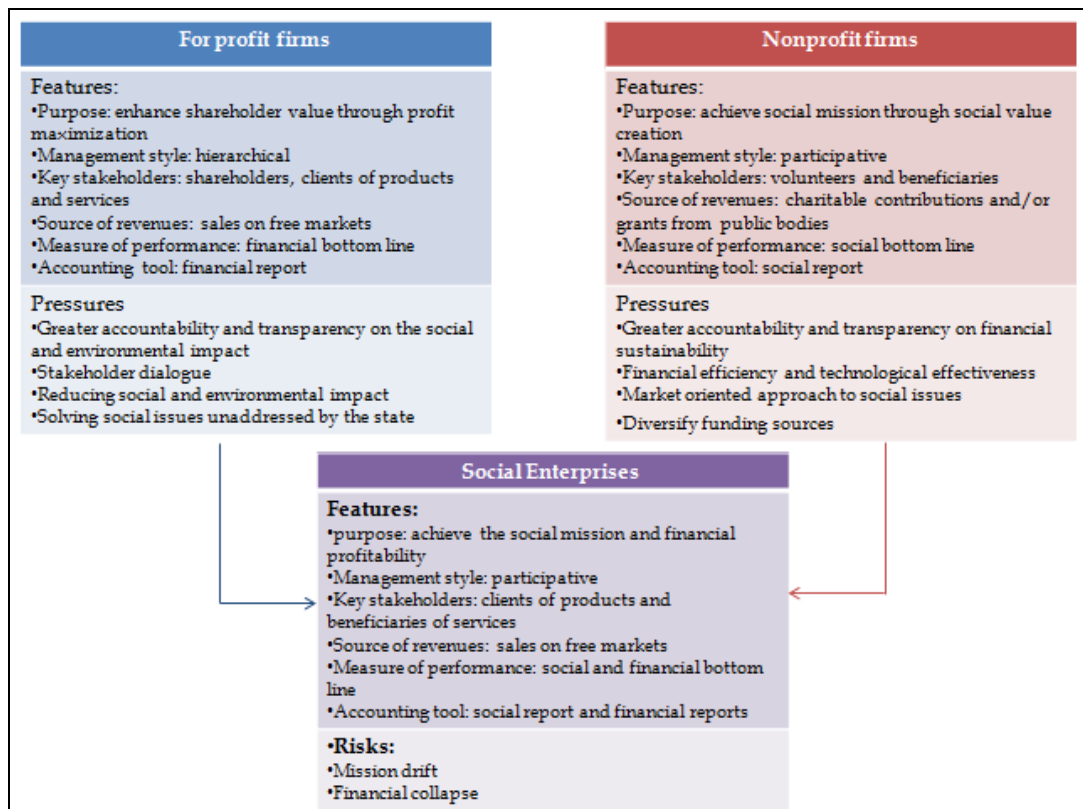
As these two examples point out, social enterprises are organizations with a double mission and occupy a middle ground between for profit and not for profit environments. In other words, social enterprises are a particular form of hybrid

organizations, i.e. of organizations permanently embedded in apparently conflicting institutional logics (Battilana and Dorado, 2010; Binder, 2007).

Namely, social Enterprises are embedded in the commercial logic – that requires product quality, economic sustainability, efficiency and effectiveness of services – and in the social logic – which is based on democratic governance, participative management and addressing social needs (Pache and Santos, 2010).

Given their permanent hybrid nature, social enterprises’ goal is not simply to combine practices and behavior of for profit and not for profit organizations. Instead they have to leverage and mix in an unpredicted and innovative way both the market and the social logics.

Tabella 6: Narrowing the distances between for profit and not for profit organizations: the social enterprise model



Although very promising, the social enterprise sector is not without risks and problems. On the one side, several researchers have identified the risk that these organizations will enter in the so called mission drifts, i.e. losing their socially identity and deviating toward more profitable but less socially relevant activities. On the other

side, social enterprises risk to focus too much on their social purposes disregarding the financial sustainability of their activities thus collapsing..

3.2 A theorization of social enterprises in Europe and US

The concept of social enterprises in the United States and Europe is quite different. US research on social enterprises puts the emphasis on their revenue capacity and on their role in the market economy, while the European approach, grounded in the so-called social economy (for an overview, see Monzon and Chaves, 2008), underlines the multi-stakeholder and multiple-purpose characteristics of social enterprises.

Definitions and descriptions of social enterprises vary a great deal (Dart, 2004; Perrini and Vurro, 2006). Nevertheless, it is possible to broadly define them as not-for-profit organizations that provide goods and services with the explicit aim to benefit the community and that bear economic and financial risks linked to their activities (Dees, 2003).

Table 7: Comparative overview of social enterprises in the USA and Europe

Characteristics	USA	Europe
Emphasis	Revenue Generation	Social Benefit
Common Organizational Type	NonProfit	Association/Cooperation
Focus	Traditional NonProfit Activities	Human Services
Context	Market Economy	Social Economy

Source: Adaptation from Kerlin, 2006.)

In the US, the concept of a social enterprise is generally much broader than in Western Europe, since it covers a continuum ranging from commercial organizations engaged in socially beneficial activities to nonprofit ones engaged in missions supporting commercial initiatives (Young, 2001) and it focuses on the capacity to generate revenue from typically not-for-profit activities.

Nowadays, in Europe, there are two different schools of thought regarding social enterprises. The first one is focused on their entrepreneurial and business innovation dynamics (Mair and Matri, 2006; Nicholls, 2006; Perrini and Vurro, 2007), while the second one investigates the organizational dynamics and is more grounded in the nonprofit sector research stream (Borzaga and Defourny, 2001; Defourny and Nyssens 2008; Kerlin, 2006).

In this context, in Europe, a social enterprise can be defined as:

- a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community rather than being driven by the need to maximize profit for shareholders and owners (DTI, 2002)
- an organization with an explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. They place a high value on their independence and on economic risk-taking related to ongoing socio-economic activity (Borzaga and Defourny, 2001).

In Europe, the concept of social enterprises first appeared in Italy in the late 1980s (Defourny and Nyssens, 2006) to designate the pioneering initiatives of the Italian Government to create the legal form of “social cooperatives” (i.e., cooperatives engaged in social services activities).

Nowadays in Europe, social enterprises are well established in many countries (Defourny and Nyssens, 2008), and they operate under the legal form of either association or cooperative (Kerlin, 2006). They differ both from for-profit organizations and from classical nonprofits, because they are supposed to pursue at least three purposes (Laville and Nyssens, 2001):

- a social goal connected to their particular mission and to the satisfaction of the social needs of a particular category of citizens;
- an economic goal, according to which a social enterprise should be able to maintain its financial sustainability and its long-term economic efficiency;
- a socio-political goal connected to the fact that social enterprises should be involved in the sociopolitical debate promoting both internally and externally the democratization of decision-making processes.

It follows that social enterprises should balance their economic and social dimensions.

Following Borzaga and Defourny (2001), the ideal-type of social enterprise should achieve eight purposes. In terms of economic purposes, social enterprises should i) produce and sell goods and or services, ii) achieve a high degree of financial autonomy from public subsidies, iii) have a significant level of economic risk, and iv) have at least a minimum number of paid workers.

In order to respect their social ends, social enterprises should also i) have an explicit aim to benefit the community, ii) be the result of a collective dynamic, iii) be based on democratic government bodies instead of capital shares, iv) facilitate the representation and participation of multiple stakeholders in the decision-making process, and v) have limited profit distribution.

In terms of activities, it is possible to divide European social enterprises into two big groups: those working in welfare services and those operating in work integration (the so-called work integration social enterprises (WISEs). The main objective of the WISEs is to help low-qualified, unemployed people to gain permanent jobs and to be integrated in the workplace and society with productive activity (Spear and Bidet, 2005).

Given the definition proposed and their purposes, European social enterprises are thus hybrid organizations (Borzaga and Defourny, 2001; Dees, 2003; Minkoff, 2002). They pursue a pro-social mission to create and sustain social value for the community (Cornelius et al. 2008), trying to apply the methods of the private sector and to achieve long-term economic and financial self-sustainability (Nyssens, 2006; Peattie and Morley, 2008).

As hybrids, social enterprises are under multiple functional domains (Rueff, 2000) and institutional demands (Kraatz and Block, 2008; Pache and Santos, 2010). Therefore, they should link features coming from distinct organizational fields and different institutional logics in new ways (Battilana, 2009; Scott, 2001), but they cannot rely on “ready-to-wear” models for handling the tension between the contrasting logics they combine (Battilana, 2010).

3.3 History and legitimacy threats faced by Italian Social Enterprises in 2000s

In most of Western European countries first social enterprises emerged from the Third Sector as a consequence of the crisis of the Welfare States and of the generalized structural unemployment caused by the financial downturn of 70s and 80s (Kerlin, 2005; Defourny, 2001). In this context some organizations of the Third Sector started adopting a commercial approach to social services such as solutions for housing problems, childcare services, and employment programs for long term unemployed and marginalized people.

Italy followed the same line of growth of most European countries (Borzaga and Santuari, 2001; Defourny and Nyssens, 2010) so that first Italian social enterprises were founded in the early 1980s to address social needs remained uncovered by the Welfare state (Borzaga and Santuari, 2001). These social enterprises were spontaneously created by groups of volunteers in the form of voluntary associations or cooperatives and were strongly influenced by the solidarity and social inclusion principles emerged during the political movements of 1960s and 1970s.

These pioneering initiatives acquired normative legitimacy in early 1990s through two laws: law 142/1990 and law 381/1991.

The first formalized the procedures according to which local bodies were allowed to contract out public services to private organizations, while the second regularized social enterprises in the legal forms of social cooperatives.

Accordingly, many WISEs acquired the legal status of social cooperative and new organizations rapidly spread throughout Italy (Istat, 2008) in a context of low competition, great focus on the social service provided and increasing resources from local bodies (Borzaga and Fazzi, 2010).

Namely most of the Italian WISEs were financed by public bodies through contracting out, and also those working with private clients could largely rely on public grants to cover operation costs. Accordingly, at the beginning of 2000s there were more than 5,000 social enterprises across Italy, 60% of whom founded after 1991, which employed more than 200,000 people and produced an overall income of around M€ 3,000 (Istat, 2008; Borzaga and Zandonai, 2008)².

Yet, in early 2000s conditions which had enabled social enterprises to grow up during 1990s suddenly changed. The reduced financial autonomy of public bodies and the introduction of a stronger managerial culture in the Italian public sector (Ongaro and Vallotti, 2008) led public bodies to adopt a more market oriented approach in their commercial partnership with social enterprises. Contracts between social enterprises and public authorities started to be based on competitive tenders, and the grants provided by the State significantly reduced the amount of social enterprises' cost covered. Accordingly, in the early 2000s social enterprises abruptly started experiencing greater

² In 2010 Italian social enterprises, were around 12.000, they employed around 380.000 workers, which means 3.3% of Italian population working in the in the private sector (Zandonai, Venturi, 2012; UE, 2011).

competition in the public tenders and relying on the private market to acquire financial sustainability (Borzaga and Fazzi, 2010; Venturi and Zandonai, 2012). In this context, the commercial logic (Friedland and Alford, 1991; Greenwood et al., 2009) started challenging the incumbent social logic (Frumkin, 2002; Pache and Santos, 2010), and social enterprises were increasingly exposed to pressures concerning product quality, customer satisfaction, price competition, effectiveness and efficiency.

The described shift in the environmental conditions faced by social enterprises exposed them to extraordinary legitimacy challenges: on the one hand, they needed to address demands and expectations coming from the commercial institutional field; on the other hand, however, social enterprises had to be consistent with their social purpose avoiding possible mission drift (Copestake, 2007; Crane and Matten, 2010: 476), which might eventually delegitimize them within the social institutional environment.

3.4 Social Enterprises and symbolic management

Social enterprises seem useful to investigate how symbolic and substantive actions interact and are managed by organizations. On one hand, they face constraints that typically reinforce the adoption of symbolic practices. On the other hand, it seems risky for them to merely align with external expectations without really integrating requested behaviors in day-to-day practice.

Social enterprises typically face serious resource constraints (Dees, 1998) since they rely on the part-time support of volunteers, poor infrastructure, and limited financial resources and are under a strong profit distribution constraint. Their purpose is to create social value for disadvantaged people, which is hard to assess because there are no standardized calculative mechanisms for social value creation or any comparative units of measurement (Paton, 2003). Previous research on symbolic management has shown that symbolic actions could help organizations in dealing with resource scarcity (Lounsbury and Glynn, 2001; Zott and Huy, 2007) and when performance and quality are hard to assess (Feldman and March, 1981; Pfeffer, 1981; Higgins and Gulati, 2003).

Moreover, social enterprises have to deal with conflicting institutional demands. They have to comply with business logic, but are embedded in welfare logic. Institutional theory predicts that under condition of competing institutional demands (Scott, 1987), organizations may nominally submit without implementing some of the

practices and actions they are expected to (Boxenbaum et al., 2008; Meyer and Rowan, 1977). In particular, organizational leaders are more likely to formally adopt certain practices without implementing them to project an image of legitimacy when external demands and internal behaviors and preferences are not aligned (Fiss and Zajac 2006; MacLean and Behnam, 2010), that is, when external pressures and internal goals are in conflict (Oliver, 1991). Among others, Westphal and Zajac (2001) and Fiss and Zajac (2004) explain that the less willing internal stakeholders are to adopt certain practices, the higher the probability the organization will only adopt them symbolically.

Those who research organizational institutionalism have historically defined these strategies as decoupling, i.e., situations where compliance with external expectations may be merely symbolic rather than substantive, leaving original relationships within the organization largely unchanged (Fiss and Zajec, 2006 p: 1175).

However, decoupling only works if organizations are able to avoid external scrutiny. When external institutional stakeholders—those who judge the appropriateness and acceptability of organizations' behavior and goals (Ruef and Scott, 1998)—detect a lack of coherence between an organization's declared and applied practices, they will likely criticize the organization, and this could eventually undermine its legitimacy.

Since hybrid organizations are permanently embedded in environments with competing demands (Battilana and Dorado, 2010; Greenwood et al., 2010; Foreman and Whetten, 2010; Albert and Whetten, 1985), they may find it difficult to avoid external scrutiny in the long term. Being ethically-oriented organizations (Cornelius et al., 2008), they are thoroughly scrutinized by external stakeholders (Ashforth and Gibbs, 1990) and are seriously at risk of having their decoupling practices revealed. For these reasons, it seems reasonable that social enterprises, which are a particular subset of hybrid organizations, could take symbolic actions but might not be able to sustain decoupled strategies over the long term. Therefore, it seems useful to investigate how the symbolic actions of social enterprises affect the adoption of substantive actions and *vice versa*, to investigate the mechanisms of interaction, and how organizations understand that substantive actions could have also a symbolic dimension which may eventually reinforce their power as legitimacy drivers.

4 RESEARCH METHODOLOGY

4.1 The qualitative approach

Given our research questions, and consistent with previous literature investigating hybrid organizations (Battilana and Dorado; 2010; Pache and Santos, 2010) and mechanisms influencing the interaction between symbolic and substantive actions (Jovanovic and Wood, 2007), this study adopts a qualitative, exploratory, multi-case, and longitudinal approach (Eisenhardt, 1989).

Case studies have been defined as rich, empirical descriptions of specific aspects of phenomena, typically based on a variety of data sources and where the number of variables of interest is greater than the number of data-points (Yin, 1984). In fact, case studies allow an investigation to develop theory inductively by recognizing patterns or relationships among theoretical constructs and to retain the holistic and meaningful characteristics of real-life events, (Yin, 1984, p. 14).

Given these features, case studies are well-suited to exploratory research when the aim is to study complex social phenomena—typified by a lack of viable theory (Edmonson and McManus, 2007) and empirical evidence (Eisenhardt and Graebner, 2007)—and when it is difficult to clearly identify theoretical constructs, boundaries, and affecting variables (Yin, 1984).

This is the case with our research questions, as we lack a full interpretation of the role and dynamics of symbolic management in social enterprises and a comprehensive theoretical and empirical understanding of the mechanisms leading to the interaction of symbolic and substantive actions in the legitimation process of social enterprises.

Then, to answer our research question, we adopt a longitudinal approach in order to observe the evolution of similar categories of phenomenon of our interest over an extended period of time. Since we investigate the mechanism of the interaction of symbolic and substantive actions, we need to adopt a longitudinal approach in order to study how and why organizations have changed their managerial practices in moving from symbolic to substantive actions and *vice versa*, and to explain these observed

sequences of events in terms of some underlying generative mechanism or nomological relationships (Van de Ven and Huber, 1990).

We adopt a comparative approach because this strategy allows us to provide a more robust, generalizable, and testable theory than a single case-research model would do (Eisenhardt and Graebner, 2007). The replication logic underlying comparative case studies is extremely important to assess the predictive power of nomothetic statements because it allows the investigator to reduce observer bias and to compare findings. Actually, 'the replication logic is analogous to that used in multiple experiments' (Yin, 1984, p. 48) and it consists in treating a series of cases as a series of independent experiments: every case is investigated independently from others and it is used to confirm or challenge the research hypothesis. Replication logic thus allow the research to enhance confidence in the validity of the discovered relationships by virtue of different, independent cases: the greater the number of cases that show replication, the greater the rigor with which a theory has been established. Each case serves as a distinct experiment that stands on its own as an analytic unit (Eisenhardt and Graebner, 2007) with the aim of producing similar results (literal replication) or, conversely, contrary results but for predictable reasons (theoretical replication) (Yin, 1984).

4.2 Sampling strategy

In terms of research sampling, we adopted the following criteria of analytical sampling (Vaccaro et al. 2009, 2011).

First, we selected between four cases in order to guarantee analytical generalization (Eisenhardt, 1989).

Second, all the organizations suffered from a legitimacy challenge in the mid of 2000s and tried to answer this challenge adopting substantive and/or symbolic actions. This allowed us to identify a clear relationship between perceived legitimacy gap and symbolic or substantive actions carried out by organizations.

Third, all the organizations are Work Integration Social Enterprises (WISEs) (Nyssens, 2006) as this might contribute to improving the internal validity of our research. Internal validity refers to the extent to which a researcher is able to establish a plausible causal relationship between variables and results (Yin, 1984). In this sense, WISEs seem to be a useful research field to verify whether or not empirical evidence supports the existing literature on symbolic management (Zott and Huy, 2007) and

hybrid organizations (Battilana, and Dodado, 2010; Pache and Santos, 2010) since WISEs are well established across Europe (comprising more than 14,000 enterprises and employing around 240,000 people (Spear and Bidet, 2005) and they have been broadly investigated by researchers from different theoretical perspectives (Vidal, 2005; Kerlin, 2006; Pache and Santos, forthcoming, Thomas, 2004; Dart, 2004). Therefore, using WISEs in the study allow us to develop theory triangulation (Yin, 1984)—i.e., to compare the emergent new concepts, theory, and results with those already identified by other researchers , i.e., to compare empirically observed patterns with predicted ones (Eisenhardt, 1989).

Fourth, we selected WISEs located in the same geographical area (in particular, in the North of Italy), to minimize variation due to environmental factors (Zott and Huy, 2007). This seems to be particularly important given that legitimacy is socially constructed. Indeed, cultural, social, and environmental differences influence stakeholders' formal and informal endorsement of an organization and its institutional linkages with prominent stakeholders (Rao, 1994; Ruef and Scott, 1998); this could eventually reduce the comparability of the results and, consequently, the external reliability (Yin, 2003).

Fifth, we selected well established WISEs because we need to investigate organizational changes in a period of time of at least five years, in order to be able to investigate interaction between symbolic and substantive practices in the long term and how they are balanced by organizations permanently embedded in competing institutional demands (Otzcan and Eisenhardt, 2009).

Finally, in order to create a diverse sample we selected WISEs suffering for legitimacy threats with stakeholders embedded alternatively in the social or in the commercial logic. Organization were further selected on the basis of their outcomes in repairing legitimacy in order to have examples of polar type (Pettigrew, 1990; Eisenhardt, 1989).

This sample strategy drove us to identify four WISEs, which constituted two matched pairs. One pair faced legitimacy threats with commercial stakeholders, the other with social stakeholders. In each pair one organization was able to repair legitimacy, while the other was not.

Table 8: description of WISEs investigated

Cases	RED	BLACK	WHITE	GREEN
Industry	Assembly	Sweeping and Assembly	Manufactory	Waste management
Geographical area of activity	North East Italy	North-West Italy	North East Italy	North-West Italy
Founding Year	1990	1991	1987	1995
Total Staff	82	97	44	123
Disadvantaged employees	59	34	21	63
Revenues (M€)	1.5 M€	1.5 M€	1.4 M€	5.3 M€
Profit	56,000	24,000	12,000	520,000
Year of gap perception	2004	2004	2006	2006
Institutional logic of the legitimacy gap	Commercial logic	Commercial logic	Social Logic	Social Logic
Answer to legitimacy gap	Successful	Unsuccessful	Unsuccessful	Successful

4.3 Data gathering and data analysis

For data gathering and data analysis, we adopt a grounded theory approach (Glaser and Strauss, 1967; Strauss and Corbin, 1990). The reasons for this are as follows:

First, there is a dearth of previous empirical and theoretical studies on the key relationship of interest of this study; the grounded theory approach is appropriate when previous theoretical and empirical research is unable to provide theoretical constructs and research hypotheses to be tested during the preliminary phase of data analysis (Sutton and Hargadon, 1996).

Second, grounded theory is effective in supporting data gathering and the analysis of processes and activities that are difficult to measure (Vaccaro et al., 2011).

Third, grounded theory is particularly useful when researchers are concerned with discovering processes in the sense of reciprocal change in patterns of actions and interactions and in relation to changes in endogenous and exogenous organizational conditions (Strauss and Corbin, 1990; 1994).

Grounded theory emphasizes the importance of data gathering, data analysis, and the methodological rigor of this process (Strauss and Corbin, 1990, pp. 44-46). In

order to achieve this rigor, we use a number of strategies to provide internal validity and reliability.

In order to guarantee construct validity, an important component of internal and external validity, we used multiple source of evidence and triangulate data to increase our accuracy in the observation of reality (Denzin and Lincoln, 1994). We collect qualitative and quantitative data both at the organizational and field levels.

We started data collection by interviewing five senior experts of the Work Integration Sector to understand the evolution of the sector, the legitimacy issues WISEs have to face, and the competing logic in which they are embedded.

At the organizational level, we gather information via monthly visits to our case enterprises. For each enterprise, we collected all public material (annual reports, social reports, advertising, other publications, press articles, online information) and internal archival data (internal mails and internal reports). We interviewed a number of critical internal informants, such as executive directors, boards members, and social workers. Moreover, we interviewed prominent external stakeholders to verify whether legitimacy issues perceived by an organization are in fact reflecting negative assessment provided by external actors.

Analysis has begun with separating data into four different types of documentation (interviews at the organizational level; interviews at the field level; documents at the organizational level; documents at the field level) based on similarity of form and informer as this allows us to make the work more manageable and to triangulate data within and across types of categories, thus increasing reliability and construct validity (McLead and Behnam, 2010).

Following grounded theory (Eisenhardt, 1989; Zott and Huy, 2007; Hargadon and Sutton, 1997), we allowed the emergence of theoretical evidence during initial open interviews. Preliminary results and constructs emerging in the initial interviews have been compared with existing literature, and then deeply investigated through more focused interviews in order to strongly support our findings; the aim is to guarantee internal and external validity. Therefore, data gathering and data analysis have been not carried out in separate research phases (Eisenhardt, 1989); instead, they have been developed at the same time in order to move back and forth between the data and the

literature, in such a way that they mutually informed emergent theoretical insights (Glaser and Strauss, 1967).

Table 9: summary of the type and volume of Data collected to date

WISE	Total. Internal interviews	Title of internal informants	Total. External interviews	Title of External informants	Internal Data	Public available Data
RED	16	Director	11	Supplier	83	16
		Board members		Client		
		Volunteers		Public Agency		
		President		Social workers		
BLACK	9	Technical employee	5	Public Agency	99	9
		Social Employee		Financial partner		
		President		Expert of the sector		
		Technical employee		Public agency		
WHITE	11	Director	8	Social entrepreneurs	90	19
		Volunteers		Experts of the sector		
		Technical employee		Public agency		
		Social employee		Experts of the sector		
GREEN	11	Director	7	Public agency	111	21
		Volunteers		Experts of the sector		
		Board Members		Social entrepreneurs		
		Technical employee		Suppliers		
		Social employee		Commercial partner		

We conducted interviews following a guide that identifies questions and main issues to deal with. Whenever possible interviews are taped, transcribed, and analyzed with extensive notes. The results of the interviews were discussed with key informants, while interviews and notes were discussed with other academics, who are expert of the

field but not involved in the research, in order to provide construct validity (Gibbert et al., 2007).

To guarantee reliability, we have identified a case study protocol that contains all the instruments, the rules, and the procedures that we should follow throughout the data collection phase, and we are building an extensive data base with all the available documents we are gathering and analyzing.

Finally, following grounded theory methodology, we adopted systematic coding, based on longitudinal and orthogonal coding, in order to guarantee internal validity and reliability in the data analysis (Babbie, 2001). Data have been analyzed using coding procedures based on previous theoretical and empirical research on organizational legitimacy and symbolic actions, as described in the following section, as the following sections explains. In order to code we used ATLAS Ti software.

The following sections describe the coding procedure adopted in this study for each construct identified.

4.4 Measure of Legitimacy

Organizational legitimacy is a central concept in organizational studies and has been adopted by institutional theory (Meyer and Rowan, 1977), resource dependence theory (Pfeffer and Salancik, 1978), and organizational ecology (Carroll and Hannan, 1989) to justify organizational survival, long-term success, and easier access to financial, human, and intangible resources. Despite its importance, the concept of organizational legitimacy has not yet been clearly defined and remains difficult to measure as it is not a tangible asset that someone may possess and exchange. Instead, it is an intangible and unobservable construct that reflects broadly accepted “cultural alignment, normative support or consonance with rules or laws” (Scott, 1995: 45).

Legitimate organizations are assessed in terms of their consistency or congruence with cultural models or rules specifying appropriate structures or procedures. A central element of legitimacy seems to be meeting and adhering to the broadly accepted norms and values of a social system, some of which are explicitly named by professional associations and governments, while others emerge over time as a result of interaction among participants in a social system.

In the past, measures of legitimacy have varied a great deal (Vergne, 2010), relying upon the assessment of society at large, media accounts (Bansal and Clelland, 2004;

Berrone et al, forthcoming), the endorsement of professional bodies (Ruef and Scott, 1994), and institutional linkages (Human and Provan, 2000; Sullivan et al., 2007)

As suggested by Deephouse and Suchman (2008), an increasingly popular strategy for measuring legitimacy involves counting the number of organizations in a population or the number of media articles about an industry, an organization, or a practice, with greater numbers indicating greater legitimacy. This approach may be more useful in some contexts, such as analyzing emerging industries or new ventures, and establishing organizational behavior.

Moreover, the number of organizations adopting a particular practice may be a useful measure in analyzing the extent to which this practice is understood as legitimate. The idea is that the more widespread a practice, the more generally accepted and legitimate it is.

Widespread adoption of a practice has been used as a legitimacy measure, for instance, in population ecology (Strang and Soule, 1998). However, its utility seems to be marginal when studying single organizations and whether or not their practices and behavior are accepted as legitimate by external stakeholders.

Another measure sometimes adopted to evaluate the legitimacy of a practice is the use of ethical codes (Vergne, 2010), since they signal congruence between organizational behavior and societal expectations (Stevens et al., 2005). Actually, it seems that codes indicate conformity with external expectations and not the legitimacy of an organization. Therefore, they should be more correctly understood as substantive or symbolic actions carried out by an organization to achieve legitimacy, thus as a source rather than a measurement of legitimacy (Christmann and Taylor, 2006).

Alternatively, legitimacy could be measured in terms of numbers of inter-organizational relationships and linkages, which means that the more legitimate an institution, the more i) it will be connected with legitimate others (Dacin et al., 2007; Higgins and Gulati, 2007), ii) it will be endorsed by prominent political figures (Pfeffer and Salancik, 1978), and the more iii) strong interlocking connections it will have (Deeds et al., 2004; Singh et al., 1986). Moreover, endorsement as a legitimacy measure hardly works when comparing the legitimacy achieved by organizations that work in different countries or regions since such organizations typically deal with different agencies and networks, whose endorsing standards and strategies might differ

significantly. Since Legitimacy depends upon shared norms, values, and belief of a society, organizations working in different environments should deal with different legitimacy minimum standards (Deephouse, 1996; Vergne, 2010).

Finally, one of the most commonly adopted legitimacy measures relies on media content analysis, which is meaningful in evaluating how organizations are perceived by society at large. Adopting the Janis-Fadner coefficient, it is possible to measure organizational legitimacy by balancing endorsing and challenging media accounts (Bansal and Clelland, 2004; Berrone et al., forthcoming). This approach to assessing organizational legitimacy allows researchers to avoid the risk of measuring product quality instead of organizational legitimacy since media perception is strongly related to the broader fit between an organization's perceived behavior and accepted social norms (Vergne, 2010; Deeds et al., 2004). However, using media reports to measure legitimacy may be problematic because they not only reflect, but also influence, organizational legitimacy (Deephouse and Suchman, 2008) and are most meaningful when organizations are under general scrutiny, they receive large press coverage, or when researchers want to investigate public legitimacy (Deephouse and Carter, 2005).

Based on the above, it follows that it is quite difficult to identify a unique legitimacy measure which may be broadly accepted and accurate (Deephouse and Carter, 2005; McLean and Behnam, 2010; Ruef and Scott, 1998). Therefore, it may be useful to examine legitimacy more closely by adopting a qualitative approach to examine the process of bestowing legitimacy on organizations (Chan and Makino, 2007: 635) and by clearly identifying who has authority over legitimation in any given setting. As noted by Deephouse and Suchman (2008), this depends mainly on two variables: i) who the main stakeholders involved in the institutional environments providing legitimacy to an organization—i.e., the legitimacy sources—are, and ii) what the object of the research is.

For instance, Ruef and Scott (1998) were interested in the regulative legitimacy gained by US hospitals; therefore, they measured legitimacy in terms of positive endorsement given by external regulatory agencies to hospitals under investigation. Conversely, Zott and Huy (2007) investigated the ways in which new ventures managed symbolic actions to convey different legitimacy meanings to external funders. Therefore, they interviewed internal and external key stakeholders, including co-

founders, investors, employees, suppliers, and customers, with the aim of identifying different types of legitimacy conferred to new ventures and linking them with greater resource acquisition. Finally, Deephouse (1996) and Bansal and Clelland (2004) used media data to measure the public legitimacy of big corporations, since the media is “one institutionally rich indicator of society-wide legitimacy” (Deephouse and Suchman, 2008: 55) that may be useful in measuring the legitimacy of well-known, global corporations that are scrutinized by society at large over a vast geographical area.

Given these considerations, it follows that we first need to identify key stakeholders and main organizational sources of legitimacy in order to determine a legitimacy measure that fits social enterprises.

First, as noted by Pache and Santos (2010), being commercial organizations with a social mission, WISEs are under conflicting institutional logics. Consequently, they are supposed to acquire legitimacy by complying with different institutional stakeholders’ expectations (Aurini, 2006; Boxenbaum, 2008). On the one hand, welfare logic asks for democratic stakeholder management, democratic governance, and addressing social needs in collaboration with local governments, local welfare agencies, and not-for-profit organizations. On the other hand, commercial logic relies on economic and technical efficiencies, hierarchical control, and customer satisfaction. Therefore, WISEs should comply alternatively with these contrasting institutional claims and they become legitimate only when both are satisfied. For these reasons, when measuring WISEs legitimacy we need to analyse to what extent WISEs are legitimate by prominent stakeholders representing both the institutional logics.

Second, media counts usually work for organizations over-scrutinized by society and external watchdogs such as NGOs and not for profit organizations (Scherer and Palazzo, 2007; Basu and Palazzo, 2011), therefore it seems to be useful to adopt media counts as the only legitimacy measure when we have to deal with big corporations (Berrone et al., forthcoming, Deephouse and Carter, 2005). This is not the case with social enterprises, which are rarely investigated by the media, being eventually discussed as a sector.

Third, since we are interested in analysing how symbolic and substantive actions interact when organizations are dealing with legitimacy gaps, we ought to investigate specific legitimacy issues WISEs have to face when their behaviours and means and

ends do not conform with key stakeholders' expectations. Accordingly, we need to go down to the micro level of the analysis and to adopt a legitimacy measure which is time-sensitive.

For these reasons, it seems to be difficult to identify a uni-dimensional measure to adequately assess the legitimacy of social enterprises. Therefore, consistent with previous research (Deephosue and Carter, 2005; McLean and Behnam, 2010; Ruef and Scott, 1998) and with the definition of organization legitimacy (Suchman, 1995), we have decided to use a multidimensional measure, which includes:

- media accounts (Berrone et al., forthcoming, Deephouse, 1995)
- the formal and informal endorsements of key stakeholders (Rao, 1994; Deephouse and Carter, 2005), identified in terms of public bodies, experts of the sector, external commercial and social stakeholders, internal stakeholders.
- the human and financial resources (Zott and Huy, 2007).

Hereafter, we clarify how each item is built.

- ***Positive media accounts of organizations***

Among others, Berrone et al. (2010), Bansal and Clelland (2004), and Deeds et al. (2004) use media accounts to measure organizational legitimacy by balancing positive and negative reports of organizations under scrutiny.

Following previous studies, we rely on local print media as the only media source to assess organizational legitimacy (Deephouse and Carter, 2005) for four reasons. First, newspapers' content and public opinion are usually aligned. Second, newspapers' accounts are perceived to be more reliable than other media sources (Vergne, 2010). Third, past research suggests that local print media covers local businesses most effectively (Deephouse and Carter, 2005; Palmgreen and Clarke, 1977). Fourth, articles can be aggregated, thus being a useful measure to assess organizational legitimacy over years and in carrying out a longitudinal case study.

We follow a number of steps to measure public legitimacy. We first identify national and local newspapers' in the regions that social enterprises carry on their business; then we collect all the articles citing the names of social enterprises under investigation. We read the articles and code them according to Bansal and Clelland's (2005) coding strategy: "-1" means a negative legitimacy evaluation; "0" means a neutral evaluation, and "1" means a positive evaluation.

Analytically, given our definition of legitimacy, and consistent with previous studies (Berronte et al., forthcoming; Deephouse and Carter, 2005), we code negative legitimacy whenever a recorded unit is questioning a WISE mission, structure, action, or performance. Otherwise, we code positive legitimacy (Deephouse and Carter, 2005; Pfeffer and Salancik, 1978).

Our source of information is local print media.

- ***Key stakeholders give positive informal endorsements to organizations***

Following Suchman (1995), we define legitimacy as “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within a socially constructed systems of norms, values, beliefs, and definitions” (p. 574). These perceptions and assumptions are usually conferred by key stakeholders, which are affected by an organization activity and have the power to affect it and have the power the authority to mobilize and confront the organization (Meyer and Scott, 1983; Ashford and Gibbs, 1990; Deephouse and Suchman, 2008; Scherer and Palazzo, 2007; Donaldson and Dunfee, 1994; Bansal and Roth, 2000).

By matching the previously presented understanding of institutional pressures in which WISEs are permanently embedded with the definition of legitimacy adopted, we identify prominent actors in both the commercial- and welfare-institutional environment. We code positive, and negative legitimacy when prominent actors in institutional environments provide social enterprises with positive or negative accounts regarding the appropriateness of their goals and/or behavior, rating them as acceptable, proper, or appropriate (Ruef and Scott, 1998; Deephouse, 1996; Deephouse and Carter, 2005).

In particular:

- i. We interview prominent actors in **local public agencies and not for profit networks**, such as labor agencies and social services, with which social enterprises usually have long-term relationships. Theoretically, it may be difficult to identify all the public bodies and networking bodies with which social enterprises work. However, based on interviews with some experts and with social enterprises under investigation, it seems that local labor agencies and social services are the most important public bodies permitted to confer legitimacy on social enterprises. Moreover usually social enterprises are involved in one national networking body

(called Confcooperative) and in one local networking body that provides services at a regional level (these local networking bodies are called Consorzi-Consortium and are institutional agencies that provide social enterprises with financial, consultancy, advocacy, and coaching services). Our sources of information are interviews with prominent stakeholders at the organizational and field level and documents.

- ii. code positive, and negative legitimacy when prominent **commercial, social and internal actors** provide social enterprises with positive, neutral, or negative accounts regarding the appropriateness of their goals and/or behavior, rating them as acceptable, proper, or appropriate (Donaldso, and Preston, 1995). Key stakeholders are identified in terms of their strategic relevance for the WISE given their dimensions and existing business relationships. Our sources of information are interviews with prominent stakeholders at the organizational and field level and documents.

Analytically, given our definition of legitimacy and consistent with previous studies (Berronte et al., forthcoming; Deephouse and Carter, 2005) in both the cases we code negative legitimacy whenever a stakeholder is questioning a WISE mission, structure, action or performance challenging it as not useful, inefficient, incoherent with their values, needs and belief and inappropriate (Foreman and Whetten, 2002; McLean and Behnam, 2010). Otherwise, we code positive legitimacy (Deephouse and Carter, 2005; Pfeffer and Salancik, 1978).

We ranked the strength with which the concept was represented in the case in terms of our judgments regarding the significance of the context in which the concept occurred. This strategy is consistent with the grounded theory approach for data gathering and data analysis (Strauss and Corbin, 1990)

- *Organizations are able to maintain the number of volunteers and their financial resources compared to the previous year*

As previously noted, acquiring legitimacy should allow organizations to develop greater human and financial resources. Thus, organizational legitimacy can be assessed by the level of resource transactions flowing into an organization (Terreberry, 1968). More recently, Zott and Huy (2007) and Higgins and Gulati (2003) used resource acquisition to indirectly measure the legitimacy of new ventures. Since social enterprises typically rely on scarce resources and volunteers (Battilana and Dorado,

forthcoming), we identify the evolution of sales and the number of volunteers and employees as key variables to measure the legitimacy of social enterprises. Therefore, we code positive legitimacy when the number of volunteers and financial resources do not decrease compared to the previous year, and negative legitimacy when they decrease compared to the previous year. We code positive legitimacy when human and financial resources social enterprises rely on do not decrease because social enterprises have a social purpose and not a commercial one, therefore increasing dimension is rarely a priority for them. Our sources of information are official documents at the organizational level, such as annual reports and social reports WISEs are obliged to do by law. Thereafter,

1) Having coded all the positive, neutral and negative assessment given by key stakeholders we calculated if in the year of interest there was a predominance of positive (1) or negative (-1) assessment. In the first case we coded yearly legitimacy as positive, in the second negative.

2) We measure positive or negative legitimacy when alternatively human (social logic) and financial (commercial logic) resource decreased in the year i in respect to the year $i-1$

3) We calculated the average of organizational legitimacy, using the following formula³:

Table 10: legitimacy measure

<p>Organizational Legitimacy_{it} = $\frac{PB_{it} + ES_{it} + PM_{it} + ES_{it} + IS_{it} + R_{it}}{T_{it}}$</p> <p>Where</p> <p>PB_{it} is the average level of the assessments given by public bodies to WISE i in the year t,</p> <p>ES_{it} is the average level of assessment given by experts of the sector to WISE i in the year t,</p> <p>PM_{it} is the average level of assessment given by printed media to WISE i in the year t,</p> <p>ES_{it} is the average level of assessment given by external stakeholders to WISE i in the year t,</p> <p>IS_{it} the average level of assessment given by internal stakeholders to WISE i in the year</p> <p>R_{it} represents the evolution of the resources of WISE i in the year t compared to the year $t-1$</p> <p>T_{it} is the total number of positive and negative legitimacy evaluation given to the WISE i</p>

³ In appendix 1 tables reporting measures of organizational legitimacy for each social enterprise are presented.

Table 11: Source of information and identification procedures of organizational legitimacy

Construct	Definition	coding scheme	Supporting literature	Source of information	
Organizational legitimacy	Organizational Legitimacy is ‘a generalized perception or assumption that the action of an entity are desirable, proper or appropriate within socially constructed systems of norms, values, belief and definitions’ and it enables organizations to survive over time and succeed, as it allows them to acquire greater human and financial resources, external support, better institutional relationships, and exchange conditions. (Suchman, 1995)	the greater the positive answer to the following questions,the greater the organizational legitimacy we identify.	Are printed media providing positive endorsement to the social enterprise under investigation, supporting its mission, values, structures, action, or performances?	Berrone et al, forthcoming; Deephouse, 1996; Deephouse and Carter, 2005	Local printed media
		Are social services and public authorities giving positive endorsement to the social enterprise under investigation, supporting its mission, values, structures, action, or performances?	Ruef and Scott, 1998; Dowling and Pfeffer, 1984; Singh et al, 1986; Pfeffer and Salncik, 1978)	Interviews with internal and external stakeholders and documents at the organizational and field level	
		Are key commercial, social and internal stakeholders giving positive endorsement to the social enterprise under investigation, supporting its mission, values, actions, performances?	Zott and Huy, 2007; Bansal and Roth, 2000; McLead and Behnam, 2010	Interviews with internal and external stakeholders and documents at the organizational and field level	
		When compared to previous year, have financial resources increased?	Zott and Huy, 2007; Terreberry, 1968; Hoggins and Gulati, 2003	Official documents at the organizational level	
		When compared to the previous year, have paid human resources increased?	Zott and Huy, 2007; Terreberry, 1968; Hoggins and Gulati, 2003	Official documents at the organizational level	

4.5 Measures of substantive, symbolic, and decoupled actions

Broadly speaking, following previous studies (Vaccaro et al., 2009; McLean and Behnam, 2010; Zott and Huy, 2007), we ranked the strength with which every construct is represented in the case study according to the relative frequency of its occurrence both within and across data types and in terms of our judgments regarding the significance of the context in which the concept occurred in the data (Glaser and Strauss, 1967). More in detail we code decoupled, substantive and integrated actions as follows.

4.5.1 *Decoupling practices*

The research investigating decoupling builds on the seminal works of Meyer and Rowans (1977; 1978), Pfeffer and Salancik (1978), and Oliver (1991). However, different authors adopt different theoretical perspectives (institutional or strategic) to study organizational legitimacy.

For instance, Meyer and Rowan have an institutional perspective, claiming that conforming to prevailing norms and rules could eventually lead to inefficiency and thus organizations employ decoupling practices. This means they “buffer their formal structures from the uncertainties of technical activities by becoming loosely coupled, buildings gaps between their formal structures and actual works activities” (Meyer and Rowan, 1977, p. 341). According to these authors, decoupling occurs when structure is disconnected from technical activity and activity is disconnected from its effects. (Meyer and Rowan, 1978, p. 79).

Weaver and Trevino (1999) take a strategic perspective and define decoupling as a practice that “provides the appearance of conformity to external expectation while making it easy to insulate much of the organization from those expectations.” In this sense, decoupling is a way of signaling conformance with external normative expectations while concealing nonconformity (Elsbach and Sutton, 1992) and strategically manipulating external expectations without altering internal practices by offering accounts, apologies, or redefining ends and meanings (Ashforth and Gibbs, 1990).

Even if existing literature recognizes that there are various degrees of decoupling (Dobbin and Sutton, 1998; Fiss and Zajac, 2006; Snellman, forthcoming) and it has

been studied from different theoretical perspectives, definitions of organizational decoupling are similar and they refer to “window-dressing” practices that organizations adopt to convey a message of conformity without really changing their daily practices.

More precisely, scholars generally agree that decoupling practices usually “manifest themselves as public claims of programs that do not exist in practice, or as programs that exist in practice but are disconnected from important, ongoing, line-related organizational functions” (Maclean and Behnam, 2010, pp. 1500–1501).

Given this definition of decoupling, analytically, we identify a decoupled practice whenever:

- A social enterprise declares the adoption of a practice or a program that does not exist in practice (McLean et al., 2010) with the aim of signaling conformity to external expectations
- In order to conform to external expectations, a social enterprise declares the adoption of a program that actually exists but is disconnected from important organizational functions, which means that decisions are not taken in light of these programs; rather, people who held responsibilities on these practices have not regular interaction and the power to influence other departments and top management (Weaver et al., 1999)
- In order to acquire legitimacy, organizations adopt certain practices without giving incentive to the organization members to concretely adopt these practices (in terms of training, monitoring, and rewarding) (Weaver et al., 1999)

Table 12: construct definition, coding scheme and examples of decoupling

Construct	Definition for coding	Analytical coding scheme
Decoupling	Decoupling occurs when organizations declare the adoption of programs that do not exist in practice, or programs that exist in practice but are disconnected from important, ongoing, line-related organizational functions (Weaver et al, 1999; Mclean et al, 2010; Berrone et al, forthcoming)	<p>We code an action as decoupled e whenever it occurs at least one of the following situations:</p> <ol style="list-style-type: none"> 1. A social enterprise declares to adopt a practice or a program which does not exist in practice (Mc Lean et al, 2010) with the aim to signal conformity to external expectations (Yes=1; No=0) 2. In order to conform to external expectations a social enterprise declares to adopt a program that actually exists but it is disconnected from important organizational functions, which means that decisions are not taken in light of these programs, people who held responsibilities on these practices have regular interaction and the power to influence other departments and top management (Weaver et al, 1995) 3. In order to acquire legitimacy organizations adopt certain practices without giving incentive to the organization members to concretely adopt these practices, in terms of training, monitoring, and rewarding (Weaver et al, 1999)

4.5.2 *Substantive actions*

In order to identify substantive actions, we rely on the seminal works on organizational legitimacy by Ashforth and Gibbs (1990) and Scherer and Palazzo (2006).

According to Ashforth and Gibbs, substantive actions are those involving real and material changes an organization carries out to acquire legitimacy by concretely adopting certain practices or achieving certain goals requested by external stakeholders or altering the mix of resources it depends upon.

Following Scherer and Palazzo (2006), stakeholder dialogue is another substantive action organizations may employ to acquire legitimacy (namely, moral legitimacy). In order to reach a shared understanding of the ethical acceptability of its goals and practices, an organization may enter into discussions with its main stakeholders in order to build shared norms and to identify better solutions to moral issues.

Based on the work by Ashforth and Gibbs (1990) and Scherer and Palazzo (2006), we code substantive actions whenever an organization tries to satisfy external expectations by actually changing behaviors and practices in order to achieve requested performances and standards.

Analytically this means that we code a practice as substantive whenever we are able to answer positively to one or more of the following questions:

- Is the social enterprise adopting certain prescribed practices in its daily practices, concretely changing its structures and processes to acquire legitimacy? (Ashforth and Gibbs, 1990)
- Are internal stakeholders informed, trained, and monitored regarding the adoption of the practice under investigation? (Weaver et al., 1999)
- Is a social enterprise involved (or willing to be involved) in real discussion with its stakeholders to define shared meaning and common solutions to moral issues? (Scherer and Palazzo, 2006)
- Is the social enterprise trying to alter their resource dependency by changing the environment in which it works, changing products, clients, and suppliers with the aim altering of expectations or requirements it has to conform with? (Ashforth and Gibbs, 1990; Strand, 1983)

Table 13: construct definition, coding scheme and examples of decoupling

Construct	Definition for coding	Analytical Coding scheme
Substantive Actions	Substantive actions are real managerial changes in organizational goal, structures or processes an organization carries out to acquire legitimacy (Ashforth and Gibbs, 1990; Scherer and Palazzo, 2007)	<p>We code an action as substantive whenever we are able to answer positively to one or more of the following questions:</p> <ol style="list-style-type: none"> 1. Is the social enterprises adopting certain prescribed practices in its daily practices, concretely changing its structures and process to acquire legitimacy (Ashforth and Gibbs, 1990)? 2. Are internal stakeholders informed, trained and monitored regarding the adoption of the practice under investigation? (Weaver et al, 1999) 3. IS a social enterprise involved (or willing to be involved) in real discussion with its stakeholders to define shared meaning and common solutions to moral issues (Scherer and Palazzo, 2007), 4. Is the social enterprise trying to alter their resource dependency by changing the environment in which it works, changing products, clients and suppliers with the aim to alter the expectations it wants to which it must respect (Asforth and Gibbs, 1990; Strand, 1983),

4.5.3 *Coupled actions*

To identify coupled actions (i.e., those actions that have both a substantive and a symbolic dimension), we refer to the definition of symbolic actions by Zott and Huy (2007) taken from impression management research (Tedeschi and Ries, 1981; Goffman, 1973).

Given that a symbol is “any object, act, event, quality, or relation that serves as a vehicle for conveying meaning, usually by representing another thing” (Trice and Beyer, 1984), Zott and Huy assert that objects and actions can each have both an intrinsic and a symbolic dimension. The intrinsic dimension refers to the objective and tangible function of objects and actions, while the symbolic meaning is related to the interpretation people give to them on the basis of shared values, beliefs, and social norms.

Given this definition, we can interpret symbolic actions either as rhetorical devices decoupled from any real implementation (Westphal and Zajac, 1994; 1998; 2001) or as behaviors that seek to convey subjective social meanings alongside their intrinsic dimension (Zott and Huy, 2007; Rafaeli and Vilnai-Yavetz, 2004; Higgins and Gulati, 2003). The first situation has previously been defined as decoupling. The second situation could be defined as “integration” since in this circumstance, in addition to the symbolic meaning of a practice, there is also concrete action taken in activities. For example, activities such as establishing a legal entity, completing a business plan

(Delmar and Shane,1999), hiring new employees, and attracting new customers (Aldrich, 1999) are all actions a new venture could eventually adopt to convey a message of professional capability and solidity, which should reinforce external key stakeholders willingness to collaborate with it. However behind this symbolic message these actions could also have a substantive dimension whenever new employees are effectively hired and the business plan is carried out. In the same way, starting a new social program or a new service usually involves adopting some substantive actions, such as developing more integrated management accounting practices, establishing new offices, hiring employees and volunteers, and signing new partnership agreements with welfare actors. However, these actions could also have a symbolic dimension, aimed at conveying a message of credibility, familiarity, and professional capability to key stakeholders (Lousbury and Glynn, 2001).

The main indication an organization is implementing integration actions is its willingness to send its stakeholders messages that go beyond the intrinsic and substantial dimension of the actions it actually carries out in order to evoke meanings which help them to better frame and interpret ambiguous situations.

Based on these assumptions, and following Zott and Huy (2007), we code for coupled actions whenever:

- An organization displays or tries to draw attention to a meaning that goes beyond some activities’ existing content or functional use,
- External stakeholders perceive an action as having a meaning that goes beyond functional use, or
- We identify the actions as having a meaning that goes beyond functional use.

Table 14: construct definition, coding scheme and examples of coupling

Constructs	Definition for coding	Analytical Coding scheme
Coupled actions	Organizations display or try to draw other people attention to a meaning that goes beyond the existing content or functional use of some activities, processes or objects (Zott and Huy, 2007).	We code an action as integrated whenever it occurs at least one of the following situations: <ol style="list-style-type: none"> 1. an organization displays or tries to draw attention to a meaning that goes beyond some activities existing content or functional use 2. external stakeholders perceive an action as having a meaning that goes beyond functional use 3. we identify the actions as having a meaning that goes beyond functional use

4.6 Conclusions and introduction to the second part.

Following methodological suggestions of Yin, (2003), Eisenhardt (1989) and Miles and Hubermann (1994), in order to build theory from case studies we started our analysis writing single and independent case study for each social enterprise under investigation. The aim of this strategy is to use each single case study as an independent experiment which allows us to identify new and emergent theoretical constructs and nomological relations. Accordingly, chapters five, six, seven and eight describe single case studies developed.

Once every case study was written we compared findings and results in order to identify common patterns and which emerged across cases. Chapter nine compares findings.

Finally, chapter ten provides the theoretical conclusions of this work.

Second Part: The Empirical Evidence

5 FIRST CASE STUDY: COOPERATIVE GREEN

5.1 Brief overview

GREEN is a Work Integration Social Enterprise which was founded in the legal form of a Social Cooperative (under Italian law n. 31 1991) in 1995 in Bergamo, by:

- a group of volunteers,
- a Not for Profit Organization (NPO), which at that time had in charge the management of an apartment for immigrants,
- a social enterprise, which was working for the social inclusion of marginalized people.

The mission of GREEN is to participate in the common good of the local community, to promote people's well being and the integration of all citizens by providing work opportunities to disadvantaged people (First article of GREEN's charter). In order to achieve its mission, GREEN provides environmental health services and the ecological recovery of waste materials, thus managing the entire waste integrated cycle⁴. These services are means towards the end of reintegrating people into the normal work market; therefore recycling and waste management are instruments to promote an experience of a sustainable and human-centred economy, because each person involved in the production process is considered as an asset that produces not only income but also added social value (Introduction to GREEN booklet 2010). Therefore GREEN is a hybrid organization embedded in two apparently conflicting institutional logics: on the one hand it is embedded in commercial logic since it has to compete in the highly competitive market of sweeping and waste services; on the other hand it also belongs to social logic, since it has to provide care services to disadvantaged workers.

As a social cooperative, GREEN shares the cooperative values defined by the International Co-operative Alliance "of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members

⁴This means that Ecosviluppo do not manage only sleeping services but also waste collection, disposal and recycling.

believe in the ethical values of honesty, openness, social responsibility and caring for others” (Social Report GREEN, 2011).

The leading values of the cooperative are grounded on the centrality of the work experience as a fundamental tool for integrating people into society and for enabling them to acquire a higher level of self-awareness: according to GREEN, neither solidarity nor true integration are possible without good work conditions (GREEN identity: social report 2010).

As a social co-operative and in alignment with the Italian features of social enterprises (Borzaga and Defourny, 2001), GREEN’s governance is democratic in nature, since cooperative members have equal voting rights (one member, one vote) and people serving as representatives on the Board of Directors are accountable to the membership. Moreover, the GREEN Board of Directors is multi-stakeholder in nature because two members are volunteers and 5 are employees.

Italian social enterprises are usually small organizations with an average of 25 employed members and only a few of them have more than 100 employees. By virtue of its 123 employees, 64 of whom are disadvantaged workers, more than M€ 4.7 of total assets and M€ 5.2 of revenues (financial results, 2010) GREEN is therefore not only the biggest social enterprise in the Bergamo district, but it can be considered to be one of the most important social enterprises in Northern Italy. In the last two years, GREEN has invested approximately €600.000 per year in fixed assets, thus raising its total asset from M€2.4 in 2007 to M€4.7 in 2010. In the last three years GREEN has replaced most of its equipment and trucks. Moreover in 2004, GREEN started a self regulation process that has enabled it to acquire three International Certifications, namely: UNI.EN.ISO 9001 in 2004; EN.ISO 14000 in 2007; and UNI.EN.ISO 18000 last year.

Tabella 15: GREEN main data

Year	2006	2007	2008	2009	2010
Total Staff	n.d	92	103	123	123
Disadvantaged Employees	n.d	46	55	71	64
Total assets (M€)	2.1	2.4	3.5	4.4	4.7
Revenues (M€)	3.9	3.6	4.0	4.9	5.3

Today, GREEN works in three different districts (Bergamo, Milano and Monza), providing services to approximately 450,000 clients. By virtue of the recognised quality and reliability of the services provided and of internal managerial practices, GREEN has strong and successful trade relations with public companies - such as Aprica S.p.A (the leading multi-utility of the district of Bergamo, with more than M€223.000 of revenues in 2010) which is the most important commercial partner of GREEN, providing it with nearly 40% of GREEN's revenues, Cem Ambiente S.p.A, ABB S.p.A and several other medium sized enterprises. The feelings expressed by one commercial stakeholder were representative of general satisfaction with the company's performance:

Nowadays, we are very, very happy with GREEN; however, we have not only offered sweeping services to them. Rather, the collaboration has extended to the management of a whole series of external contracts" (Interview with commercial stakeholder, D. 16)

Put simply, commercial stakeholders perceive GREEN as technically effective and economically efficient with a strong commitment towards clients' needs.

their willingness to acquire a quality certificate, and therefore, to provide a service capable to satisfy certain standardized and broadly accepted procedures...I guess has helped them to ensure a degree of seriousness and give a satisfactory answers to their customers. I'm very happy with them. (Interview with commercial stakeholder, D. 16)

In accordance with its hybrid nature, GREEN has relationships not only with commercial stakeholders, but also with social ones, such as:

- Local agencies such as the local SERT agency (drug addiction service), the local SIL (labour integration agency) and social assistants and doctors at the penitentiarys.
- Other social enterprises, not for profit organizations, and consortia of cooperatives.

In summary, nowadays GREEN works in partnership with more than 25 other organizations embedded in the social sector and in the last two years it has strengthened the partnership in particular with two organization: Uildm Bergamo, and Associazione Carcere e Territorio, which are two of the most important and recognized NPOs in the Bergamo district. With all these social stakeholders, GREEN is attempting to define social strategies to help marginalized people to enter into the labour market and to achieve social inclusion and economic self-independence. In

more detail, in the last years, GREEN has been able to establish fruitful partnerships with these social stakeholders and has developed several new social services and projects such as the “Italian School for Immigrants” and the “Progetto tra quattro mura”, which GREEN and another NPO (Associazione Carcere e Territorio) set up a year ago, to provide former penitentiary inmates with low rent apartments.

By virtue of its activities, partnerships and strategies GREEN is nowadays recognised as not only effective in creating economic value and work opportunities for marginalized people, but also as a leading social enterprise, which is able to create great social value for local communities.

Put simply, GREEN picks up trash. This is a work. It takes one second to become a rubbish heap. Picking up trash now, they are able to create a very remarkable social impact. This is tangible for everybody working with them, from social bodies to local agencies. (Interview with social stakeholder, D. 15)

5.2 The legitimacy challenge suffered by GREEN

Although currently GREEN can be considered a totally legitimate organization, perceived both by commercial and welfare stakeholders as consistent with their shared system of beliefs and norms, (Oliver, 1996) as demonstrated by:

- the positive endorsement it has received by key external stakeholders (Pfeffer and Salancik, 1978),
- positive economic and social performances (Zott and Huy, 2007) and
- the existing strong interlocking relationship with legitimate stakeholders (Dacin et al., 2007; Higgins and Gulati, 2007),

only three years ago the situation was quite different, because GREEN was in the middle of a dangerous internal conflict between the former director and other members of the organization.

In particular, some of the members of the Board blamed the former director for managing the organization in a way that was trying to maximise organizational economic performances, without considering the ethical effects of its actions and the negative social impact his choices could have had.

From the former director’s point of view, the enterprise was something he owned, something like a family firm where he was the only owner and leader. This way of thought has discouraged and inhibited the growth of other professional figures. As far as somebody has discussed, the former director leadership,

he has been immediately removed. Besides, he has managed in an unethical manner many issues.
(Internal interview director, D.1)

Table 16: Timetable of the internal conflict

Year	Events	Source
2006	<ul style="list-style-type: none"> • First signals of the internal conflict • Former director logic is the dominant but challenged one • the internal conflict blows up 	<ul style="list-style-type: none"> • Board of Directors 6.3.2006 (D. 123) • General assembly 26.2.2006 (D.136) • Board of Directors 27.11.2006 (D.134)
2007	<ul style="list-style-type: none"> • GREEN is in the middle of the internal conflict • The director is removed from his role, but maintains his role as area manager and in the board of directors 	<ul style="list-style-type: none"> • Interview with volunteer (D. 13) • Board of Directors 6.6.2007 (D. 49)
2008	<p>The internal conflict carries out but a new dominant logic emerges:</p> <ul style="list-style-type: none"> • A new president (volunteer) is elected • The director is removed from his role of area manager 	<ul style="list-style-type: none"> • General Assembly 24.4.2008 (D.140) • Board of Directors 22.5.2008 (D.70)
2009	<ul style="list-style-type: none"> • The former director is removed from membership • GREEN becomes member of the NPO L'Impronta • A new Social Board (commissione sociale) is established 	<ul style="list-style-type: none"> • Board of Directors 8.4.2009 (D.84) • Board of Directors 1.12.2009 (D.95) • Board of Directors 4.9.2009 (D.90)
2010	<ul style="list-style-type: none"> • New social report after one year of partnership with three other social enterprise • GREEN become member of the NPO "Il pugno aperto" • GREEN convention 	<ul style="list-style-type: none"> • Social report 2010 (D.143) • Board of Directors (D.98) • Booklet of the convention (D.31)

This was not only an internal conflict between two different organizational identities, representing alternatively a market and a socially oriented identity; a situation which occurs quite frequently in hybrid organizations (Glynn, 2000; Goodrick and Salancik, 1996). This situation and the unethical behaviour of the former manager caused this organization to be subjected to a legitimacy challenge both from commercial and social key stakeholders.

In particular, the former director's management style was perceived as inconsistent with the norms and values embedded in both the welfare and social logics.

On the one hand, commercial partners did not accept the means by which GREEN was carrying out its activities and in this sense a clear signal came from a key commercial partner - Aprica S.P.A. which was responsible for approximately 40% of GREEN's revenues. The area manager of Aprica threatened to shut down the

commercial partnership with GREEN because he did not accept the way in which the former director managed GREEN, asserting that his leadership style was inconsistent with quality and ethical standards required by the market. In particular this commercial partner had discovered that some unethical behaviours in the management of human resources and services which have lead to weaken the quality of GREEN services

Transparency is at the core of very commercial partnership. At a certain point, I said, 'Well, now we can only close down the partnership. I have discovered something I don't really like...'. (Interview with external stakeholder, D. 16.)

The unethical behaviours of the former director undermined GREEN with welfare stakeholders as well. In particular, they challenged not only the way in which the organization was achieving its mission, but also the mission itself (Hirsch and Andrews, 1986). The following comments further endorsed the fact that GREEN had entered a state of “mission drift” (Battilana and Dorado, 2010; Copestake, 2007):

this situation is the result of a profit-oriented perspective, disregarding social value creation” (Social stakeholder 2: General assembly 2006, D.136),

Moreover:

Within the consortium, GREEN's situation - their inconsistency with the mission - was well known: somebody did care about it, somebody didn't. It was self-evident (Interview with social stakeholder, D. 15).

This legitimacy challenge was clearly understood by internal key stakeholders - in particular by the current director, several volunteers, some workers and members of the organization - as several official reports of the Board of Directors pointed out between 2006 and 2009 (for instance these concerns has been pointed out by different Board members during Board meetings of: 26.2.2007 - 11-6-2007 - 27.12.2007 - 26.3.2009 and during the general assembly of 2006 and 2007). In particular, for key internal stakeholders it was clear that GREEN was running the risk of being perceived as illegitimate both by commercial and social stakeholders because they recognised there was a strong mismatching between the firm's self-concept and the categories to which others thought it should belong to (Zuckermann, 1999), in particular the problem was that:

you cannot think you could keep working out of the books, without thinking that your behavior is seen and negatively understood by others” (internal interview #2; D: 12)

Internal key stakeholders had the clear perception the situation was also extremely risky because of the moral mission of GREEN (Ashforth and Gibbs, 1990).

our reputation is our ethical behavior...it is that we have nothing out of the books, it is that we manage waste better than others, because we have to convey an image of social enterprises that works at the best of its possibilities” (internal interview #3, D. 10)

5.3 GREEN’s strategy to restore its legitimacy

5.3.1 The legitimizing strategy during the conflict

As we have seen, during its internal conflict phase GREEN was under a serious legitimacy challenge from both its social and commercial key stakeholders. In order to defend its organizational legitimacy during the internal conflict, GREEN tried to convey symbolic messages of compliance with external stakeholders’ values and beliefs but performing a typical decoupling from substantive actions since it was incapable to change its internal practices and structures since the former director did not want to change the *status quo*.

In particular, according to interviews and data gathered during the conflict phase (between 2006 and the end of 2008) GREEN carried out symbolic actions decoupling them from their real implementation at least with regards to three aspects:

- forced by regulative isomorphic forces (Scott, 1995; Deephouse and Carter, 2005), GREEN adopted certifiable standards to convey a message of professional and organizational structures, without really changing its internal practices (source: interview with director, D. 43; and report of the Board of Directors 11.09.2008. D. 75).
- in order to answer regulative legitimacy pressures in 2008, GREEN started writing up its social report (D. 19) - it was requested by Lombardia Region to provide social enterprises with financial grants - without integrating it into daily activity and using it as a real social accounting instrument to measure and disclose its social impact (Nicholls, 2009).
- GREEN was used to espouse socially acceptable goals without really pursuing them. Namely, in order to convey a message of ethical commitment and coherence with its social mission, GREEN was used to publish newsletters, and

organise seminars and meetings with schools and the local communities (source interview with volunteer, D.12; and with external welfare stakeholder, D. 15). The aim of these activities was to make the local communities aware of the social and environmental issues which were supposed to be at the core of GREEN's mission and activities, thus symbolising an ethical commitment towards environmental and social issues, which were not really embedded in daily activities. This therefore created gaps between their formal structures and their actual works activities (Meyer and Rowan, 1977, p. 341).

The motivation behind these decoupled strategies was consistent with institutional theory: external pressure contrasted with internal organizational goals and motivations (Weaver et al., 1999; Westphal and Shortell, 2010; Westphal and Zajac, 2001) and, in particular, with the former director's belief, who was the most powerful internal stakeholder (Westphal and Zajac, 2001; Fiss and Zajac 2004).

However, these decoupled strategies were ineffective at defending organizational legitimacy, both with the commercial and the social stakeholders. On the one hand, according to commercial stakeholders the key driver to legitimate GREEN was effectiveness, and they were not impressed by its certifiable standards which are considered as an ex ante condition for entry into the market. Commercial stakeholders therefore scrutinised the effective quality of the organizational services and performance.

If you are not well organized, there is nothing to do. You can have all the machinery you want but if you aren't well structured, everything falls down (Interview with external commercial stakeholder, D. 16)

The director also indicated that:

in our market International Certifications - 9001 and 14000 – are taken for granted if you wanna be a reliable competitor. They don't give you any competitive advantage (interview with the director. 9)

On the other hand, decoupled symbols conveying ethical and social commitment did not suffice to guarantee GREEN's legitimacy with its key social partners, because social reports, conferences, and newsletters were perceived as spot activities, disconnected from genuine social planning and social value creation strategies. One such partner expressed his disenchantment thus:

“Across the years, the social enterprise has always done awareness-raising initiatives but this was done in a different way of thought. At the beginning, those things were done only in a local area and with no

continuity - something that takes five minutes and that's all. Now they are working out of a single area and they are showing the idea of an organization that works like a system in certain issues (Interview with welfare stakeholder, D. 15).

These findings are interesting for at least three reasons:

First, according to our data, GREEN sent decoupled messages not only to external stakeholders belonging to the institutional logic that was less powerful inside the organization, namely the social one, but also to stakeholders belonging to the commercial logic, which during the internal conflict was the dominant one, being represented by the former director. This contradicts the assumption according to which organizations embedded in heterogeneous institutional fields symbolically portray themselves as aligned with institutional logic they do not share, while adopting practices which are compatible with their institutional affinities (Pache and Santos, 2010; Boxembau et al., 2008).

Second, according to neo-institutionalism, symbolic actions should suffice to maintain legitimacy with external stakeholders (Meyer and Rowan, 1977; Asforth and Gibbs, 1990) because they allow organizations to portray themselves as compatible with broadly accepted norms and expectations, but our data suggest that decoupled actions did not suffice to guarantee organizational legitimacy to GREEN; neither with social nor with commercial stakeholders.

Third, both with regard to symbols deployed to commercial stakeholders and to social ones, organizational members challenging the strategy of the former director and representing the social logic inside the organization (namely volunteers and the new director) agreed to send decoupled messages to external stakeholders for two reasons: first they considered them useful to legitimise GREEN; second and most importantly they considered these symbols as the first step to spark a dialogue inside the organization regarding the usefulness of the practices underlying the decoupled messages conveyed to external stakeholders.

Newsletters, conference were done also before our organizational restructuring, but with less intentionality and with less people involved..this initiatives allows volunteers to acquire importance and a sense of commitment (interview with volunteer #2 D. 13)

Moreover:

(The new director) underlines that in November there will be an inspection visit for the certification of quality and then will be extremely important for the organizational survival to keep the certification already got ita volunteers points out that certifies should not be considered as an end, but a means toward greater efficiency (source Board of Directors 11.9.2008.D.75)

5.3.2 *The legitimizing strategy during the new deal*

After three years of increasing internal discussion and conflict, in 2008 the Board of Directors removed the former director (22.5.2008), leaving him only his role as a functional manager but with low financial and managerial autonomy (11.2.2009), and finally, in 2009, he was removed from membership (8.4.2009).

However, this does not seem to be only the final act of an internal conflict between promoters of conflicting identities (social versus commercial), but also the first symbolic action adopted by GREEN to convey towards key stakeholders a message of change in order to restore its legitimacy: changes in the corporate governance structure not only redefine the governance assets of the organization (intrinsic dimension) but could also convey a message of organizational willingness to redefine its strategies and goals, thus conveying a message of alignment between top management goals and key stakeholders' expectations (Wesphal and Zajac, 1998).

After having removed its former director, GREEN entered a new phase of organizational restructuring, with the aim of achieving greater efficiency and to restore its legitimacy. It seems that these two goals – increasing organizational efficiency and restoring legitimacy – have been managed together, one reinforcing the other and vice-versa: for instance, one of the first strategic decision of the new Board was to redefine the organization chart of GREEN, clarifying roles and responsibilities inside the organization (D.93). A quality manager and an administrative manager were identified, with the aim of increasing internal organizational efficiency and moving towards a more business-oriented organization given the greater price competition that GREEN was encountering (D.82). Moreover, a social area was set up in order to deal with the social issues in a more formalised way and to concretely integrate social issues into daily activities (D.96). Finally, volunteers were concretely involved in the social strategies and a "social commission" was set up to identify the social issues that GREEN could deal with (D.96). Accordingly, it seems that the new management tried to integrate previously decoupled practices into the daily activities, giving them a substantive meaning rather than a decoupledc one (Ashforth and Gibbs, 1990), with all the

organizational members and organizational areas being involved and informed regarding the importance of these activities.

There were at least four drivers leading to these changes:

The first of these was the perceived need to increase organizational efficiency and effectiveness through a real organizational restructuring (Stevens et al., 2005).

Now we know we have to identify initiative that are useful for the organization, we have identified a quality manager...we have strengthened the practices in daily activities..(interview with board member. D. 12)

The changes were summarized in another interview:

Now GREEN is organized according to an organization chart with several area managers, and every area tries to do its best. I think it is important everybody tries to do its own work and not those of others; this allows everybody to grow up. Everybody does its own to make the organization always better” (Interview with internal worker. D.14)

Second, members of the organization were willing to restore alignment between expected and enacted organizational identity (Dutton et al., 1994; Golden-Biddle and Rao, 1997) as evidenced in the following comments:

We have to do our best, because it is our duty as social enterprise; it is in our genes.” (Interview with worker and board member, D.42)

And:

Our management has a strong ethical commitment. We really belief in the idea of social enterprise; therefore, there is a stronger ethical vision after the conflict.” (Interview with the director, D. 10).

Third, solving the internal organizational conflict released new economic and human resources, which have been allocated to developing new initiatives, such as a social area and an integrated quality system.

Fourth, in order to restore their legitimacy with key stakeholders belonging to the welfare logic, and consistently with values embedded in this environment, GREEN entered into moral dialogue with them to identify shared objectives and solutions to social and ethical issues (Scherer and Palazzo, 2007). This dialectical approach is typical of NPOs in general and of social enterprises in particular (Borzaga and Defourny, 2001; Frumkin, 2002; Pache and Santos, 2010). However, managing moral dialogue by only deploying symbolic actions could be problematic, since “the attempt to engineer moral legitimacy through symbolic or strategic activities, such as instrumental

public relations or political lobbying, may even increase moral indignation and further reduce public acceptance” (Palazzo and Scherer, 2006; 2007) and exposes organizations to greater scrutiny which leads them to really carry out their socially oriented declared practices. Accordingly, entering into a dialogue with key stakeholders has lead GREEN to carry out substantive networks with other social enterprises and to concretely integrate social accounting and its social mission in its daily activities.

Moreover, even though GREEN had taken opportunities to decouple practices in the past, in this phase, top management intentionally avoided carrying out this kind of strategy. For instance, GREEN had the opportunity to acquire, without implementing, a new quality certification (namely: ISO18000) or to allow some disadvantaged workers to join the Board with the purpose of symbolically representing different identities and claims but with little efficiency payoff (Abzug and Galaziecicz, 2001). However, GREEN refused to carry out both these two symbolic actions because they were not linked to concrete changes or payoff for the organization, giving priority to effectiveness purposes rather than only legitimizing ones. The reasoning was explained by the Director:

You can give the meaning you want...you can say GREEN works well because it has a couple of immigrants in the board of directors...but in the board we have to take important decision... our Board of Directors members should have the knowledge allowing them to sit there, with no competencies you have a symbol that is meaningless, we need concreteness (interview with the Director. D. 9)

GREEN did not adopt decoupling as a legitimizing strategy during the restructuring phase, however, it was extremely aware of giving symbolic meaning to the substantive actions it carried out. In particular, GREEN was extremely skilful at deploying symbols to influence potential financial, human, and reputational resource holders. GREEN was also aware of the advantages of deploying different symbols to different stakeholders to restore its legitimacy and to convey a message of consistency between its actions and activities and those expected by different stakeholders. In this way, GREEN was able to reinforce the legitimizing power of its substantive changes (Berrone et al., forthcoming), making them more visible to external stakeholders (Zott and Huy, 2007).

In particular, it seems that GREEN used symbols in order to alternatively confirm or challenge beliefs and myths regarding its identity (Pratt and Rafaeli, 1997; Glynn and Marquis, 2004). In this way GREEN was firstly able to appear consistent

with values and norms embedded in each of the institutional logics it belonged to, and secondly, to make evident its hybrid dimension. Accordingly GREEN sent a series of symbols to commercial stakeholders in order to appear consistent with its rationale, myths and beliefs (Meyer and Rowan, 1977; D'Aunno et al., 1991) embedded in the for-profit sector. The aim of this strategy was to appear consistent with the expected behaviours of an effective market player. In this way GREEN was not only able to legitimise itself as an enterprise, but also to challenge an existing bias regarding the efficiency and effectiveness of social enterprises.

We need to overcome the idea of the loosely organized social enterprises that gives working opportunities to few unlucky guys, a couple of inmates and several drug addicts...we must appear as a real enterprise (interview with the director. D.9)

In this sense, GREEN used the following clear, symbolic messages to convey a message of organizational achievement:

- Organizational restructuring and organization chart (source: Interview with quality manager D. 44)
- Providing exceptionally responsive and fast customer services and immediately solving problems (source: interview with worker and board member. D. 42)
- Maintaining trucks and vehicles cleanly and in perfect condition (general assembly, 2008. D. 140)
- Maintaining certifications and acquiring a new certification on industrial security (interview with the director. D.43)
- Stressing the entrepreneurial dimension of GREEN in the booklet presenting the GREEN convention for 15 years of activities (booklet D.31 and interview with the director. D. 10)

I stressed the organization in order to get the certified regarding industrial security before our convention..it was so important to get the certified because it gives an image of professional structures..this is much more important than others because this is the less taken for granted. (interview with the director. D. 43)

On the other hand, GREEN also deployed several symbols to stakeholders embedded in the welfare logic in order to restore its legitimacy and to make clear the consistency between their expectations and their organizational goals and identity.

- In 2010 GREEN set up a new social board committee (Commissione Sociale), involving the new director, some volunteers, and the social area manager. Irrespective of the substantial activities carried out by the board, this formal board conveys a message of organizational commitment toward social issues (Board of directors, D.98);
- The new president of GREEN, elected at the end of 2009, is also president of the national board of one of the two most important social enterprise networks in Italy and he symbolically represents the commitment of the organization toward social issues by virtue of his personal legitimacy (Suchman, 1995). (interview with internal stakeholders. D.13; D.11)
- GREEN has several volunteers involved in its daily activities and in the Board of Directors: some of them have important networks with political institutions, others with religious ones or with schools and the local communities. According to the specific social stakeholder GREEN wants to work with in order to carry out a specific project or a partnership, different volunteers act as representatives of GREEN in the face-to-face and political relationships. This allows the organization to adapt its image to the specific beliefs and values of the different stakeholders it deals with.(interview with the director: D.43 and with external stakeholder. D.15).
- In selecting disadvantaged people to integrate new human resources, *ceteris paribus*, GREEN gives a sort of priority to disadvantaged people coming from the districts where GREEN works. In this way, GREEN not only satisfies its mission and human resources needs, but it also sends a highly visible symbolic message of care for the work integration needs of the political institutions it works with. (interview with the director. D.43 and with quality manager. D.44).
- Following a substantial implementation of the social accountability process inside the organization, Social Report 2010 was framed in order to symbolically convey a message of commitment towards the local community's needs and of alignment with the idea of a participative

social enterprise which prevails in the Italian context (Kerlin, 2005) (Social Report 2010. D.143).

Starting from those premises, social enterprises involved in the social accounting process have wrote up the social report following some shared guidelines...finally we have decided to reinterpret our activities, pointing out the way in which the five constitutive principles of community social enterprises have been concretely applied (Introduction to the social report 2010. D. 143)

In the restructuring phase, GREEN sent several symbolic messages to different stakeholders in order to restore its organizational legitimacy, usually adopting and adapting symbols to convey a different image according to the institutional logics to which its stakeholders belonged. However, GREEN has never completely concealed its hybrid dimensions: thus commercial partners have always been aware of the social mission of GREEN (external stakeholder #1 D. 16; #2. D144) and social ones have been informed of the managerial challenges GREEN faced in order to survive over time. In this way, GREEN has been able to convey its permanently hybrid identity towards its key stakeholders. In this sense, the most powerful symbol it has adopted has been the convention organised at the end of 2010 to celebrate GREEN's 15th anniversary.

During this convention, several symbols were adopted to convey GREEN's hybrid identity towards all the organizational stakeholders:

- First, the title of the conference (Glynn and Abzug, 2002; Glynn and Marquis, 2004), was selected to convey the double identity of the organization ("GREEN 15 years of work and solidarity") (GREEN booklet. D. 31)
- Second, the location was the congress hall of the "Kilometro Rosso", which is the most important technology centre within the district of Bergamo, and is also recognised as one of the top 10 places for innovation in Italy (Censis Report, 2009). With this location GREEN wanted to associate its image with the ideas of innovation, efficiency and effectiveness cognitively embedded in the "Km Rosso" centre. (interview with the director. D.10 and with internal stakeholders. D.12. D44)
- Third, during the convention all the area managers presented their activities and results; behind the intrinsic goal of presenting organizational achievements, there was also the aim of symbolically representing GREEN as a well-organised enterprise where the decision-making process is participative in nature interview with the director. D.43).

- Finally, during the conference, social and commercial achievements were presented. Quite interestingly and surprisingly, stakeholders belonging to the commercial logic were impressed, in particular, by the social goals of GREEN (interview with commercial stakeholder 2. D.144), while stakeholders belonging to the welfare logic were impressed by the economic achievements of the organization (interview with external stakeholder. D. 15).

5.4 Conclusions

Since GREEN recognized that it had fallen in a legitimacy gap with welfare stakeholders, it has carried out a series of strategies to restore its organizational legitimacy. Accordingly, the case gives four insights from the literature on organizational institutional theory, symbolic management, and hybrid organizations

First, the case empirically grounds a range of substantive and symbolic actions deployed by a hybrid organization such as GREEN to restore its legitimacy in different institutional environments; thus, the study further develops the available literature on symbolic management (Zott and Huy, 2007; Trice and Beyer, 1984; 1993).

Second, literature on legitimacy theory points out that organizations seek to acquire legitimacy by trying to appear consistent with broadly accepted social norms, values, and expectations (Dowling and Pfeffer, 1975). In this sense, Meyer and Rowan (1977) and Rao (1994) suggest that symbolic conformance with external expectations should suffice to acquire legitimacy because it allows organizations to portray themselves as compatible with broadly accepted norms and expectations. Data from this study, however, challenged these assumptions of institutional theory. This study's findings suggest that symbolic actions, completely decoupled from their real implementation, did not suffice to guarantee organizational legitimacy to GREEN, neither with social nor with commercial stakeholders. It seems that at the micro level and in daily activities, decoupling does not suffice because the social enterprise is exposed to great external pressure and scrutiny that undermine the legitimizing value of decoupled strategies (Stevens et al., 2005; Berrone et al., forthcoming).

Third, institutional theory suggests that when organizations are embedded in heterogeneous and conflicting institutional fields and should adapt to pluralistic legitimacy claims, they may decouple certain practices in order to portray themselves as merely coherent with societal beliefs and norms (Aurini, 2006; Meyer and Rowan,

1977; Kostova and Zaheer, 1999; Westphal and Zajac, 1994; 1998). In particular, organizations are expected to satisfy those isomorphic pressures that contrast with organizational goals and motivations symbolically (Weaver et al., 1999; Westphal and Shortell, 2010; Westphal and Zajac, 2001), and to carry out initiatives substantially that are coherent with their dominant system of beliefs. However, during the conflicting phase and during the time when the former director was extremely powerful inside the organization, GREEN sent symbolic messages both to social stakeholders – the less powerful inside the organization - and to profit-oriented ones, despite the fact that commercial logic was the dominant force inside the organization. Moreover, as pointed out in the previous section, findings suggest that during the conflicting phase, not only the former director but also other internal stakeholders supporting the social logic were willing to introduce symbolic actions into the organization. Accordingly, in several circumstances, volunteers and the new director led organizational decoupling. In their perspective, however, the aim was not only to deploy a symbol of congruence with external isomorphic expectations, but also mainly to introduce those practices in the daily activities, even if in a merely symbolical way. Jovanovic and Wood (2007) analyzed how a decoupled code of ethics led its adopters to enter in a previously unintended sense-making process regarding the meaning of the code. GREEN's case further developed Jovanovic and Wood's findings by pointing out that "true believers" inside the organization can consciously lead the symbolic adoption of certain practices in order to spark discussion regarding those practices and, in this way, to introduce a symbol, which could produce a new belief, and as a consequence, new organizational practices (Feldman and March, 1981). Accordingly, it seems that some internal stakeholders of GREEN not only accepted but also led the adoption of some decoupled practices with the aim to introduce a symbol of cultural (Greenwood and Hinings, 1996) and institutional change (Hargadon and Douglas, 2001; Pache and Santos, 2010) in the organization. This could eventually have allowed the incumbent welfare logic to stand out and redefine GREEN's identity (Glynn, 2000; Goodrick and Salancik, 1996)

Fourth, institutional theory suggests that "decoupling is not simply a binary choice (i.e., say, vs. do) but can be more nuanced" (Fiss and Zajac, 2006, p. 1187), and that "symbolic and substantive actions are actually complementary instead of alternative" (Berrone et al., forthcoming, p. 27). Our findings confirm and further

develop the qualities of decoupling predicted by those authors, since GREEN had to manage a complex legitimating process in order to restore its legitimacy. This dynamic process has continuously led the organization to move from symbolic to substantive actions and vice-versa. In particular, given that through symbolic actions alone GREEN had failed to restore its lost legitimacy, GREEN has substantially adopted those actions, which has allowed it to answer concretely both commercial and welfare stakeholders claims. Accordingly, in order to restore its legitimacy, GREEN has continued to send the symbolic messages but it has also begun to couple them with substantive practices, thus moving from "decoupling" to "loosely coupling", and finally, to "coupling". Afterwards, GREEN deployed a number of meta-symbols, aiming to highlight that its symbolic actions were coupled with relevant substantive actions.

Finally, our findings suggest that hybrid organizations manage symbols not only to convey a message of commitment to values and beliefs of particular constituencies, but also to make them aware of the hybrid identity and of the multiple cores of the organization (Kraatz and Block, 2008; Pratt and Rafaeli, 1997; Reay and Hinings, 2009; Glynn, 2000). In particular, in the early stage of its legitimacy restoring process, GREEN adopted and used symbols to convey i) a message of commitment toward economic efficiency, performance awareness, and managerial capabilities to commercial stakeholders and ii) an organizational identity based on social commitment, democratic stake holding, and participative management to welfare stakeholders. In this way, symbols have been managed by GREEN to appear isomorphic and consistent with external expectations and claims (DiMaggio, 1988). However, GREEN began to deploy symbols to introduce a new institutional logic - symbols representing the deployment of commercial logic to welfare stakeholders, and on the other hand, symbols representing the deployment of social goals to commercial stakeholders. Instead of sending symbolic messages to provide links of coherence with the institutional field of its constituencies, GREEN used symbols to highlight its identity differences and its role to impose divergent institutional change. In other words, this strategy allowed GREEN to introduce institutional change (Lounsbury 2007) in the two fields in which it is embedded, thus allowing the organization to legitimize and institutionalize its permanently hybrid identity (Glynn and Lounsbury, 2005, Thornton et al, 2005) with all stakeholders.

6 SECOND CASE STUDY: COOPERATIVE RED

6.1 Brief overview

RED is work integration social enterprise founded in Trento (in the North of Italy) in the legal form of a Social Cooperative (under Italian law n. 31, 1991) in 1990 with the aim of providing job coaching for disadvantaged young people living in the city of Trento. In particular RED was found by:

- a high school teacher who at the end of 80s recognised that some of her students with learning difficulties were unable to continue their school careers, but at the same time they did not even have the requested minimum skills to successfully enter the job market;
- the “Agenzia del Lavoro della Provincia di Trento”, which is the local agency for employment in the district of Trento;
- a Not for Profit Organization (NPO) called Comitato Italiano per il Reinserimento Sociale – CIRS – (Italian Committee for Social Integration), which provides care services, in particular to marginalized young people with the aim of re-integrating them into society.

As described in the first article of its “articles of association”, the mission of RED is to promote people’s well-being and the social and working integration of marginalized people, thus contributing to the common good of society. In order to achieve this mission RED works as a subcontractor, providing for-profit organizations with assembly and manufacturing services.

Given its mission, RED is permanently embedded in two apparently conflicting institutional logics. On the one hand, it has to compete in the highly competitive market of subcontractors of manufacturing services, thus belonging to a commercial logic. On the other hand, RED is also embedded in the welfare logic (Pache and Santos, 2010; Battilana and Dorado, 2010), since assembly and manufacturing services are the means towards the end of providing marginalized young people with technical and relational skills in order to enter the job market and to become workmen or women in a normal factory.

RED offers a three to five years career as workmen or women in the cooperative to marginalized workers, providing them with coaching, psychological and care

services; as soon as the workers are ready to enter the normal market, it drives them towards normal jobs as workmen or women (source: Social report 2010. D:43). As a consequence, the primary goal of RED has never been to increase its market share or its size; instead RED considers its mission achieved when a disadvantaged person is employed on a stable basis in the ordinary labour market:

The mission of our social enterprise is to drive guys outside; nobody spends all his career in RED; it has never happened, our mission consists in placing guys in the market and allowing them to keep a job (first interview with the Social area manager, D.3)

Given its features, RED has never reached big organizational dimensions or great market share, even if in the last years it has significantly increased both its turnover (from €0.8M in 2006 to €1.5M in 2010) and the number of people employed as marginalized workers and social workers (from 69 employees in 2004, to 82 in 2010), thus significantly overtaking the average size of Italian WISEs⁵:

Given its hybrid identity, RED works in a heterogeneous institutional field, and has stakeholders with completely different needs and claims.

On the one hand, RED is embedded in the welfare logic, whose stakeholders ask for democratic stakeholding, addressing social needs and participative managerial practices. With respect to RED, the main representatives of this logic are:

- Public bodies: the local Agenzia del Lavoro (local agency service), local high schools, social assistants and psychologists and doctors from the local social services;
- other Not for Profit Organizations: RED is a member of Consolida, the consortium of social enterprises working in Trentino, and since 2008, RED's director has also been president of the consortium. Moreover, RED is the leader of a joint venture of more than 20 social enterprises and NPOs to which it provides services and new work opportunities.

On the other hand, RED has to satisfy the claims of its commercial stakeholders: these actors are mainly interested in the quality, effectiveness and efficiency of RED's products and services. In particular, from a commercial perspective, since its foundation RED has entered the assembly niche and it has always worked almost exclusively with

⁵ Actually, average work integration social enterprises turnover is around 600.000€, and hire around 22 employees, 12 of whom are "social employees"

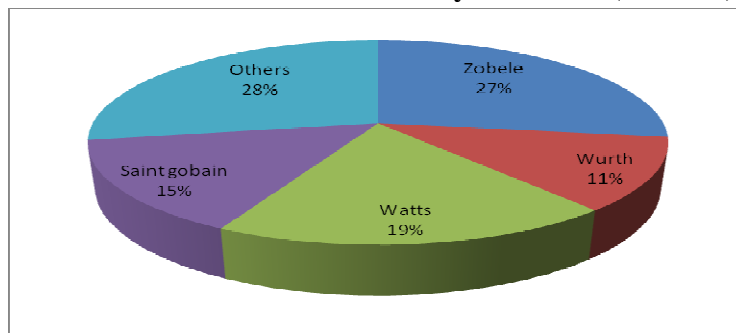
for-profit organizations and in particular with globalised companies, thus developing a strong entrepreneurial approach to its activities.

RED does not work with public bodies, therefore RED has always been used to being customer oriented. When you work with public entities it is different, the partnership is political in nature, and not market oriented and based on bargaining relationships (second interview with the Director D. 2)

Its entrepreneurial approach has allowed RED to enter in market partnerships with four of the biggest corporations having factories in the district of Trento. These four corporations are responsible for almost 90% of the €1.5M turnover of RED (source: Financial Report, 2010. D.47). They are:

- Zobe Group, a worldwide manufacturing company based in Trento and founded by the Zobe family. Since 2006 the Zobe Group has been owned by Doughty Hanson, a leading European private equity company. Nowadays Zobe Group’s turnover is €257M; it has almost 4.000 employees worldwide and has production plants and offices set up in Europe, Asia, Mexico and Brazil;
- Watts Industries, which is the European division of Watts Water Technologies Inc., a worldwide leading manufacturer of products in the area of water for domestic, commercial and industrial applications. Watts Industries has three production plants in Italy, one of which is in Trento,
- Saint Gobain Italia, which is the Italian division of Saint Gobain Group, a multinational listed company (turnover 2010 €40M), working in 64 countries and a leader in the construction and packaging markets;
- Würth Italia, which is the Italian division of the Würth Group, the world market leader in the connecting and fastening materials trade, with a total turnover in 2010 of €8.6M

Table 17: Total revenues of RED by customers (FY 2010)



It is worth saying that working as a subcontractor in the manufacturing sector and having international corporations as primary clients - which are little interested in RED’s social mission and strongly leverage their bargaining power – RED is under

particular commercial stakeholder pressure, since its competitive advantage is mainly based on production flexibility and price reduction, as the following statement points out.

Our partnership with for-profit organizations is based exclusively on market logic. We have a number of job orders but they have no difficulties to call us and shut down their orders if needed...this happens with all our clients, the relationship with our customers is, how can I say, as the one between an entrepreneur and an employee. There isn't any particular attention because we work in the social sector, on the contrary. If we, as a social enterprise, do not provide services as requested, customers shut down the partnership immediately. (second interview with production manager D. 9).

Despite these commercial pressures and being a hybrid, RED has always been extremely careful in balancing its commercial and social dimensions in accordance with its values of "solidarity, mutuality, equity and equilibrium between the entrepreneurial and social dimension" (Source: Social Report RED, 2010. D43). Accordingly, the governance, organizational and managerial features of RED have been set up with the aim of achieving both commercial and social goals at the same time and in a sustainable way.

First, RED's governance is democratic in nature, since cooperative members have equal voting rights (one member, one vote) and people serving as representatives on the Board of Directors are accountable to the membership (There are 29 RED members, 11 of whom are employees, 12 volunteers and 6 funders). Nowadays the president of RED is a worker, given the recognised need of having a president with good managerial and entrepreneurial skills to successfully deal with the increased size and complexity of the organization (Source: Board of Directors 21.11.2007. D: 83). However, volunteers have always had a central role both in the governance and in the management of RED in order to prevent the organization from entering mission drift (Battilana and Dorado, 2010) and to guarantee the ethical and social commitment of the organization given that their motivations are based on ethics and altruism rather than self-interest (Brown and Shrader, 2000). Until 2008 the president was a volunteer and volunteers have always been represented on the Board of Directors by 4 members. Volunteers on the Board are not only committed to RED's mission, they also have a high personal legitimacy in

society by virtue of their good networks and recognised professional capabilities (fifth interview with the director, D.11 and interview with social stakeholder #4, D.111).

Second, the organizational chart of RED has always been structured in three main areas: the social, the administrative and the production area, each with a specialised area manager in order to allow RED to be focused both on its commercial and its social goals.

Third, since 2001 RED has been certified with regard to the quality of the social integration process (almost the first social enterprise in the district of Trento) and since 2005 it has published a social report that discloses its social and economic performances to its main stakeholders and to society.

Finally, In 2005 RED also entered into a reorganization process of its commercial area, introducing a new management accounting system and a new industrial quality control system, with the aim of increasing its economic efficiency and technical effectiveness.

These strategies have allowed RED to negotiate and at the same time achieve its social and commercial goals; therefore RED is now recognised as a reliable and effective partner, by both its commercial and welfare stakeholders, as the following statements point out:

They have all the characteristics of a real manufacturing firm: when you give them work you are sure with respect to the quality and punctuality of the work. I mean, you are sure their production cost is justified. (interview with commercial stakeholder D.50)

In the partnership with RED I particularly appreciate their professionalism, because they are pretty good in defining the project from the beginning, in analysing marginalized workers' needs and understanding if they are able to answer their needs. I think this is important (interview with welfare stakeholder #1 D.112)

Moreover, both intellectuals and those working as researchers on social enterprises in Italy positively endorse RED, presenting it as a best practice case during courses for students and practitioners (D116), by virtue of its capacity to negotiate its double identity:

Social and economic results legitimise RED. Just have a look to their results in terms of the quality of the work integration processes they carry out and to their numbers: you can't do anything other than say they are able to do what they were born

for, they are definitely good at achieving their mission. (Source: interview with president of the European Research Center on Social Enterprises D. 117)

6.2 The legitimacy challenge suffered by RED

Nowadays, RED could be considered to be a totally legitimate organization, being perceived by both commercial and welfare stakeholders as consistent with their shared systems of norms and values (Oliver, 1992) as demonstrated by:

- the positive endorsement it has received by key commercial and social stakeholders (Pfeffer and Salancik, 1978; D'Aunno et al., 1991);
- the positive endorsement it has received by intellectuals: i.e. “by those who have collective authority over what is acceptable theory” (Meyer and Scott, 1983);
- the existing strategic partnerships with prestigious commercial stakeholders (Galaskiewicz, 1985, Oliver, 2001) and interlocking directorships (Dacin et al., 2007; Higgins and Gulati, 2003, 2006) with organizations from the welfare environment.
- the prominence of the members of its Board of Directors (Sing et al., 1985).

However, six years ago RED was under a strong legitimacy challenge which could eventually have undermined its survival, because its commercial strategy, organizational features and overall image were mis-aligned and incoherent with emerging institutional standards of appropriateness (Davis et al., 1994;) for work integration social enterprises – WISEs - (Borzaga and Fazzi, 2010).

In Italy, WISEs originate from the welfare sector (Kerlin, 2006); therefore in the start-up phase of this organizational field, and in particular during the 80s and 90s, WISEs were strongly embedded in the welfare institutional logic (Fazzi and Borzaga, 2000). However, the crisis of the Italian welfare state of the end of 90s plus the financial turmoil and increased international competition of the beginning of this Century have led Italian WISEs to shift towards a more commercial logic than ever before (Borzaga and Galera, 2009).

Coherently with the institutional processes of the Italian welfare logic, during the 90s RED's strategy was to remain a small enterprise, strongly focused on its social dimension, with only a few marginalized workers, little investment in new machinery and only a balanced budget but with no earnings after tax (Source: Report to the general

assembly 2005, D33; Social report 2010, D43). From a commercial perspective, RED was strategically focused on small job orders, leveraging public grants to acquire those assembly activities which were not economically sustainable for normal subcontractors. Moreover, RED was used to working with family firms leveraging entrepreneurs' social commitment and long-standing personal relationships.

Moreover, at that time RED's communication strategy was planned and carried out with the aim of conveying a message of protection for marginalized workers and identifying the organization more as a social workroom rather than a real enterprise. During the 90s this image was the one best fitting social expectations with regards to social enterprises and NPOs.

Also from a symbolic perspective we looked like a very sheltering social workroom – even if we were an enterprise – we had this image with flowers in the windows. Our previous two “factories” were houses with arched windows, well-kept, with flowers on the windowsill...there was the idea of balancing out unlucky lives with a nice workplace (fourth interview with director D. 11)

As described, however, at the beginning of this Century the leading values that constituted the organizational field of Italian WISEs progressively changed and RED was not fast enough to match this changing environment and to align its practices, structures and image with emerging institutional pressures (Davis, 1994).

Since illegitimacy is defined as a mis-match between the firm's self-concept and the categories to which others thought it belonged (Zuckerman, 1998), illegitimacy could emerge for several reasons. It could result from organizational initiatives - when an organization carries out some illegitimate actions, or when it enters into a strategy shift which is perceived as inconsistent with broadly accepted norms and values - but it could also result from changes in the institutional environment, so that an unchanged organization is no longer perceived as coherent with external expectations (Glynn and Marquis, 2004)

In the context of ever smaller financial resources for the welfare state (Borzaga and Fazzi, 2010), at the beginning of this Century, RED was forced to depend mainly on the free market for its survival since local public bodies were no longer able to guarantee its economic sustainability through grants. However, at the beginning of the

Century the financial turmoil and the greater international competition caused by globalisation had dramatically increased the competition in the manufacturing sector.

On the one hand, RED needed to strengthen its existing commercial partnerships and to acquire new clients in the for-profit market; on the other hand, for-profit organizations were asking for greater cost effectiveness, quality of services and flexibility that RED was not able to guarantee, given its small size. As a consequence, RED was perceived by its commercial partners as being unable to meet their performance expectations and needs (Ashforth and Gibbs, 1990). Put simply, RED was perceived as technically and organizationally ineffective by commercial stakeholders and unable to satisfy their needs (Suchman, 1995). Accordingly, RED was perceived as illegitimate by its commercial stakeholders, exactly when it was particularly important for RED to be endorsed by them.

In particular, between 2002 and 2004 RED received a number of signals, alarming the organization regarding a possible mismatch between its strategies and image and stakeholders' needs and perceptions:

in 2002 RED suffered an important operating loss (€ -50,000.00) that undermined most of the organization's accumulated surplus (Source: Financial report 2003, D. 118, Board of directors 26.4.2004. D. 53. Fourth interview with the director. D. 11):

In 2002 we had an important operating loss; that was the first driver allowing us to understand we believed to have something, we didn't really have. (Fourth interview with director: D. 11)

during 2003, and mainly during 2004, the organization found it difficult to acquire new job orders (Board of Directors 26.2.2004, D. 51 and General Assembly 2004. D. 119);

Some external key stakeholders were sending messages of dissatisfaction regarding RED's standard of performance and technical and organizational skills:

2003 was an incredibly alarming year for us; we contacted a number of customers in order to acquire new job orders, and at a certain point some of them found the courage to tell us we were too small and unorganised for their needs" (fourth interview with Director, D.11)

Moreover, remembering the period between 2003 and 2004, the production manager pointed out that:

We were located in a small, yellow building, that was our "factory". If we would have stayed there we could not have handled our clients' needs: there was no space, the overall structure was missing. In order

to give us job orders clients were asking for more space, a material store to work in a certain way and a structure (second interview with production manager, D.9)

A key commercial stakeholder, which had guaranteed most of RED's job orders since its foundation (Zobebe Group) explained to RED's director the need for RED to change its structures and increase its size in order to become a "real enterprise". According to this key stakeholder, greater size and better organizational structures should allow RED not only to satisfy commercial stakeholders' needs in terms of efficiency and effectiveness, but also to convey a business-oriented image to key stakeholders (Source: Fifth interview with the director, D11, interview with key commercial stakeholder, D. 50; and social report 2005; D. 39).

In 2003, during a promotional meeting with an important commercial partner - Giovanni Zobebe of Zobebe Group, one of our historical clients - we shared the need to give a new impetus to RED through a new headquarters in order to increase our productive power (social Report 2005, D. 39)

Moreover remembering the period between 2003 and 2004, the director pointed out that:

A commercial partner told us to that we needed to be different to achieve our mission. He told us: "I see you with a different dress"...when you see that your key commercial partner - Zobebe - tells you, you need to become a real factory and that what you are now is not enough - and he was right - this forces you to think about it (sixth interview with director. D. 12).

This legitimacy challenge was clearly understood by internal key stakeholders, as demonstrated by some Board meetings (26.2.2004, D. 51; 26.4.2004, D. 53; 6.5.2004, D. 54) and General Assembly discussions (General Assembly 2004, D. 119). Put simply, it was pretty clear to internal stakeholders that there was a need to change firstly the organizational structures and then RED's image in order to deal with the new institutional pressures RED had to face.

One of the reasons which increased the complexity we had to manage was this environmental shift: our new role, financial turmoil and decreased public grants. Nowadays our environment is less steady than ever before. We could remain coherent with an old social enterprise identity, closely embedded in the social logic, based on a strong voluntary commitment. We have chosen to adopt a governance model and a structure much closer to those of a real enterprise...and to convey an image of a reliable organization...we have chosen to balance the market risk we have to face, giving a more contemporary image to our activities (second interview with the director: D. 2).

Quite interestingly, however, all the key internal stakeholders – namely, director, president, the three area managers and volunteers of the Board of Directors – clearly understood that RED was running the risk of being perceived as illegitimate, not only by its commercial stakeholders but also by those embedded in the welfare logic. Put simply, RED was aware that only by restoring its legitimacy in the commercial institutional field, would RED also have been able to successfully achieve its social goals. This point is well explained by the president’s speech during the General Assembly in 2004:

The number of disadvantaged employees has increased, job orders are becoming always less constant and less clearly planned. Spaces do not fit our needs and cause organizational inconvenience, so that we are experiencing time wasting and difficulties for marginalized people to work. Nowadays it is difficult to define our activities as real work, spaces are inadequate. And our commitment is meaningful only if in our workrooms we are able to reproduce the features of normal work carried out in a real enterprise (speech of the president during the General Assembly, 2004 D. 119).

Moreover:

At that time we had to choose whether to die or to survive...whether to become “adult” presenting ourselves to the market as a reliable partner, able to offer good services in terms of product quality and price reduction, or continue to be a small workroom with few marginalized workers, limiting ourselves” (interview with volunteer and Board member. D. 49).

Finally, when asked to assess the more entrepreneurial approach adopted by RED to restore its legitimacy⁶, an important welfare stakeholder of RED (namely a psychologist from the social services) told us:

I do not remember worrying about their growth and greater products supply...we were already aware it was important for them to close the gap with the normal job market. We immediately appreciated their restructuring choices: this was a need we had” (interview with social stakeholder; D. 112).

6.3 RED’s strategy to restore its legitimacy

6.3.1 The legitimizing strategy with commercial stakeholders

As we have seen, changes in the institutional fields in which RED was embedded de-legitimised the organization, particularly with respect to its commercial key stakeholders. At the beginning of the Century, RED’s survival was based on its capacity to restore its legitimacy with key stakeholders and to appear more effective and reliable in terms of product capacity and organizational restructuring.

⁶ On this point see the next paragraph

After almost one year of internal discussions (Board of Directors 26.4.2004, D. 53; 6.5.2004, D. 54; 22.9.2004 D.57), in 2004 RED entered a new phase of organizational restructuring acquiring a new and bigger factory.

Given the size of the investment (around €1.2M) in relation to the 2004 net assets (€ 583,483) and turnover (€535,000) of Red this could be considered an important turning point in the entire life of the organization because it completely changed its dimensions, perspective and organizational features. In particular, the new factory of more than 1,000 square meters was an important investment for the organization because it increased its productivity, allowing the organization to acquire new orders and to change its operational structure, thus becoming more business oriented.

According to interviews and archival data gathered (Board of Directors 26.2.2004; D.51; 26.4.2004. D. 53) it seems that the leading motivations behind this important investment were mainly competitive in nature (Fiss and Zajac, 2006; Delmans and Montes Socho, 2010), because organizational key stakeholders were, in particular, concerned to increase organizational performance, competitiveness, efficiency and effectiveness (Bansal and Roth, 2000)

The new factory was a must because before we were in a nice location, a nice building but it was unsuitable for our work...spaces were too small and also from a logistics point of view, the factory didn't work at all. For instance, when we had important job orders, we had to re-arrange all the spaces, losing a lot of time...we were forced to find a new space where we could work in better conditions (second interview with the president, D. 10).

Moreover

Without the new factory now we wouldn't be here. We wouldn't be here because the market had dramatically changed; the previous structure was completely unsuitable...we were not able to deal with our customers because we had no space (second interview with production manager. D. 9).

Even if the competitive motive was probably the most important driver which led RED to invest in a new building, this was not the only one. Data suggest that behind the competitive driver there was also a strong legitimizing goal which led the choice of RED:

We had experienced that when you say social enterprise you are already fighting with a bad perception, that you are dreamers, story tellers. When you enter in this building, you immediately realise we are an enterprise. (sixth interview with the director. D. 12).

In particular, according to our data it seems that legitimizing motives reinforced and supported competitiveness ones, so that the new building was used as a legitimizing

symbol even before RED was actually able to satisfy stakeholders' claims and needs in terms of professional structures (Meyer and Rowan, 1977; Zott and Huy, 2007).

We said we were buying a new building already during the first negotiation phase, and then we made advertisements because when you are presenting yourself as an assembly social enterprise, people think you are a small workroom (third interview with the president. D. 48).

From a symbolic management perspective (Zott and Huy, 2007) RED deployed the new plant in order to convey a meaningful and clear message of being a professional organization which went beyond the plant's intrinsic value (related to the opportunity to manage a bigger number and many more job orders). Put simply, thanks to the new and bigger plant, RED aimed to convey a message of being a professional structure (Suchman, 1995) thus legitimizing the organization (Scott, 1992). In particular, RED aimed to be perceived by for-profit organizations as isomorphic with their system of norms and values (Wesphal and Zajac, 1994; Wesphal et. Al 2007; Glynn and Marquis, 2004), and as capable of achieving the standards of quality and effectiveness demanded by the assembly market (Asforth and Glynn, 1990). Moreover, through this message RED also wanted to challenge prevailing myths regarding social enterprises (Pratt and Rafaeli, 1997) as ethically committed but ineffective organizations.

With this building we wanted to send a message to "for-profit world"; I mean, we are here, we are able to do what you ask us (interview with volunteer and board member. D: 49).

RED's key employees were extremely aware of the symbolic message they could convey to their stakeholders through the new building in terms of business identity. In particular they were aware that the new plant could impress commercial stakeholders, thus challenging their behaviors regarding a social enterprise's entrepreneurial skills.

When somebody came to our factory, the idea of social enterprise is definitely crowded-out (second interview with director. D. 2).

As a consequence, RED didn't use the plant as the only symbol of organizational achievement; instead it tried to reinforce its power by conveying several other linked symbols. Some of these symbols were conveyed to confirm myths and values embedded in the commercial environment, while others were adopted to challenge existing beliefs regarding the way in which commercial goals could be achieved. In particular, having acquired legitimacy from commercial stakeholders, RED has always adopted symbolic

messages to make commercial stakeholders aware of its social mission, thus making commercial stakeholders aware of the hybrid identity of RED.

For instance, in order to appear consistent with the norms and values embedded in commercial logic, RED informed its commercial stakeholders of the amount of financial investment for the new plant only when the contract was signed and always without omitting to say that organizational members had directly financed the acquisition (source: letter to new financing members. D. 27).

We signed the deed in 2005 but we paid the first deposit already in 2004, thereafter we informed our customers, asking them to invest in our business...this has been important because if you believe in what you are doing you convey a message of trustworthiness and people think “if they have put in their own money...”. People understood we really believed in what we were doing (third interview with president. D.48).

Moreover:

We formally informed society of these revolutionary changes of the plant with the social report in 2005. The successful choice was to communicate the buy-out only after the payment. This has been a successful crowding-out choice because we led people to think “I would never have believed that RED could have been able to buy a new plant”. That’s why we communicated the buy-out only after having signed the preliminary deed (second interview with director. D.2).

In this way, behind the intrinsic dimension of financing their enterprise, RED members were also able to convey a symbolic message of personal commitment and entrepreneurs’ credibility (Zott and Huy, 2007) to its stakeholders, thus reinforcing its commercial identity and acquiring legitimacy with key commercial stakeholders and resource holders:

When they acquired the new building they told me they put their own money into the plant, financing the investment. This positively impressed me, because when the entrepreneur himself puts his money in the business...it means he really believes in it. (interview with commercial key stakeholder. D. 50).

Second, having acquired the new building, RED tried in different ways to inform its stakeholders of the new investment. Accordingly, RED sent several advertising booklets (Source: advertising booklet 2004. D. 26) to its potential customers to inform them of the new space and machinery RED could use.

Third, RED strategically invited commercial partners to visit the new building as the following statement of a key commercial stakeholder points out:

When they acquired the new factory I went there at their invitation to have a look. They asked me to go several times...I think they were pleased to show me how they were structured and organised. It was a fairly informal tour: I had a look at the building but I was mainly interested in understanding their “work

approach” and I positively discovered a real manufacturing firm. I didn’t see a workroom with four tables. This definitely impressed me because in my mind a social enterprise is a lab with four chairs and a table. There was a positive crowding-out effect (interview with key commercial stakeholder. D. 14).

The aim of those visits was not only to show the new structure, but also to show commercial stakeholders the whole production process. Put simply, in order to convey a message of business organization, RED didn’t only show the building per se, instead it strategically showed also the number of people working as foremen and marginalized workers, thus trying to reinforce the message of organizational achievement embedded in the building (Zott and Huy, 2007).

I always try to show the factory to all our customers because it strikes them from an entrepreneurial perspective...they understand we are more a small enterprise rather than a social enterprise therefore they are impressed by our entrepreneurial approach (first interview with production manager. D. 4).

Inviting commercial partners to visit the new building has been useful not only to convey a message of being a business-oriented organization but also to make them aware that RED was able to achieve commercial goals employing disadvantaged workers (first interview with production manager D.4), thus making RED’s commercial stakeholders aware of its social mission.

In order to make its commercial stakeholders aware of its hybrid identity, moreover, RED has sent other symbols:

- since 2008 a number of advertising fliers have been sent to customers, explaining the social mission of RED (interview with volunteer D. 144 and fliers D. 121-123)
- as far as it is possible RED tries to manage some job orders directly inside the clients’ factories.
- In order to celebrate alternatively the new plant acquisition (2008), RED organised a convention where key stakeholders of the two institutional logics in which RED is embedded were invited. Behind the intrinsic dimension of celebrating an important step for the organization, thanks to the convention, RED was also able to portray itself as a multi-stakeholder organization, making commercial stakeholders aware of the social impact of RED’s activity.

Through these activities RED advertised its activities, and managed job orders with great efficiency and reduced logistics costs. However, behind their intrinsic dimensions, the described actions also have a symbolic meaning: namely to make

commercial stakeholders aware of the social mission of RED and to challenge their beliefs regarding the way in which commercial goals can be achieved.

As we have seen, the new plant acquisition was the first symbolic and substantive action RED adopted to restore its legitimacy with its commercial stakeholders. However, restoring organizational legitimacy with commercial stakeholders was not the only driver that led RED to use the new factory as a symbol of being a professional organization.

Behind the symbolic meaning given to the plant, it seems that for RED there was also a need to redefine its organizational identity in a more commercial way (Pratt and Foreman, 2000; Glynn, 2000). Put simply, internal key stakeholders also perceived the new building as a symbol of the incumbent and not postponing institutional change (Lousbury, 2007; Kraatz and Block, 2008) which internal and external stakeholders should be aware of.

The new building had further sharpened our self-awareness...Since it was much more clear to us who we should be, it was also easier to communicate this to our stakeholders...Historically, RED has always been much more aware of its social identity rather than the economic one; however, the new building has led the organization to move towards a stronger commercial logic with the aim of further improving our mission" (second interview with the director. D. 2).

As a consequence, the symbolic message of the new plant was followed by important organizational changes. In particular, it seems that RED used the symbolic message embedded in the new building as a powerful stimulus to force the organization to introduce new practices and structures into its daily activities which it needed in order to increase organizational effectiveness and efficiency and to actually comply with the new entrepreneurial image it had sent to its commercial stakeholders.

In particular, immediately after the new building acquisition, RED started redefining internal organizational rules and managerial practices. Namely it introduced its first management control system (Board of Directors: 26.4.2004, D. 53), it started a process of quality certification regarding the production process (Board of Directors: 27.2.2008. D. 85), and it started restructuring the production area, clearly identifying roles and responsibilities of the area manager, store-men and foremen (Board of Directors: 26.2.2004 D. 51; 21.7.2005 D. 65; 22.9.2004. D. 57).

The restructuring process - that is still in progress - started immediately after the new building acquisition because we needed to be much more efficient...we had many more job order opportunities so

we were forced to have many more foremen. We started this restructuring in 2005, defining a production manager, then a production department with three employees. (Third interview with the president. D. 48).

Accordingly, RED adopted the new plant as a symbol, not only to appear consistent with commercial expectations without really changing organizational features, practices and structures (Delmas and Montes Sochos. 2010; Christmann and Taylor, 2006; Westphal and Graebner, 2010). On the contrary, the symbolic message of organizational achievement conveyed by the new plant was followed by a real restructuring; thus moving from decoupling to loosely coupling and then to coupling (Kraatz and Block. 2008).

Moreover, RED was also skilful in reinforcing the legitimizing value of these substantive strategies by deploying a series of symbols to its commercial stakeholders in order to appear consistent with values and beliefs embedded in the commercial institutional logic (Meyer and Rowan, 1977; D'Aunno et al., 1991). In particular, RED was extremely skilful in the interaction between substantive and symbolic actions in order to convey messages of organizational achievement, and stakeholder relationship quality (Zott and Huy, 2007).

In order to convey a message of customer commitment and commercial skills, RED deployed the following symbolic messages:

- Providing exceptionally flexible and fast customer services and immediately solving problems (source: first interview with production manager. D. 4).
- Providing products and services of a very high quality level (source: first interview with production manager D. 4 and with commercial stakeholder. D. 50).

Moreover, RED also sent a series of partially coupled symbols. Namely:

- RED introduced a management accounting system already in 2004 (Board of Directors: 26.4.2004, D. 53) in order to increase organizational efficiency (i.e. for competitive motives in the definition of Bansal and Roth, 1995). This is not yet completely integrated in daily activities (third interview with president. D. 48), but it is symbolically adopted by RED to convey a “loosely coupled” (Kraatz and Block, 2008) message of organizational achievement (Zott and Huy, 2007) and to reinforce the business-oriented approach of RED (Middleton Stone and Greer Brush, 1996).

We have understood that it could be useful to communicate to our partners our management control system, because when you start talking about “cost centre”, “resource allocation”, you are immediately moving away from the idea we are completely financed by public grants. The first driver was an organizational need, but we have immediately given a communications dimension, because when you start talking of “net margin”, even without deploying numbers, people understand you are professionalized: if you were financed by public bodies, you didn’t have any “cost centres” (Second interview with president. D. 10)

- RED already became certified for the quality of their social area in 2001. From 2004 it started introducing new procedures to also become certified for the production phase, given the increased complexity of the processes it had to deal with. Even though RED has not yet acquired this certificate of quality, since 2004 it has strategically omitted to specify which kind of certificate it had to convey a message of effectiveness to commercial stakeholders (fourth interview with director D. 11 and third interview with president D.48).

The restructuring of the production area started in 2004, driven by competitiveness motives (Bansal and Roth, 1995); however, this process is still in progress despite RED’s commitment to this goal (Source: second interview with production manager D.9; first interview with social area manager D.3; and Board of Directors 27.2.2008. D. 85). However, immediately after having acquired the new plant, RED tried to convey a message of a clear organizational chart towards commercial stakeholders:

With regards to the organizational chart, nowadays there is greater rigour than before but we are conveying a clarity that still doesn’t really exist. (Fourth interview with director D.11).

Towards commercial stakeholders we have to convey a very rigorous and clear message; we try not to mix responsibilities as happened in the past. Previously, when we were working with Zobebe Group, I, as social area manager called them. Now there is the production manager. In this way we convey a message of the well-defined organizational chart we are moving towards (Source: first interview with social area manager D.3)

This message has allowed RED to acquire legitimacy with commercial stakeholders because they recognised that:

RED has a managerial approach to the business; they have an organizational chart, they have competencies and area managers. When I have had to contact them I have always seen a well-organised

organization, a production manager - they didn't have that in the past. As a real enterprise, I mean (Source: interview with commercial stakeholder D. 13).

As we have seen in the last three years, RED has conveyed a number of symbolic messages to commercial stakeholders loosely coupled from their real implementation. This is consistent with most recent literature on institutional theory (Fiss and Zajac 2006; Kraatz and Block, 2008), according to which “decoupling is not simply a binary choice (i.e., say, vs. do) but can be more nuanced” (Fiss and Zajac, 2006, p. 1187), and that “symbolic and substantive actions are actually complementary instead of alternative” (Berrone et al., 2010, p. 27).

Moreover, it seems that in RED's case symbolic messages have not been sent to stakeholders whose claims were contradicting organizational goals as suggested by institutional theory (Weaver et al., 1999; Westphal and Shortell, 1997; Westphal and Zajac, 2001). In our case it seems that RED has adopted symbols to force itself to carry out some practices and to make them evident to commercial stakeholders.

We have never been in the situation to convey a message of organizational restructuring without having entered into it. I could say we have sent messages as a stimulus to concretely adopt declared changes. We foresee something could be useful, we start adopting it but we don't wait until it is ready to send the message because we know it takes time, so we put ourselves in trouble to force ourselves to really change. (Fourth interview with director. D.11).

Moreover,

We informed external stakeholders immediately to force ourselves to start the process. We didn't communicate it as something ready, rather as something we were doing (Second interview with production manager D. 9).

6.3.2 *The legitimizing strategy with welfare stakeholders*

RED's new building and the strategic choices that have followed plant acquisition, have allowed RED to move towards a more business-oriented identity and to restore its legitimacy with commercial partners, as pointed out by:

- The positive endorsement RED received by commercial key stakeholders
- The increased turnover of RED (€ 700,000 in 2004; €900,000 in 2005 and around € 1,000,000 in 2006)

However, the described shift towards a more market-oriented logic has led RED to run the risk of losing its legitimacy with some of its welfare stakeholders, because

some of them have discussed RED's new strategy as being too business-oriented, at the expense of the organization's social purpose. Put simply, between 2005 and 2006 some welfare stakeholders were concerned that the incumbent commercial logic could prevail over the social one, thus causing a mission drift (Battilana and Dorado, 2010; Copestake, 2007). This potential legitimacy challenge is proved by:

- Some volunteers questioned RED's new strategy (Board of Directors 21.7.2005. D. 39 and Social Report 2005. D39).
- Some volunteers and a social worker left RED, challenging the new commercial approach of the organization (Board of Directors 21.7.2005; D.65; and second interview with director. D2).
- Some welfare stakeholders questioned the "new deal" of the organization, asking themselves if it would cause a decreased commitment towards marginalized workers' needs, in favour of greater commercial effectiveness.

I am wondering if the team has maintained its shared vision and commitment in a bigger and more strongly product-oriented structure such as this one (social stakeholder interview reported in the RED social report 2005. D. 39).

RED's internal key stakeholders were aware of this legitimacy challenge they were suffering and in particular of the risk of moving too much towards a business-oriented approach, regardless of RED's social mission. As a consequence, immediately after the new plant acquisition, they decided to carry out a series of substantive actions with the aim of reconciling the incumbent commercial dimension with the social one, thus maintaining a strong commitment to its social mission. Therefore, between 2005 and 2006 and thereafter, RED:

- has carried out and strongly integrated into its daily activities the quality certificate it acquired in 2001, with the aim of improving the quality of the integrating process of marginalized employees (Source: Board of Directors: 26.4.2004 D 53 and 28.2.2007. D. 76).
- has increased the number of marginalized workers employed in the organization, and has maintained the same type of disabilities as a target group to enter in the organization. Accordingly, RED has never asked social services to send workers with milder disabilities in order to increase its labour productivity (Source:

social report 2005 D.29; 2006 D. 30 and 2007 D.31 and interview with welfare stakeholder #2 D.113).

- has entered into a stronger and more proactive moral dialogue than ever before with welfare stakeholders (first interview with director. D.1) in order to define with them shared goals and solutions to social and ethical issues (Scherer and Palazzo, 2007). This dialectical approach is typical of NPOs in general and of social enterprises in particular (Borzaga and Defourny, 2001; Frumkin, 2002; Pache and Santos, 2010).
- between 2006 and 2008 introduced new volunteers as members of the Board of Directors and has given them a greater role in the decision making process regarding long term strategies (Source: interview with board member. D49: Board of Directors 7.5.2008. D. 89). Even if some of these members had good interlocking networks in society (Higgins and Gulati, 2003), RED have not employed Board members because of their symbolic value (Abzug and Galaziecicz, 2001). On the contrary, Board members have been selected by virtue of their ethical commitment and usefulness as decision-makers, involving them in the decision-making process.

My role as a volunteer is linked to my professional background as a lawyer...I have these skills as a lawyer so I keep these skills, plus my ethical commitment... At the beginning our role was very little...nowadays our role as volunteers is important because I dislike a Board with only employees as members which is dangerous because they could lead to a greater commercialisation, or be committed to economic sustainability. (Source: Volunteer and Board Member. D. 49).

At the core of these substantive actions that RED has carried out, there is not only the need to restore legitimacy with highly scrutinising stakeholders (Stevens et al., 2005), but also a real commitment of internal key stakeholders towards the social mission of RED (Source: second - D.2 - and third -D.5 - interview with the director). In particular, RED's leaders have always aimed at balancing the commercial and social logics embedded in RED, thus preserving the hybrid identity of the organization, (Battilana and Dorado, 2010; Pache and Santos, 2010), without allowing the commercial identity to dominate over the social one or vice-versa.

Market and welfare logic should be combined and not only negotiated: these two goals and the means to achieve them should be mixed in a third way called social enterprise or community enterprise, that cannot be simply a median between them. It has to be something different (Source: Second interview with director D.2).

That's why, when external environmental isomorphic forces drove RED to adopt a more market-oriented approach, internal key stakeholders were extremely aware of avoiding allowing the commercial identity to dominate the social one.

The Board of Directors points out that last period's choices are increasing the social enterprise's market-oriented approach and that there is the need to be focused on maintaining a strong equilibrium between the commercial and social dimensions (Board of Directors 11.4.2005. D. 63).

Our data suggest that RED has also been skilful in reinforcing the legitimizing value of these strategies by deploying a series of symbols to its welfare stakeholders in order to appear consistent with myths and beliefs (Meyer and Rowan, 1977; D'Aunno et al., 1991) embedded in the welfare logic. In particular, the aim of this strategy has been to appear consistent with the expected behaviors of an organization which continues to be socially-oriented despite the greater commercialisation process it has entered. For instance:

- in two circumstances RED's Board of Directors asked the founder and first president of the organization to remain as a Board member (2004 and 2008) despite her willingness to resign from the role. The first president of RED is a charismatic and well-recognised figure in the welfare institutional environment (Source: official document Cooperatives Association of Trentino, D.120) because of her ethical commitment and outstanding results as a social entrepreneur: the founder of RED has great personal legitimacy (Suchman, 1995) with welfare key stakeholders. Accordingly, in both the circumstances, the former president of RED was asked to remain on the Board because, in addition to the intrinsic value of her competencies, she also symbolises the ethical commitment of the organization both externally and internally (source: fifth interview – D. 11 - with Director and third interview – D. 48 - with president), being perceived as the safest sponsor of the alignment of RED with its social mission

- one year after having acquired the new plant, RED published several articles in local printed newspapers and official magazines about the cooperative movement (Source D.21). Moreover, in 2005 RED published a very well done social report, which has been defined by internal and external stakeholders, as the best social report published by RED (source: Second interview with president. D.10; fourth interview with director, D. 7; interview with president of the European Research Center on Social Enterprises. D117). The aim of these articles and of the social report was not only to make welfare stakeholders aware of RED's activities and social impact (Nicholls, 2009) but also to symbolically frame (Fiss and Zajac, 2006; Westphal and Graebner, 2010) the acquisition of the new plant as a strategic choice undertaken not only for financial reasons, but also and mainly

to have more integrating opportunities for marginalized workers....with the new building RED can exploit much more free space which allows disabled people and social workers to work together without problems, thus enabling teamwork, which is extremely important for workers with mental illness (Source: article in the press magazine "Cooperazione Trentina", D. 21).

- Given that in the welfare sector having a dialectical approach with key stakeholders and being extremely transparent are important features that guarantee greater legitimacy (Pache and Santos, 2010; Herman and Renz, 2008), RED strategically adopted a pro-active and dialectical approach with key welfare stakeholders (Source: interview with key welfare stakeholder #1 D. 112), in order to define goals with them, analyse results and share difficulties during the integration process of marginalized workers (Source: Interview with social area manager, D.8). Behind the intrinsic motive of analyzing problems and defining solutions, the symbolic aim of this strategy is to stress organizational commitment towards welfare stakeholders' needs (fourth interview with director D.7, and interview with key welfare stakeholder #3 D.115). Moreover, RED used to portray itself as an extraordinarily transparent organization; to this end it allows external visitors free access to all its offices (source: interview with volunteer and with welfare stakeholder #2 D. 113). Accounting and reports provided to welfare stakeholders are precise, clear and detailed (Source: second interview with president D. 10 and welfare stakeholder #4 D.111).

- Before the restructuring there was a little bit of confusion regarding roles and responsibilities (source: sixth interview with director D.12 and second interview with social area manager D.8); nowadays in its daily relationships with stakeholders embedded in the social logic, RED always portrays the same employees as front office figures, namely those much more embedded in the social logic, such as the social area manager and the director. In this way RED tries to convey a message of being a professionalised organization, which is very focused on its social mission (Source: interview with social area manager and with welfare stakeholders #2, D.113; and #4, D. 111).
- RED strategically hires marginalized workers with permanent contracts even if it could employ them with fixed terms contracts. Behind the intrinsic dimension of providing a long-term work opportunity to disadvantaged people, this choice also conveys a powerful symbolic message of reliability and trustworthiness not only to marginalized people, but also to welfare stakeholders such as the social services and local public bodies (Source: first interview with social area manager D. 3 and second interview with president. D.10).

All these strategies have allowed RED to achieve great legitimacy with key welfare stakeholders, since they unanimously recognize RED as a transparent and reliable organization (Source: Interview with welfare stakeholder #1; D.112; #2 D. 113; #3 D.115).

However, RED has not sent symbolic messages only to convey an image of alignment with shared norms and needs in the social sector; instead it has used symbolic messages to also challenge existing beliefs regarding its identity and the way in which it should achieve its social goals. In particular, RED has sent a number of symbols to welfare stakeholders to make them aware of the importance of the commercial dimension to achieve the organization's social mission. For instance, social services' employees and relatives of marginalized people have been invited to visit RED.

We always try to invite welfare stakeholders here to make them aware of the working environment of our guys. It would be extremely important that social assistants and doctors have a look at the structure where the guys they have in their charge work...they always see him in their office... For us it is important they see the structure so that they understand this is a real job and not a place where they spend their time such as a workroom (source: Third interview with president. D. 48).

Moreover, across 2008 and 2009 several articles were published in the local press (Source: “Vita Trentina”, D. 22) and magazines of the cooperative movement (Source: magazine “Cooperazione Trentina”. D. 20), defining RED not only as a socially oriented organization but as a real enterprise, even if with a social goal. In this way, RED has framed its identity through stories (Lounsbury and Glynn, 2001) and names (Glynn and Marquis, 2004) in order not only to appear coherent with the existing values and social norms of the welfare institutional environment as suggested by institutional theory, but also to challenge these existing beliefs and to introduce a new institutional logic into the field (Lounsbury 2007; Suddaby and Greenwood, 2005). In particular, RED has used some symbols to make welfare stakeholders aware of the need to increase the entrepreneurial commitment of the organization to achieve its social mission. Accordingly, RED has sent symbols with the aim of pointing out and stressing the importance of acquiring greater effectiveness and competitiveness in the business sector. According to RED, greater size and greater business opportunities do not mean less commitment toward marginalized people. On the contrary, they mean greater coherence with the organizational mission because they allow RED to provide marginalized workers with more training opportunities and, as a consequence, greater opportunities for them to achieve independence and enter the job market as real workers and society as integrated citizens (Source: third interview with president. D. 48; second interview with production manager, D. 9 and sixth interview with director, D. 12).

Thanks to the new plant our commercial partners don't see us as just a social organization for disadvantaged people but as a real enterprise...this image could have a positive impact with welfare stakeholders as well, even if probably not with everybody. I think it has a positive impact on those social services which are aware of RED's mission, namely coaching marginalized workers to allow them to enter a real enterprise...these social services say “in RED the guy is already in an enterprise, he won't be impressed by big machinery, badges, and scheduling because he is having the same experiences in RED too” (second interview with the president of RED, D.10).

6.4 Conclusions

In order to restore its legitimacy firstly with commercial stakeholders, and then with welfare stakeholders, RED has skillfully managed a series of substantive and symbolic practices and the interplay between them. Accordingly, this case study gives at least four insights into the literature of organizational institutional theory (Scott, 1995), symbolic management (Zott and Huy, 2007) and hybrid organizations (Lounsbury, 2007).

First, our findings give a novel contribution to institutional theory (Meyer and Rowan, 1977; Wespahl and Zajac, 2001, 2004) and legitimacy theory (Suchman, 1995; Deephouse and Suchman, 2008). To date these two research streams have explained that usually organizations decouple certain practices from their real implementation in order to appear aligned with external expectations when they are not willing to really adopt such practices (Wespahl and Shortell, 2010; Macleand and Behnam, 2010), considering them as ineffective (Meyer and Rowan, 1977), incoherent with organizational values and identity (Kellogg 2009; Rao, Monin, and Durand, 2003) or inconsistent with internal key stakeholders goals (Wespahl and Zajac, 1998, 2001, 2004). RED's case shows instead an example of temporal decoupling strategy (firstly symbolic and lately substantive). Accordingly, internal key stakeholders of RED have strategically deployed symbolic actions to ignite external stakeholder's expectations and create internal pressure to boost the internal organizational changes (Edelman, 1992) necessary to address the promises/messages launched in regard to the symbolic actions. This dynamic has led RED to always couple symbolic actions with substantive ones after a short time, thus rapidly moving from "decoupling" to "loosely coupling" and then to "coupling" (Dobbin and Sutton, 2008; Fiss and Zajac, 2006).

In other words, RED's internal key stakeholders have led the organization to adopt symbolic decoupling not as a long term strategy with the aim of restoring legitimacy by concealing illegitimate practices as predicted by institutional theory (Wespahl and Shortell, 2010; Macleand and Behnam, 2010). Instead, internal key stakeholders have strategically driven RED to symbolically adopt some practices in order to expose the organization to external greater scrutiny, with the aim of boosting RED to redefine its identity (Glynn, 2000; Goodrick and Salancik, 1996), to carry out in a substantive way internal divergent changes (Battilana et al., 2009; Battilana, 2006;

Greenwood and Hinings, 1996) and to introduce a new institutional logic in the organization.

Second, the case study gives interesting insights in order to better understand the existing relationship between symbolic and substantive actions (Berrone et al., 2009; Fiss and Zajac, 2006). In particular, we have discovered that in the dynamic interplay between symbolic and substantive actions, RED has been particularly skilful in leveraging the different symbolic meaning given by specific cultures and contexts with the same actions (Rafaeli and Vinai-Yavetz, 2004). In particular, the RED case study gives a novel contribution to symbolic management literature (Zott and Huy, 2007) by pointing out that the relationship between symbolic and substantive actions could be not isomorphic in nature as predicted by previous studies (Abzug and Galazievicz, 2001; Higgins and Gulati, 2003; Hargadon and Douglas, 2001).

Namely, previous studies have identified a unique symbolic message related to a single substantive action; however, our data points out that RED has been able to give more than one symbolic meaning to the same substantive practice. In other words, given that the meaning assigned to a symbol depends on the particular social milieu in which the symbol itself is embedded (Zott and Huy, 2007), being a hybrid RED has strategically exploited the different values and beliefs embedded in the two institutional logics it belongs to in order to give different symbolic meanings to the same substantive practices. For instance, after having acquired the new building, RED invited both commercial and welfare stakeholders to visit it: in this way through the same action, RED has been able to convey a symbolic message of business orientation to commercial stakeholders and of marginalized workers' commitment to welfare stakeholders. Moreover, RED has always been extremely open to dialogue with its stakeholders; in this way, through the same action RED has been able to symbolize towards commercial stakeholders a message of flexibility and customer orientation, while towards welfare stakeholders an image of participative management.

Third, our findings give a novel contribution to the literature on hybrid organizations (Pache and Santos, 2010; Kraatz and Block, 2008) and institutional entrepreneurship (Battilana et al., 2009; Battilana, 2006; Greenwood and Hinings, 1996) by explaining how symbols could be adopted in an unpredicted way by organizations in order to introduce a divergent change in an institutional field and to avoid conflicts

between different institutional logics to trigger out. To date, research on hybrid organizations has shown a series of strategies that organizations permanently embedded in different institutional logics could adopt to manage different pressures (Pache and Santos, 2010; Battilana and Dorado, 2010; Glynn, 2000; D'Aunno, Sutton and Price, 1991) but it has analysed the role of symbolic actions to acquire legitimacy and to manage institutional pluralism only partially (Glynn, 2000; Pache and Santos, 2010b). In this sense, the RED case study suggests that symbolic messages could be a powerful instrument for hybrid organizations to legitimise themselves as multiple identity organizations, by firstly aligning themselves with stakeholders ethical expectations and then introducing the institutional fields in which belongs a divergent change, i.e., a change that breaks the institutionalised template within a given context (Battilana et al., 2009). Namely, our data suggests that RED has used symbols not only to align its identity with stakeholder's values and beliefs, but also to challenge them, thus causing a crowding-out effect which has reinforced its legitimacy acquisition. More in detail, in the early stage of its legitimacy restoring process, RED has firstly used symbols to convey to its commercial and welfare stakeholders messages of alignment with their moral and pragmatic expectations. In this way RED has been able to restore its legitimacy by appearing isomorphic and consistent with its stakeholder's expectations and claims (DiMaggio, 1988; Oliver, 1995). However, as soon as RED has restored its legitimacy alternatively with commercial and welfare stakeholders, it sent them new symbols to introduce divergent changes in both the institutional fields (Battilana et al., 2009; Battilana, 2006).

Finally, the RED case study gives a meaningful contribution to further develop recent findings of institutional theory, according to which symbolic and substantive actions are actually complementary instead of alternative (Berrone et al., 2009, p. 27). In particular, our data suggests that RED has strategically moved from "decoupling" to "loosely coupling", and finally, to "coupling", both with welfare and commercial stakeholders. Moreover, as soon as symbolic practices were coupled with substantive ones, RED sent a series of meta-symbolic messages to its stakeholders to highlight that there was a strong interlocking relationship between what RED declared to carry out and what it really accomplished, thus reinforcing the legitimizing effect of previously coupled actions.

7 THIRD CASE STUDY: COOPERATIVE WHITE

7.1 Brief overview

This section provides a brief overview of WHITE's main features in order to allow the reader to better understand the organization under investigation (Yin, 1994). Therefore we firstly present WHITE's history, mission, vision and main financial data; thereafter we point out the two institutional logics which hybridise WHITE and the strategic choices it has had to deal with them.

7.1.1 *history, mission and main data*

WHITE is one of the oldest Work Integration Social Enterprises in the North of Italy since it was founded in 1987 by:

- a group of eleven volunteers and
- A.P.A.S. (Associazione Provinciale Aiuto Sociale, which means District Association for Social Aid), a not-for-profit organization founded in 1985 with the mission of providing former prison inmates with psychological and professional skills in order to allow them to acquire the status of normal workers and reintegrated citizens.

WHITE was first established in the legal form of a Workers' Cooperative, acquiring the legal status of a Social Cooperative only in 1993 (under Italian law n. 31 1991). Since its foundation, however, WHITE has tried to achieve the goal of providing job placement opportunities to disadvantaged people, and mainly to former prison inmates, inmates on probation and drug and alcohol addicts.

The mission of WHITE has always been to promote the personal, social and relational growth of marginalized workers and to reintegrate them into society (fifth interview with director, D.125; and first article of articles of association D.9). As a consequence, WHITE has based its activity on the leading values of the co-responsibility of the workers involved in the organization, the central importance of the human being, democratic stake-holding and solidarity (Social Report, 2007 D.9).

WHITE considers its mission to have been achieved when marginalized workers acquire the technical and personal skills that allow them to enter into the normal job market as workmen or women (interview with employee #2 D.6). Accordingly, WHITE has always followed a transitive strategy rather than an inclusive one: working in the social enterprise is intended to be an instrument and a transitory step of three years that should allow marginalized workers to enter the normal job market.

As a consequence, the primary goal of WHITE has never been to increase its market share or its size, thus remaining a small organization.

Table 18: White main data

Year	2006	2007	2008	2009	2010
Total Staff	42	47	45	45	44
Disadvantaged Employees	22	25	23	23	21
Marginalized introduced	7	5	2	3	2
Profit (€)	77,000€	198,000€	-6,000€	20,000€	-63,000
Revenues (M€)	1.5 M€	1.4 M€	1.6 M€	1.7 M€	1,6M€

In order to achieve its mission, WHITE works mainly with public entities, such as several municipalities in the North of Italy. However more than 80% of the cooperative’s income comes from sales in the free market and only 15% from public contributions or grants (Sources Social report 2010, D. 112; and fifth interview with director D. 125).

From a commercial perspective, WHITE is not only involved in simple services of waste management, assembly and maintenance of urban GREEN areas and forests like most of the Italian WISEs; on the contrary, it mainly works in the carpentry and joinery sectors. Accordingly, from a commercial perspective, WHITE could be considered to be a small carpentry enterprise. More precisely, WHITE provides its clients with the following three types of service, which are also the activity areas of the organization:

- “GREEN”, that consists of the maintenance of urban GREEN areas and forests;
- “Games” and “small buildings”: that consists of the design, implementation and maintenance of municipals playgrounds in public parks and schoolyards;
- “Carpentry”: this consists of the building of accessories and small constructions in metal and wood.

7.1.2 *The hybrid identity of WHITE*

Given its features, WHITE could be defined as a hybrid organization (Battilana and Dorado, 2010, Pache and Santos, 2010) since it is permanently embedded in two apparently conflicting institutional environments: the welfare environment and the commercial one. On the one hand, the social enterprise belongs to the social welfare logic (Pache and Santos, 2010b), since it aims at providing marginalized workers with care services. On the other hand, WHITE also belongs to the commercial logic (Pache and Santos, 2010b, Friedland and Alford, 1991) since it competes in the free markets of manufacturing and GREEN management.

Being embedded in two different social milieus, WHITE needs to manage relationships with stakeholders (Freeman, 1984; 1994) representing completely different needs and claims.

On the one hand, WHITE has to satisfy commercial stakeholders' needs for product quality, economic sustainability, efficiency and effectiveness of services. WHITE works mainly with several municipalities in the North of Italy, which guarantee almost 70% of WHITE's revenues. Moreover WHITE also has a market relationship with some local SMEs and cooperatives: together they provide almost 30% of WHITE's revenues.

Given its small size, WHITE could not leverage economies of scale to enter into price competition, but it has to compete mainly on the high quality of its products and services, as the following statement points out:

For us it is much more difficult to compete in the free market because, for instance, when we work with iron (we build some small items with it) for us it is much more expensive than for companies that purchase it in China. Other companies can buy three sets of irons to a fraction of the cost in China, or wood in Romania. Accordingly (...) we cannot enter into a price competition with our competitors; we can only build our competitive advantage on the quality of our products, or working on demand (Source first interview with the former president, D.1).

In order to satisfy its commercial stakeholders' expectations, WHITE has structured its organization chart into three areas, each with a specialised area manager in order to be focused on the quality of the products provided to clients. Moreover, since 2008 WHITE has a management control system and three certificates of quality regarding the production phase, namely: maintenance of playgrounds (since 2004), internal machine shop (since 2008) and carpentry (since 2009).

Despite the strong market pressures WHITE has to deal with, its mission consists of taking care of marginalized workers; therefore it is also embedded in the social welfare logic, which usually requires democratic governance, participative management and addressing social needs (Frumkin, 2002).

WHITE's most important welfare stakeholders are:

- Local agencies such as the local SER.T agency (drug addiction service), the local SIL (labour integration agency) and social workers and doctors at the penitentiarys.
- other not-for-profit organizations: WHITE founded, and is now a member of, Consolida, the consortium of social enterprises working in Trentino and it has partnerships with A.P.A.S.
- the local Labour Agency, which provides social enterprises with public funds.

In order to address social stakeholders' expectations, WHITE has carried out a series of strategies, namely:

- ✓ since 2001 it has been certified regarding the quality of the social integration process;
- ✓ since 2004 (almost the first social enterprise in the district of Trento) it has published a social report that discloses its social and economic performance to its main stakeholders;
- ✓ governance is democratic in nature, since the social enterprise's members have equal voting rights (one member, one vote) and people serving as representatives on the Board of Directors are accountable to the membership;
- ✓ there are some volunteers (around 10) represented on the Board of Directors and serving as consultants for the organization,
- ✓ there is a social department with the department manager also being the director of the cooperative. The social department has the duty to manage the integration process of disadvantaged employees.

7.2 The legitimacy challenge suffered by WHITE

In Italy, WISEs arise from the welfare sector (Kerlin, 2006). In accordance with the values and norms of the Third Sector, during the 80s and 90s WISEs aimed at achieving social goals irrespective of their financial autonomy from public funding

(Fazzi and Borzaga, 2000). This means that during the 90s, Italian WISEs were financed by public bodies through contracting-out and operating losses were eventually recovered by extra grants (Borzaga and Fazzi, 2010). Accordingly, WISEs' dependence on public bodies, both from a financial and a strategic perspective, was significant.

In accordance with the above-mentioned logic, historically, WHITE only partially entered into market relationships with private clients. On the contrary, it has always based its survival on multi-year, out-of-market contracts with some municipalities and on grants provided by the local labour agency. It follows that the economic sustainability of WHITE has always been more based on political relationships with public bodies rather than on a real market orientation (Source, social report 2007, D. 9; interview with expert of the third Sector #1, D. 123 D. and with social worker #1 D.7).

The social enterprise pursues its goals by providing different work activities. Historically its most important clients have been the Municipality of Trento, other smaller municipalities in the district of Trento and the Province of Trento. Behind these orders obtained through tenders, we have also several spot contracts with public bodies and some services with private clients (Source Social Report 2007: D.9).

However, the crisis of the Italian Welfare State at the end of the 90s, plus the financial turmoil at the beginning of this Century, have suddenly changed the environmental conditions in which WISEs were working (Ongaro, Villotti, 2008). From the beginning of the Century onwards, the financial resources transferred to local authorities by the central government have stopped growing and the amount of funding that local bodies could spend to sustain NPOs and WISEs has progressively decreased. Contracts between WISEs and public authorities came to be based on competitive tenders. Grants provided by public bodies significantly reduced the amount of cost covered. Finally, both private and public bodies reduced the amount of new recruits.

In this context, Italian WISEs have been forced to enter into stronger market competition and have started experiencing difficulties in reintroducing marginalized workers into the normal job market (Fazzi and Longhi, 2009). In this context, WHITE's small size and strong dependence on public funding boosted its difficulties. As a consequence, since 2006 WHITE has started:

- Experiencing strong financial constraints and difficulties in obtaining tenders with local public bodies (Source: interview with director and official business plan presented to Local Labour Agency, 2007).
- Having difficulties in integrating marginalized workers into the normal job market at the end of a three year project inside the organization (Source: Social Report 2010, D.112; and sixth interview with director, D. 125).

Given these difficulties, since 2006 welfare stakeholders have started challenging the legitimacy of WHITE (Davis and Thompson, 1994, Zuckerman, 1999) about its reintegration process and commercial strategy.

Regarding its commercial strategies, WHITE was perceived to be relying too much on public grants for sustaining its activity. This is well explained by the following sentence:

WHITE is not able to enter into and maintain networks with other Social Enterprises. They are completely alone and this happens because they rely too much on public grants. Other WISEs do not share this approach. Accordingly they suffer a legitimacy gap with other local social enterprises and they have difficulties in entering into networks with them (interview with expert #1, D.125).

Regarding its strategy with disadvantaged workers, WHITE started to be challenged in 2008, in particular by labour unions, because since 2007 it started firing some of its disadvantaged workers at the end of their three years' project, despite the fact that they were employed with a permanent contract⁷.

We are informed that the Cooperative WHITE employs permanent workers by taking advantage of substantial government grants for a period of three years. After three years - note that contributions last three years - it seems that Cooperative WHITE fires its workers or encourages them to leave. (Cobastrentino on line press, 3/3/2008. D.18).

Even if some external observers of the social welfare logic did not approve of the way in which labour unions attacked WHITE, most of them shared the reasons underlying their actions. Important sources of legitimacy (Deephouse and Suchman, 2008; Scott and Ruef, 1998) in the Welfare sector, such as experts on the sector (D. 125;

⁷ As defined by Italian law 381/1991 and local norm 68/1999 (the so called "Azione 9"), every WISE is allowed to receive a public contribution from the local Labour Agency in order to cover a percentage of its disadvantaged employees' salaries for a period of three years. At the end of this period the WISE is no longer financed by the Labour Agency. The *rationale* of this funding strategy is to help WISEs in training disadvantaged employees: after three years these disadvantaged employees are expected to have acquired technical skills which should allow them to be as productive as a normal worker, thus no longer needing funding to cover their low-productivity.

D. 126) and of funding public bodies (D. 104), perceived WHITE as illegitimate, considering its difficulties in fulfilling the purposes it was expected to achieve (i.e. to drive marginalized workers towards normal jobs as workmen or women) and for which it asked support (Aldrich and Fiol, 1994).

They are not able to drive marginalized workers outside because this means to be able to guarantee them to enter a normal job, to follow them in this process. Introducing marginalized workers into normal jobs is the real problem of their entrepreneurial model. WISEs have invented this new social technology of developing a personalised project on marginalized workers, with skilled people who manage it. The project consists of employing a person who is not qualified to be a normal worker and giving him all the tools to become one. WHITE is missing this final step. (interview with expert #1. D. 125).

To key welfare stakeholders it seemed that WHITE was running the risk of entering a serious mission drift (source: interview with expert #1, D. 125 and expert #2, D. 126). Namely, it seemed that reintegrating marginalized workers wasn't the real objective of WHITE and the funding it received from public bodies a means towards this end, but *vice versa* (interview with expert #2., D. 126).

What has happened with labour unions because of these fired marginalized workers is, as usual in these situations, a little bit pretextual and it reveals an oversimplified approach to the problem and the ignorance of labour unions. However, the point is still there: if you take care of a person with these kinds of problems, you understand he is not able to work previously and not at the end of the funding period. If he is not able to acquire the status of a worker after three years, he is not able also before this deadline...the strike is a bubble that burst because of a bad feeling caused by certain behaviours. Strikes are always a bit specious, however they point out this kind of behaviour: "until I am financed by public grants I do my job, thereafter I no more do it". As a labour economist I strongly disagree with this strategy, I don't get it, it is opportunistic in nature. (Source: interview with expert #1, D.125).

Moreover, according to the local Labour Agency manager responsible for financing WISEs:

If we want to criticise them, they are a little bit draconian in firing their marginalized employees immediately at the end of the financed project; I mean, they are quite persistent in this strategy...I don't share this strategy even if on the other side I get it. I understand their difficulties: they are less funded by the Labour Agency than in the past, they are no more able to drive workers into the normal job market...The best thing for them would be to become bigger because when you are structured in a bigger organization you could also retain workers for longer... WHITE has always been scared by this idea of keeping marginalized workers for a long period and this is a limitation, I told them (interview with Labour Agency manager. D. 104).

Accordingly, between 2006 and 2008 WHITE was perceived as an illegitimate organization and this was undermining its survival because its commercial approach and its strategy of re-integrating disadvantaged workers were both perceived as incoherent with emerging standards of appropriateness for WISEs (Davis and Thompson, 1994; Glynn and Marquis, 2004).

Institutional theory literature (Ruef and Scott, 1998) suggests that illegitimacy could be caused by two events:

- i) an unexpected and unaccepted organizational strategy shift (Ni Sullivan et al., 2007; Zuckerman, 1999);
- ii) an organizational incapacity to adopt new behaviours to align its self-image with the emerging behaviours and norms of an institutional set (Glynn and Marquis, 2004).

In the case of WHITE, it seems that the organization experienced both the described situations, reinforcing each other and causing the organization to be perceived as illegitimate.

Table 19: legitimacy challenges of WHITE

Cause of illegitimacy	Case study
an unexpected and unaccepted organizational strategic change	WHITE defines a new firing strategy with marginalized workers unable to acquire the status of normal workers
The organization is unable to align itself with emerging behaviours and norms of an institutional set	Given the increased market approach of the Italian Third Sector, WHITE is perceived as depending too much on public funding to survive

7.3 WHITE's strategy to restore its legitimacy

To date, several messages alarming the organization regarding a possible mismatch between its strategies and its key stakeholders' needs and expectations, has occurred. Namely:

- In 2007 WHITE found it difficult to find new jobs and revenues decreased for the first time in its history (-8%, from 1.5M€ to 14M€) (Source, Board of Directors 12.12.2007, D. 52; Financial Report 2007; D. 2007)
- In 2008 WHITE was challenged by internal volunteers because of its firing strategy with marginalized workers. (source Board of Directors, D. 19.3.2008. D. 56)

- Since 2007 there have been five actions organised by labour unions and a strike (source archival data: D 20-28)
- In 2008 WHITE experienced an 8.000€ net loss (Source financial report 2008. D. 109)
- After two years of internal discussion, at the end of 2010, the president and founder of the social enterprise resigned from his role, because of the difficulties in managing the conflicts with marginalized employees (source: Board of Directors, D. 94).

These signals were clearly understood by internal key stakeholders - in particular by the current director, several volunteers, some workers and members of the organization. The need to become more financially autonomous from public grants and the need to identify new strategies to manage marginalized workers were discussed in a number of Board of Directors' meetings (D.29; D. 37; D. 55; D.88). Moreover, these challenges were also presented to external stakeholders and the local Labour Agency in a number of official documents such as the Social Report 2007 (D.9), the Social Report 2008 (D.10) and the business plan presented to the Labour Agency for the years 2007 (D.114) and 2008 (D.115).

In particular, for key internal stakeholders it was clear that the behaviour and the mission of WHITE risked being perceived as illegitimate by external constituents, given that:

Facing this situation is extremely costly and worrying, in particular because labour union claims are causing dangerous concerns with external stakeholders. (Second interview with director; D. 5).

Moreover the organization understood that:

Reduced human resources turnover of these last years is something we feel problematic. We feel to be alone with public services, they are letting us down (interview with social worker #2; D.6).

In order to restore its legitimacy, WHITE carried out a series of legitimizing strategies, both in terms of substantive and symbolic actions (Ashforth and Gibbs, 1990). However, our findings suggest that WHITE was not particularly skilful in adopting the right symbolic and substantive actions and in strategically leveraging the interplay between them to restore its legitimacy.

In the following sub-sections we will explain these difficulties. Firstly, we will point out the substantive and symbolic actions (Ashforth and Gibbs, 1990; Berrone et

al., 2009) WHITE adopted to restore its legitimacy by conforming with the emergent institutionalised practices (Suddaby and Greenwood, 2005) of the social welfare logic and those it has avoided adopting. Then we will expose the symbolic and substantive actions WHITE adopted to manipulate the social welfare logic. Finally, we will indicate a number of mistakes WHITE made regarding the strategic interplay between substantive and symbolic actions, thus failing to reinforce through symbols and meta-symbols the legitimizing substantive actions it carried out.

7.3.1 The substantive and symbolic strategies carried out by WHITE to conform with social welfare logic

Between the end of 2006 and the beginning of 2008, WHITE was questioned by key welfare stakeholders because of its funding and firing strategy. In order to answer these legitimacy challenges, WHITE adopted a number of substantive and symbolic strategies with the aim of conforming with institutionalised practices (Meyer and Rowan, 1977) and to restore its legitimacy (Suchman, 1995).

7.3.1.1 Substantive practices to conform with welfare logic

In order to conform with welfare expectations, WHITE started a strategic change (Fiss and Zajac, 2006; Rajagopalan and Spreitzer, 1997), trying to become more market-oriented and committed toward marginalized workers' needs and claims.

To sustain this strategic change, WHITE adopted at least three substantive actions, since it:

- 1) integrated its certificates of quality into daily activities;
- 2) carried out a number of training courses for marginalized workers;
- 3) introduced a management control system.

Hereinafter we give details of each of the above-mentioned substantive strategies.

First, since 2006 WHITE has begun to strongly implement the procedures required by its certificates of quality into daily activities, in order to increase organizational efficiency and effectiveness (Stevens et al., 2005) regarding the commercial and the social phases. In particular, the goals WHITE wanted to achieve by implementing its certificates of quality into daily activities were twofold:

On the one hand it wanted to increase the effectiveness and efficiency of the production process, thus enabling the organization to become much more autonomous from public funding.

When we started working with our consultant we immediately understood this (the certificate of quality) could be a powerful instrument to change the organization. He explained to us the skills we needed, the usefulness of the procedures...it has been quite difficult to adapt this system to the organization and to integrate it into the organization. Even now, it is sometimes difficult to follow all the procedures of the system; however, there has always been the concern to leverage the certificate to improve the quality of our job (first interview with social area manager; D: 8).

On the other hand, certificates of quality have enabled WHITE to increase the quality of the care services provided to marginalized workers. Implementing the social certificate of quality acquired in 2001 has allowed WHITE to develop the social technology it needs in order to take care of marginalized workers. Moreover, they have also been used to do training with disadvantaged workers and to help them to become much more autonomous.

When you enter into a certification process, this enables marginalized workers to become more autonomous and to organise themselves better. By formally structuring their work, in a sense you also organise their lives. Usually they are muddled and not organised people; therefore, this becomes a good training for their life, in a sense (Source second interview with president, D. 3).

Second, until 2009 WHITE carried out internal courses on carpentry, joinery and so on for marginalized workers (source: social report 2007, D.9; and social report 2008, D. 10). The aim of these courses was to increase marginalized workers' technical and working skills.

The internal courses we provide are useful because they allow people to go outside to work being more technically ready (...), moreover we must give them these opportunities that help them to enter into the normal job market...those skills that enable them to have a competitive advantage (Source: third interview with the director, D. 4).

These courses were a powerful legitimizing instrument for WHITE because they allowed the social enterprise to be perceived as being able to define organizational procedures (Suchman, 1995) that allowed the enterprise to achieve both economic efficiency and marginalized workers' professionalization. Despite the importance of these courses, from 2008 (when the crisis blew up), WHITE has progressively reduced

and then stopped doing training for its marginalized workers, given the scarcity of the resources it could rely on.

In the past there was a number of courses, nowadays we have no more because of the financial crisis...we have less money to invest, less time. In the past we organised courses for marginalized workers. We paid for them completely by ourselves but they were expensive: when there were those courses our laboratory should be closed all day long and so on. To us it was too expensive. In those years we were having good profits and we could support these expenses; nowadays this is much more difficult (Interview with social employee #2, D.6).

Since WHITE stopped organising these courses for marginalized workers it has lost the legitimacy it acquired by virtue of them. This changed feeling of welfare stakeholders is well explained by the following sentence:

In the past they did some training courses for their marginalized workers; we also financed them, they were about gardening and carpentry. They were used to do some training with workers and to help them to enter the job market. This is why this social enterprise has been established. Nowadays, however, they do not organise courses anymore, because of the costs and the type of marginalized workers. It is something I dislike (Interview with Labour Agency manager. D. 104).

Finally, in 2008 WHITE introduced a management control system into its daily activities (Source: Board of Directors 29.10.2008; D.64) to control efficiency and effectiveness.

It is two or three years that we have a management control system and it has been useful. In the past, cost analysis was much more sketchy; however, when you have a profit you don't really ask yourself what is working and what isn't. In these years we have been in trouble; therefore, we have decided to measure our costs a little bit better, to understand where it was possible to cut something (Source: fifth interview with director. D. 124).

Table 20: Substantive actions carried out by II WHITE to conform with institutional logic

	2006	2007	2008	2009	2010
Management control system			✓	✓	✓
Certificates of quality	✓	✓	✓	✓	✓
Training Courses	✓	✓	✓		

Despite the above-mentioned substantive actions, WHITE has not been able to restore legitimacy by substantially conforming with the standards of performance

requested by the social welfare logic (Suchman, 1995; Asforth and Gibbs, 1990). The reason lies in the difficulty of WHITE getting to the core of the legitimacy gap it was suffering. Namely, WHITE:

- has never really tried to increase its market share with private clients, relying on public bodies as the first and most important market to which to sell its products and services (first interview with president, D. 3 and fourth interview with director, D. 122).

We have never really tried to work with private clients. In a sense this is another weakness; we are not skilful in these kinds of things. We should work much more with private clients (Source: interview with social employee # 2, D.6).

- has continued to rely on public bodies as the first financing source for sustaining the training process of its marginalized workers, as the following statement points out:

We do training for two and three years and public bodies sustain us. At the end of this period, when the training is over and also its financing, what can we do? Do they really think they are effective? If the worker doesn't enter the job market because there is no demand, I have to keep him. If he is a good worker I do not claim he is fully financed, however if I have to keep him, I can't hire other marginalized people and I have lost my contribution (Source: fifth interview with director, D.125).

- has continued to fire its ineffective marginalized workers at the end of the training period:

If a workman is here for five years, and he is not able to find a normal job, we are asked to maintain him, in a situation where we are forced to compete on the free market every day, where if my price is higher than my competitors', I lose the client...in this situation I cannot keep this worker without public funding; it is not sustainable. (fifth interview with director. D.125).

- Even if the mission of WHITE should be to help marginalized workers to enter the normal job market, WHITE has never formalised a strategy or defined an area manager to drive out its marginalized employees and to help them to find a long term job in a normal factory, leaving this process to the personal network of relationships of the marginalized and social workers:

In order to drive marginalized workers outside we do some activities, leveraging our personal networks but we do not have any formalised process or structure (Source: interview with social employee #1, D.7).

7.3.1.2 . Symbolic actions adopted by WHITE to conform with the welfare logic

In order to restore its legitimacy with welfare stakeholders, in the last four years WHITE has not only adopted a series of substantive actions, it has also deployed a number of symbols (Zott and Huy, 2007; Trice and Beyer, 1984). The aim was to highlight the coherence between the strategic changes adopted (Fiss and Zajac, 2006) and myths and beliefs (Meyer and Rowan, 1977; D'Aunno et al., 1991) emerging in the social welfare logic.

In particular, since 2007 WHITE has deployed the role of a psychiatrist as a meta-symbol of the coherence between their declared commitment towards marginalized employees and the substantive practices carried out to manage them. In particular, WHITE has stressed the role of a prominent psychiatrist as a supervisor of the effectiveness of the reintegrating process with the aim of legitimizing its social technology by indentifying itself with a prominent and legitimate actor from the welfare sector (Source: social report 2007). Symbolically, communicating to welfare stakeholders the role of the external psychologist has not only been useful for WHITE to convey the message of an organization linked with a prestigious stakeholder (Zott and Huy, 2007; Pfeffer and Salancik, 1978) but it also gives an idea of professional processes (Suchman, 1995).

Moreover, since 2007 WHITE has also started sending symbols and meta-symbols underlying the increased commercial approach adopted by the organization. Namely:

- since 2006 It has started inviting both welfare and commercial stakeholders to visit the building where the social enterprise has its carpentry and joinery workshops. The aim of these visits was to present the entire working process of the social enterprise and the stronger commercialisation it has started (third interview with director and second interview with president).

To us it is important to invite external welfare stakeholders to see the factory because this allows them to see not only what we do with marginalized workers, but also that we are a real enterprise (source: second interview with president, D. 3).

- WHITE has used its courses and its commercial and social certificates as meta-symbols to convey a message of acquired effectiveness and professionalization not only towards commercial stakeholders but also towards welfare ones (interview with welfare stakeholders and second interview with president).

To highlight our greater professionalization we show our certificate and the courses our employees have done...those things are useful to demonstrate the enterprise works well and it has certain requirements which are touchable, tangible and demonstrable (second interview with president, D.3).

- Since 2009 WHITE has developed a website and a commercial brochure and in 2010 it organised an event to promote a new carpentry product with the aim of communicating its products and services. Behind the intrinsic value of doing advertising of its products for commercial stakeholders, with this advertising WHITE wanted to send a message of a strategic change and more market-oriented approach with its welfare stakeholders (second interview with president, D.3).

Table 21: Symbolic actions carried out by WHITE

	2006	2007	2008	2009	2010
Prominent stakeholders relationships		✓	✓	✓	✓
Convention and website				✓	✓
Certificates of quality and courses	✓	✓	✓	✓	✓
Visits	✓	✓	✓	✓	✓

7.3.2 *The symbolic and substantive actions adopted by WHITE to manipulate the environment*

Given its difficulties in substantially conforming with the institutionalised practices of the social welfare logic, WHITE tried to solve the legitimacy gap by manipulating its environment (Suchman, 1995; Zimmerman and Zeitz, 2002), i.e. trying to tailor the shared system of norms and values of welfare stakeholders to its distinctive needs and behaviours (Aldrich and Fiol, 1992).

To this end, WHITE mainly adopted two substantive actions (Berrone et al., 2009). Namely, it entered into a strong lobbying activity with other local WISEs and public bodies (Suchman, 1995; Miles, 1982; Ashforth and Gibbs, 1990; Bloom and Chatterji, 2009) and changed its employment strategy. Moreover, WHITE deployed a

series of excuses and justifications (Ashforth and Gibbs, 1990; Suchman, 1995) with welfare stakeholders for its difficulties in reintroducing marginalized workers and maintaining financial autonomy from public funding. Finally, it sent a series of meta-symbols to underline the coherence of its substantive actions with its mission (Battilana and Dorado, 2010) and organizational identity (Albert and Whetten, 1985; Goodrick and Salancik, 1996, Rao et al., 2000).

7.3.2.1 The substantive actions adopted by WHITE to manipulate the environment

In order to manipulate its environment (Miles, 1982; Ashforth and Gibbs, 1990; Bloom and Chatterji, 2009), from 2007 WHITE entered into a strong lobbying activity with other WISEs and the local Labour Agency. The aim of this strategy was to make public bodies and the local consortium of the WISEs aware of its financial difficulties and to ask for more flexible norms on funding and the employment of marginalized workers:

In the last years we have always organised a meeting a year with public bodies and the Labour Agency to discuss our problems. This is a useful instrument to discuss the problems we are living. I personally asked for this meeting with the aim of highlighting the need to face our financial problems (fourth interview with director, D. 122).

Moreover, since 2007 WHITE has started formalising and strengthening the hiring strategy of marginalized workers. The aim of this strategic change was twofold:

- to reduce the risk of employing marginalized workers with a level of disabilities that could undermine the possibility of reintegrating them as normal workers

In the last years the social enterprise has increased the requested level of ability and professional skills. Personally I do care about the social dimension of our job, however we cannot be blind. We work mostly with public bodies but with competitive tenders and we need to be effective and job orders have to be done in time. (Interview with social employee #2, D.6).

- to reduce the internal conflict caused by some marginalized workers (namely drug addicts) (Source social report 2008, D.10 and Board of directors, D.60).

7.3.2.2 Justifications and excuses adopted by WHITE to manipulate the environment

In order to reinforce the legitimizing power of its substantive actions, since 2007 WHITE has started sending messages in order to justify and excuse its difficulties in reintegrating marginalized employees. In this sense, WHITE adopted a twofold strategy.

On the one hand it carried out a communication strategy to deal with the specific legitimacy issue – the firing strategy – posed by the labour unions. On the other hand it deployed a number of symbols to justify and excuse its difficulties in managing marginalized workers and publicising its increased autonomy from public funding.

In order to deal with the labour unions' attacks, WHITE tried to manipulate stakeholders' perceptions by changing the meaning of the acts and strategies it has carried out (Zimmerman and Zeitz, 2002). To this end it differentiated its communication strategy according to the welfare stakeholders' knowledge of the issue.

- With those stakeholders more familiar with the organization and with its troubles with trade unions⁸ WHITE tried to justify (Ashforth and Gibbs, 1990) its strategy by undermining the legitimacy of the labour union issues and at the same time highlighting the effectiveness of the organization's practices (source: second interview with the president and second interview with the director).

The ongoing labour dispute seems aimed at denying the educational model we adopt to face the difficulties of placing disadvantaged people into the work market (...) The national contract lacks flexibility and does not consider the training needed to allow disadvantaged people to acquire the status of workers (...). It must be emphasised that the entry salary is an important educational tool for social enterprises, which is based on years of experience and it is used to encourage and reward the growth of disadvantaged workers towards the status of normal workers. (source: business plan presented to local government, 2010. D. 117).

- With less prominent stakeholders, WHITE has always tried to conceal (Ashforth and Gibbs, 1990) information regarding labour unions actions (Source: interviews with area manager and president). The aim of this strategy was to suppress information that could have undermined organizational legitimacy (Ashforth and Gibbs, 1990). (Source: third interview with director, D. 4 and interview with social employee #2, D.6)

We did not defend ourselves (from the labour union attacks); we did nothing. We should have filed a lawsuit, I think, because they said lies. But we decided to do nothing: it would have been expensive in time and money and we decided to invest in other activities. However, we didn't communicate the situation well nor defend the social enterprise; we just concealed the story, without pointing out our reasons, our numbers, our results (interview with social employee #2, D.6).

⁸ These stakeholders are mainly the local Labour Agency, the local consortium of social enterprises and social workers involved in long term relationships with WHITE

Finally, in order to deal with stakeholders' overall criticism regarding its funding strategy and difficulties in re-integrating marginalized employees, WHITE has historically used excuses and justification as primary symbolic strategies. This emerges from several interviews with internal (Source: third and fourth interviews with director and interview with Labour Agency manager) and external stakeholders (interview with Labour Agency manager, D. 104 and with sector expert #1. D.125).

Historically they are inclined, I think, to stress their need to be financial by the local agency...for instance...they are used to stressing they are no longer subsidised by the Labour Agency...during the years they have always pointed out the decreased level of funding of their costs. (interview with Labour Agency manager, D. 104).

7.3.2.3 Symbols deployed by WHITE to manipulate the environment

In order to reinforce the legitimizing value of its manipulating strategies, since 2007 WHITE has started adopting symbols and meta-symbols to underline the difficulties it was facing. In particular, WHITE:

- Has historically sent greetings cards to welfare (and commercial) stakeholders to celebrate religious festivals. Since 2006 WHITE has started using these greetings cards not only to celebrate the festivals but also to symbolically highlight the social mission of the organization, achieved results and difficulties (fifth interview with director, D,125 and interview with commercial stakeholder, D. 123).

The meaning of the greetings cards we send is that we do not sell only a product...when we come to our partners with presents and wishes we carry a cake, a bottle of wine, but we also want to add a card where we do not give simply our best wishes. It could also be enough, it is a signal of attention, but we try to give some insights to drive people to think about our mission, our results and difficulties (fifth interview with the director, D.124).

- Has used its social report and the official business plan presented to the local Labour Agency as symbols offering a series of excuses to attribute the difficulties in achieving its mission to external and uncontrollable causes and in particular to the financial crisis (Source Social Report 2007, D. 9 and official business plan 2010, D. 112).

The official business plan is used, in particular, to communicate to our members but it is also and mainly with the local Labour Agency...to the agency we need to answer the law but it is also useful to highlight

our difficulties, to point out our needs and difficulties with the crisis. We use it to have a dialogue, not only to be accountable regarding their claims, but also to make them aware of our claims and needs (second interview with director. D.2).

Table 22: Substantive and Symbolic actions carried out by II WHITE to manipulate the environment

	2006	2007	2008	2009	2010
Justification firing strategy		✓	✓	✓	✓
Concealment firing			✓	✓	✓
Hiring strategy		✓	✓	✓	✓
Excuse funding		✓		✓	✓
Lobbying with consortium			✓	✓	✓
Lobbying with labour agency			✓	✓	✓
Greetings	✓	✓	✓	✓	✓
Social report		✓	✓	✓	✓
Business plan		✓	✓	✓	✓

7.3.3 the interplay between symbolic and substantive actions carried out by WHITE

Even if WHITE has carried out a series of substantive and symbolic actions to restore its legitimacy with welfare stakeholders, they have failed to allow the organization to achieve its legitimacy goal for at least two reasons.

First, WHITE has not been skilful in recognising that the institutional logic it was proposing with its manipulation strategy was perceived as outdated by welfare stakeholders, therefore symbols deployed to reinforce the legitimisation value of this strategy have had an opposite and de-legitimizing effect:

These difficulties suffered by WHITE in deploying the right symbols have been perceived by external key stakeholders, thus accelerating the de-legitimation process of its manipulation strategy, as the following statement points out:

The drama of WHITE is that they are too strongly tied to their original idea. In this way they have betrayed their mission, because in the meantime the environment has changed. This is also why their messages have been perceived as inconsistent with the environment and stakeholders' expectations. They have reinforced the inconsistency of organizational actions (Source: interview with welfare stakeholder #2. D126)

Second, in several cases WHITE has not been skilful in using symbolic management both in terms of reflexivity – i.e. the capability to consider organizational constraints and abilities when deploying symbols – and enactment – the concrete

adoption of symbolic actions (Zott and Huy, 2007). For instance, given the financial constraints WHITE was suffering, it had few resources with which to enact symbols, such as the social report and the business plan and it has been not able to manage this challenge well (reflexivity):

At the beginning we spent time and resources writing up our social report; nowadays we are getting worse but the idea is always the same; to invest in our social report to communicate. Last year we did some handicraft work by ourselves: We don't have the resources and fantasy others may have (first interview with director. D,1).

Moreover WHITE has had difficulties in traducing the conceptual understanding of the potential symbolic meaning of certain actions in concrete and well-customised symbols (enactment). For instance:

Sometimes it is a little bit paradoxical, because we are aware of the need to communicate but on the other hand we do not. We say we should do something but we do not know how to convey our message, therefore the website is almost dead (interview with social employee #1. D.7).

These difficulties suffered by WHITE in enacting its symbolic actions have been understood by external key stakeholders, thus undermining their legitimizing value, as the following statement points out:

The business plan and social reports of WHITE are quite accurate, I mean, they could do a better job...there are works which are better. If I have to think about best practices I do not think of the WHITE case (interview with Labour Agency manager. D. 104).

Table 23: Timetable of the organizational threats and difficulties of the last 5 years

Year	Events	Substantive and symbolic action to restore legitimacy
2006	<ul style="list-style-type: none"> • First signals of financial crisis: revenues decreased (D.28)) • First difficulties in managing disadvantaged workers (D.37; D. 39) • Disadvantaged workers integrated as normal workers: 7 (D.113; D124) 	<ul style="list-style-type: none"> • Courses for marginalized workers (D. 9) • Difficulties in managing marginalized workers firstly reported in the social report (D.9) • New website (D. 37)
2007	<ul style="list-style-type: none"> • Signals of financial crisis and difficulties with commercial partners (D. 45.) • Organization questioned by labor union (D. 45.) • Disadvantaged workers integrated as normal workers: 5 	<ul style="list-style-type: none"> • Lobbying with consortium (D. 45; D. 3) • WHITE justifies its funding strategy (D. 45.) • WHITE declares it has changed the marginalized employment practices (D. 45)
2008	<ul style="list-style-type: none"> • The financial crisis blow up: first operating loss (D. 109) • Organization questioned by labor union (D. 60) and external key stakeholders (D. 67) • Increased difficulties in introducing workers in the job market (some of them fired) (D. 126). • Disadvantaged workers integrated as normal workers: 2 (D. 126) 	<ul style="list-style-type: none"> • Lobbying with public bodies (D. 60) • Social report and official business plan used to excuse the organization for its employment and commercial difficulties (D. 3; D. 115; D.10) • Strengthened the employment procedure (D. 10) • Introduced a management control system (D. 129)
2009	<ul style="list-style-type: none"> • Organization questioned by labor union with strikes and articles on the web (D. 21-D-29) • The president inform the board he wants to resign from his role (D. 69) • Disadvantaged workers integrated as normal workers: 3 (D. 126) • Economic difficulties (D. 76) • Firing of marginalized employees (D. 77) 	<ul style="list-style-type: none"> • Reduced number of courses for marginalized workers (D. 11) • New advertising brochures (D. 14. D. 4)) • New certificate of quality on carpentry (D. 126; D.130) • It points out reduced funding from public bodies (D. 116)
2010	<ul style="list-style-type: none"> • Former president and founder resigns from his role (D. 101) • Operating loss of more than 60,000€ (D. 112) • Trade unions questioning the organization (D.20) • Disadvantaged workers integrated as normal workers: 2 (D.126) 	<ul style="list-style-type: none"> • No more training courses for marginalized workers • Organizational restructuring (D. 89) • Business plan to justify firing strategy with public bodies (D. 117) • Convention to present new products (D. 15)

7.4 Conclusions

To develop conclusions regarding the WHITE case study we follow Eisenhardt's (1989) cross-cases strategy of analysis. We compare the WHITE case study with the GREEN one, since both the organizations were perceived as pursuing illegitimate (Zuckerman, 1999) strategies by stakeholders embedded in the social welfare logic.

However, while WHITE has been ineffective in dealing with its welfare stakeholders' claims, GREEN has been able to restore its legitimacy (Suchman, 1995) with them and to ignite a divergent change (Battilana, 2006) in the social welfare logic. Comparing these two cases is useful to gain a better understanding of how symbolic and substantive actions (Ashforth and Gibbs, 1990) interplay when organizations face legitimacy challenges (Suchman, 1995) with welfare stakeholders and when they are willing to introduce a divergent change in an institutional field (Battilana et al., 2009). Accordingly, we obtain interesting insights to the literature on organizational institutionalism (Scott, 1995; Meyer and Rowan, 1977), symbolic management (Zott and Huy, 2007) and institutional entrepreneurship (Battilana, 2006; Greenwood and Hinings, 1996).

Confronting GREEN and WHITE gives insights to help understand the role of symbols and meta-symbols in speeding up and reinforcing the success or failure of an institutionalisation process (Etzion and Ferraro, 2010; Lousbury and Glynn, 2001). In particular, the comparison of GREEN and WHITE shows that symbols and meta-symbols produce an accelerating effect in the legitimisation or de-legitimisation trajectory undertaken by an organization. WHITE used symbols to convey and force an old institutional logic that was not accepted any more by other stakeholders. So, instead of boosting a new change and forcing the return of the old institutional logic, the symbolic actions of WHITE increased and accelerated the legitimacy gap of the organization.

On the other hand, GREEN adopted symbols and meta-symbols associated with an institutional logic that was progressively accepted by stakeholders. So, symbols and meta-symbols supported a real change in the environment and even supported an increase of the legitimacy of the organization which was identified as an innovator.

These results also provide a policy contribution for organizations which suffer legitimacy gaps: Symbols boost and accelerate change, but in both positive and negative directions..

The above results make an interesting contribution to the literature on institutional theory (Scott, 1995; Meyer and Rowan, 1977), since this research stream has only partially investigated the interplay between substantive and symbolic actions (Berrone et al., 2009; Fiss and Zajact, 2006) and its dynamic when organizations have

to deal with completely new standards of appropriateness in an institutional setting (Davis and Thompson, 1994, Glynn and Marquis, 2004).

Moreover, the findings also enrich the literature on institutional entrepreneurship (Battilana et al., 2009; Greenwood and Hinings, 1996). This research stream has identified a number of environmental conditions (Scherer and Lee, 2002) and strategic drivers allowing organizations to introduce divergent changes both at organizational and environmental levels (Etzion and Ferraro, 2010; Battilana, 2006; Hargadon and Douglas, 2001), but they have undermined the role of symbols in accelerating the legitimisation or de-legitimisation process of divergent changes.

8 FOURTH CASE STUDY: COOPERATIVE BLACK

8.1 Brief overview

This section provides a brief overview of BLACK's main features. It presents BLACK's history, mission, vision and main financial data; thereafter it describes the two institutional logics which hybridise WHITE's organizational and strategic behaviour.

8.1.1 1.1 History, mission and main data

BLACK is a Work Integration Social Enterprise which was founded in the legal form of a Social Cooperative (under Italian law n. 31 1991) in 1991 in Albino (Bergamo, Northern Italy), by a group of 14 volunteers with the mission to provide marginalized people with work integration opportunities and to participate in the common good of the local community (third article of the Articles of Association).

In the last years almost all of the founders volunteers have progressively left the organizations, and nowadays the only representative of that group is the director and vice-president of the cooperative⁹, who is the most charismatic leader of the organization, as several internal and external stakeholders pointed out:

In BLACK there is a strong leadership (...) we have to keep in mind that since its foundation BLACK is strongly tied to her. (interview with external stakeholders 2. D. 103).

BLACK started its activity working in a small assembly workroom and having people with psychological diseases as target group of marginalized workers. However after a few years it adopted a stronger market oriented approach by entering in the sweeping market and employing inmates, inmates on probation and former inmates.

Nowadays BLACK works mainly with inmates and in four activity areas, which are:

- Assembly: this is the oldest area of activity of the organization. Nowadays it cover almost 6% of total revenues.

⁹ The director of the cooperative is also the vicepresident. Between 2003-2007 she was president of the organization since there were another director managing the social enterprise. For clarity, In the case study actual director and vice president will always be cited as vice-president.

- Information systems: at the beginning of the century BLACK started a collaboration with the hospital of Bergamo to manage the computerization of all its medical records. In 2010 the sector covered 7% of total revenues but the incomes of this area are rapidly decreasing and the area is now going to be closed.
- Sweeping: it is the core business of the organization, since it covers almost 80% of total organizational revenues and it guarantees most of the organizational net income.
- Photovoltaic sector: BLACK has started working in this sector in 2010 in order to differentiate its activities and to enter in a more profitable market. Nowadays this area covers almost 5% of total revenues (Source financial report 2010. D.95).

Historically public bodies have been the most important clients of the cooperative and they have always guaranteed at least 50% of total organizational revenues. In particular BLACK works mainly with three municipalities in the North of Italy: Bergamo, Albino and Clusone. Other 50% of BLACK revenues are divided between for profit organizations (20%), and other cooperatives and not for profit organizations (30%). Finally, public grants have historically covered almost 5% of total incomes.

Table 24: BLACK main data

Year	2004	2005	2006	2007	2008	2009	2010
Total Staff	88	77	79	90	97	101	97
Disadvantaged Employees	30	27	22	28	33	32	34
Revenues (M€)	1.0	1.1	1.3	1.4	1.4	1.5	1.5
Grants	74,500	27,656	28,204	62,314	6,816	89,550	83,792
Profit (€)	-39,939	1,589	25,149	90,588	69,227	-2,736	24,775

8.1.2 *The hybrid identity of BLACK*

Given its features, BLACK could be defined as a hybrid organization (Battilana and Dorado, 2010, Pache and Santos, 2010) since it is permanently embedded in two apparently conflicting institutional environments: the social and the commercial ones. BLACK belongs to the social logic (Pache and Santos, 2010b), since its mission is socially oriented and it aims at providing marginalized workers with care services and at reintegrating them in society. However, BLACK also belongs to the commercial logic

(Pache and Santos, 2010b, Friedland and Alford, 1991) since it competes in the free markets of sweeping and assembly, which is based on a strong price competition with other social enterprises and for profit SMEs (Source fourth interview with vice-president, D. 99 and financial report 2009. D.88).

Being embedded in two different institutional logics, BLACK should comply with different and apparently conflicting values, beliefs and myths and it has also to balance the conflicting expectations of stakeholders (Freeman, 1984, 1994) belonging to the two logics.

Stakeholders of the social milieu ask for democratic stakeholding, participative management, addressing social needs and social value creation (Frumkin, 2002). In particular main social stakeholders of BLACK are the following:

- Local agencies such as the local SER.T agency (drug addiction service), the local S.I.L. (labour integration agency), and social workers and doctors at the penitentiary. These stakeholders usually ask for high levels of care services provided to marginalized workers.
- other not-for-profit organizations, which ask BLACK to collaborate with them in advocacy and socially oriented initiatives. For instance BLACK promotes initiatives at the local penitentiary with “Comitato Carcere e Territorio”, and it works with “L’orizzonte” in advocacy initiatives in favour of people with psychological disease.
- Other social enterprises: BLACK is member of a number of consortiums of social enterprises such as Il Sol.Co del Serio, Confocoperative ad CGM finance and it has strategic partnership with other local social enterprises such as “Della Comunità”, “Il Cantiere Verde” and “Arete”. These stakeholders ask BLACK to be consistent with cooperatives values and to enter in strategic partnerships and not in competition with them.

In order to address social stakeholders’ expectations, BLACK has carried out a series of strategies, namely:

- since 2004 it has been publishing a social report that discloses its social and economic performance to its main stakeholders. Since 2007 social report is requested by Lombardia Region to provide social enterprises with financial grants.

- governance is democratic in nature, since the social enterprise's members have equal voting rights (one member, one vote) and people serving as representatives on the Board of Directors are accountable to the membership.
- there is a social department with the department manager also being the director of the cooperative. Moreover since 2007 there is a part-time psychologist who helps the social area manager in dealing with marginalized people diseases.
- Despite according to Italian law, the minimum percentage of marginalized workers employed by a WISE should be only 30%, BLACK has always had a percentage of around 40% of marginalized workers on the total number of employees.
- BLACK is involved in several networking activities with local NPOs and other social enterprises. In particular it has a leading role in the local consortium of Cooperatives called Il Sol.co del Serio.
- The assembly area is intended by the organization more as a social workroom rather than a real productivity area: the aim of this area is not to increase organizational net income but to keep busy people with strong psychological diseases.

BLACK is also embedded in the commercial logic, which is based on price competition, efficiency, product quality and hierarchical control. These are also the expectations commercial stakeholders have when they enter in strategic or commercial partnerships with BLACK. In particular, Commercial stakeholders of BLACK are:

- clients (both for profit companies and public bodies), which ask for product and service quality, cost reduction and clear contracts, efficiency and effectiveness.
- suppliers, which are mainly small and medium size for profit organizations and they ask for payment guaranteed, clear contracts, efficiency and effectiveness of services.
- funders, and financial partners which ask for financial and economic sustainability.

In order to answer commercial stakeholders' expectations, BLACK has carried out a series of strategies, namely:

- At the beginning of the Century it adopted two certificates of quality.
- Since 2004 BLACK has a management control system.
- Organizational chart is well structured in organizational areas and roles and responsibilities are clearly defined.

- Since 2002 BLACK has a website to promote its products and services.

8.2 The legitimacy challenge suffered by BLACK

In Italy, WISEs arise from the Third Sector (Kerlin, 2006). Coherently with the social logic which was dominant in the Third Sector at the end of 90s, at the beginning of the Century BLACK's strategy was strongly oriented towards social value creation: marginalized workers needs were at the core of organizational efforts and concerns, almost irrespectively of economic efficiency and financial sustainability. BLACK strategy was to maintain balanced budget but with no earnings after tax, and it leveraged social value created to justify its prices and commercial partnerships with public bodies.

In order to persuade public bodies to pay an higher price we were used to say them: "we have here this guy, and since he has started working here he has never bothered you, or asked you for money. I work with him. You need my work. I work here, with citizens of your district, so pay me for my skills" (Source first interview with vice.president. D.96)

However, the crisis of the Italian welfare state of the end of 90s plus the financial turmoil and increased international competition of the beginning of this Century have led Italian WISEs to shift towards a higher market approach than ever before (Borzaga and Fazzi, 2011). In 90s public bodies outsourced sweeping services to social enterprises like BLACK even if they were much more expensive than private firms by virtue of the social valued they created reintroducing marginalized workers. However, financial constrains caused by the crisis of the beginning of the Century forced public bodies to take into account mainly price-reduction and effectiveness to entrust sweeping services to an enterprise. Accordingly, a strong commercial logic started hybridizing all Italian WISEs and BLACK as well.

Since 2000, -after the thrust of 90s with the strong financial support of public bodies - we have had to acquire financial self-sustainability. Accordingly we have been involved in the generalized commercialization of the sector (first interview with vice-president D-96)

In particular between 2003 and 2004 BLACK started facing an increased competition in its core business – sweeping services– because public bodies started asking for greater quality of services, cost reductions and effectiveness, irrespectively of the social value created by social enterprises.

Nowadays the most important thing is to be the fastest we can in doing the job. Moreover the service provided has to be perfect, but fast. This is the most important variable both with for profit firms and with public bodies (source interview with marketing manager. D.100).

Moreover, given reduced fundings guaranteed by public bodies, at the beginning of 2003 BLACK started trying to acquire job orders also with private firms. BLACK thus entered a market where social value created didn't guarantee any competitive advantage and sometimes was a disadvantage, given existing preconceptions regarding marginalized workers efficiency and effectiveness (source interview with marketing area manager. D.100).

In this context at the beginning of 2004 BLACK experienced some economic difficulties, because it was not fast enough to align its practices, structures and strategies with emerging pressures coming from commercial stakeholders and to align its identity with emerging institutionalized values and beliefs of the commercial environment (Davis, 1994). Namely BLACK was not fast enough to convey a message of organizational and structural capability to commercial stakeholders. As a consequence, BLACK was perceived by external key commercial stakeholders as being unable to meet their performance expectations and needs (Ashforth and Gibbs, 1990), because of its technical and organizational ineffectiveness (Suchman, 1995) (source social report 2004 and 2005 D.89-90; and financial report 2004-2005. D.82-83).

They problems were caused by a lack of managerial control (...). Sometimes this could also be not a problem with public bodies because for them could be useful to have a commercial partner that never bother them with costs. However this doesn't allow you to enter in partnership with private clients and in new markets (Source interview with external stakeholders. D.103)

Moreover, BLACK based its communication strategy on its distinctive ethically oriented mission: underlying the social value created was BLACK's leading legitimating strategy with public bodies. However this communication strategy and this socially oriented identity was ineffective to legitimize the organization with commercial stakeholders (source Social Report 2004. D.89; Social Report 2005. D.90), since they were unable to convey the image of BLACK as a market oriented and effective enterprise.

The value added produced by our social enterprise is the reintegration of marginalized workers and we achieve this with our work, this has never been recognized by public bodies, except by some of them. (third interview with vice-president. D. 98)

As a consequence between 2003 and 2004 BLACK received a number of signals, alarming the organization regarding a possible mismatch between its strategies and image and stakeholders' needs and perceptions. In particular, several public bodies shot down contracts with BLACK, and it was not able to compensate them with new commercial partnerships with private clients or other public bodies.

This situation was discussed in several meetings of the Board of Directors, where economic constraints caused by external competition (Board of Directors 31.3.2003. D. 3; Board of Directors 15.12.2003. D.11; Board of Directors, 8.4.2004. D.16) and the difficulties to be perceived as reliable partners by commercial stakeholders (Board of Directors 29.9.2004. D. 18; Board of Directors 8.4.2004. D.16) were pointed out.

These signals of delegitimation were not only discussed during the mentioned Board of Directors' meeting but they were also clearly summarized in the Letter of the President of the Cooperative annexed to the financial report 2004 (D.82) and presented to the general assembly. The Letter pointed out that in 2004:

- Organization suffered for strong financial constraints and operating loss (around 40.000€) that undermined most of the BLACK' accumulated surplus (from 56.000€ in 2003 to 17118€ in 2004)
- The cooperative was forced to fire people and disinvest from some projects because it was no more able to acquire or renew job orders
- the laundry project, on which BLACK relied to renew its business, did not work and this caused more costs than revenues.

Summarizing, at the beginning of the Century BLACK key internal stakeholders clearly understood the organization was running the risk to be perceived as illegitimate by commercial stakeholders, because:

BLACK had difficulties to sell its project in the right way. This is my feeling. I felt BLACK was not recognized sufficiently. (third interview with vice-president. D.98).

8.3 The BLACK strategy to restore its legitimacy

In order to restore its legitimacy with commercial stakeholders and to align its behaviours with changing values and beliefs of the commercial institutional environment in which it started to be embedded, between 2003 and 2004 BLACK carried out several substantive and symbolic actions (Ashforth and Gibbs, 1990), and it also tried to strategically leverage the interplay between them (Berrone et al, 2010). However, our findings suggest that BLACK was not particularly skilful in managing these strategies and this caused BLACK to be perceived as illegitimate by key commercial stakeholders and therefore to rely on social environmental logic to acquire those resources it needed to survive (Glynn, 2000).

In the next paragraphs we present the legitimating strategies adopted between 2004 and 2007 and then the actions carried on in the last years. We have identified these two phases, because in the period between 2004 and 2007 BLACK employed a new director with commercial responsibilities, who tried to substantially change organizational practices and structures in order to give a stronger commercial identity to BLACK. This director resigned from his role in 2007, after a short conflict with the vice-president. Since 2008 BLACK have progressively given up its commercial identity, relying again on its social value creation to legitimate itself.

8.3.1 *The legitimizing strategy in the period 2004-2007*

Between 2003 and 2004 many Italian social enterprises suffered for organizational lacks, as a consequence some consortiums organized courses and projects to provide them with those managerial skills which could help them to reorganize themselves.

As pointed out in the last paragraph in that period also BLACK was facing some difficulties in dealing with commercial stakeholders because of its perceived organizational ineffectiveness. Forced by competitiveness motives and isomorphic pressures (Bansal and Roth, 2000), BLACK started a reorganization process in order to acquire efficiency and effectiveness. In particular it seems that the vice-president recognized the need for BLACK to adopt some instruments and practices to increase organizational effectiveness and efficiency and it relied on taken for granted practices and imitation to concretely identify them (Oliver, 1991).

On the one side between 2003 and 2004 BLACK adopted a certificate of quality and restructured the organization following local consortium suggestions because it completely trusted the consortium.

Our consortium pushed us towards certificate of quality.. there was a boom in that years. I followed the consortium because I understood we needed a more organized structure and I understood certificates of quality could help us in this process (Source third interview with vice president)... the idea came from our consortium. I definitely trust the consortium therefore we did it (first interview with vice-president. D.96)

On the other side in 2004 BLACK employed a new director coming from the for profit sector in order to introduce a more market oriented approach in the organization. It seems that BLACK recognized the need to hybridize its identity, introducing a stronger commercial logic in the organization but it employed the new director following a mimetic logic and imitating what other successful social enterprises had already done (Oliver, 1991).

...regarding the director in that period many other social enterprises employed managers coming from the profit sector. I did the same. (source fourth interview with vice-president. D.97).

Once the new director was employed it started restructuring the organization by identifying new roles, responsibilities and instruments in order to increase organizational effectiveness and becoming isomorphic with commercial needs, values and beliefs. As a consequence between 2003 and 2004 the new director started carrying out a number of substantive actions to restructuring the organization. Namely, BLACK:

- introduced a management control system, a well defined and precise costs analysis and a budgetary system in order to better plan costs, revenues and profitability of every business area (Interview with external stakeholder #1. D.102; Board of Directors 15.2.2004. D.13).
- Clearly defined roles and responsibilities of the organizational managers, assigning the management of the commercial area to the new director and of the social area to the vice president (second Interview with vice-president. D.97; Board of Directors 17.11.2003. D.10)
- Employed two secretaries in order to support director and vice-president in the daily, low value added activities and in particular in managing little problems with employees, which were historically managed by the vice-president. In this

way she was free to deal with strategic and political issues (second interview with director. D. 97). Yet, given financial difficulties of BLACK at the end of 2005 two secretaries were fired.

- Tried to share responsibilities across the structure, identifying an area manager for each of the business activities in which BLACK was involved (Source second interview with director. D.97. Board of Directors 20.12.2005. D. 30)

These organizational changes (Kraatz and Bloxk, 2008) caused by certificates of quality and new directors didn't regard only the commercial area of BLACK. Instead they involved all the organization, so that BLACK employed a part-time psychiatrist to increase the effectiveness and professionalization of marginalized workers reintegration process.

Since 2003 we have also another social worker: a psychologist who helps me with these guys. I was used to do everything and sometimes this risked to avoid me to follow in the right way marginalized workers, accordingly me and the director decided to invest in a new employee committed to the marginalized workers reintegration process (source fourth interview with vice-president. D.99)

Table 25: Substantive actions carried out by BLACK in the period 2004-2007

	2004	2005	2006	2007
Management control system			✓	✓
New director	✓	✓	✓	✓
Organizational restructuring		✓	✓	✓
New secretaries	✓	✓		
Certificates of quality	✓	✓	✓	✓
New psychologist	✓	✓	✓	✓

The important stimulus of the new director to restructure the organization in order to acquire all the features of a real enterprise is pointed out by several interviews (external stakeholder 1, D.102. administrative area manager. D. 101).

The director entered in the organization exactly when we was restructuring ourselves according to the guidelines of our certificate of quality. The process had already started. Accordingly he helped us: he restructured the organization well. He said we had to do a number of changes: a secretary, area managers, and we did many other changes, we also employed two people and gave responsibilities to employees we already had. He carried on also our management control system. He organized us much more like a real for profit enterprise. This until the end of 2006. (source third interview with vice president. D. 98).

This changes helped the organization to be perceived by key stakeholders as much more consistent with values and norms dominant in the commercial logic and thus to partially restore organizational legitimacy with key commercial stakeholders.

Along with the former director, they (Black) tried to adopt a stronger entrepreneurial approach, in a sense there was a fundamental reorganization process between 2004-2005 that helped them in facing difficult years (source interview with external stakeholders #2).

These new and positive acknowledgments were recognized by BLACK:

Our commercial partners positively understood we moved from a voluntaristic cooperatives toward greater commercialization (Source first interview with vice-president. D.96)

However the legitimating value of these substantive strategies had been undermined by the difficulties of BLACK to reinforce them with coherent symbols. These difficulties were caused by at least four variables.

- In daily activities BLACK was not able to identify and enact the symbolic meaning that could rely behind some actions and activities (Zott and Huy, 2007). For instance BLACK has never used its managed control system to convey a message of professional processes (Feldman and March, 1981; Suchman, 1995,) and to reinforce its business-oriented approach (Middleton Stone and Greer Brush, 1996)¹⁰.

We had been unable to sell our image (to commercial stakeholders) because we had been unable to show our economic results, our numbers...our management control system was effective but we were not able to show it to public bodies because we didn't have the right instrument, I think (source first interview with vice-president. D, 96).

- Moreover, BLACK had not been able to shift achieved organizational efficiency in greater flexibility in providing sweeping services to its clients because of the persistent difficulties in dealing with marginalized workers and the willingness to prioritize the stability of work for marginalized people rather than successfully answering clients needs and claims.

A for profit organization could acquire certain job-orders we are not able to deal with. We tried to guarantee a certain quality but we rarely work at night (...) these are job orders we have never taken

¹⁰ On the contrary Red, the other social enterprise which faced a legitimacy gap with commercial stakeholders, was extremely skilfull in living symbolic meaning to its acquire organziational effectiveness, for instance using management control system as powerful symbol to convey a message of professional processes and flexibility in managing job-orders to convey a message of organizational achievement.

because we work with women, who have always behind a family, childs. (Source sixth interview with vice-president. D. 106)

- Finally BLACK has only partially used the reorganization process and the new director to convey a message of professional structures (Meyer and Rowan, 1977; Suchman, 1995). Accordingly, BLACK continued to be identified with the vice-president both with commercial and social stakeholders as clearly emerged in internal discussions of the Board of Directors (Board 8.3.2006. D. 34) and as pointed out both by internal and external stakeholders (source interview external stakeholder #1. D.102):.

Even with former director BLACK was still indentified with Rosa Lucia because the Director had a more internal role, he was committed to internal problems, while Rosa Lucia was our front-woman, she was deputy to manage relationships with external stakeholders (Source interview with social area manager. D. 108)

Some actions carried out by BLACK to restore its legitimacy were ineffective since they lacked complementarity with other strategies (Zott and Huy, 2007). For instance during 2006 the director tried to publicize achieved sweeping services and achieved organizational effectiveness with more professionalized fliers and letters to commercial stakeholders, but they were ineffective in increasing organizational legitimacy because they were not supported by other advertising initiatives (source sixth interview with vice-president. D.106)

Communication strategy adopted by BLACK continued to be centred firstly and foremost on the social impact of the organization, rather than on the achieved economic and organizational efficiency and effectiveness. In order to convey a message of professional organization (Zott and Huy, 2007), between 2004 and 2006 BLACK symbolically portrayed the new social worker it employed. Moreover, in 2007 the former director sent a series of advertising letters to prospective clients trying to leverage the social value created by BLACK in order to increase the organizational portfolio of clients.

Nobody answered advertising letters we sent, probably because the former director didn't know anything about our social mission. In the letters we presented our commercial services together with our social output. Nobody got them. We understood the letters have been unsuccessful (source fifth interview with vice-president. D. 105).

Tabella 26: Symbolicactions carried out by BLACK in the period 2004-2008

	2004	2005	2006	2007
New social worker	✓	✓	✓	
New director	✓	✓	✓	
Advertising		✓		
Advertising social impact			✓	
Social report	✓	✓	✓	✓
Vice president as – front office figure	✓	✓	✓	✓

As a consequence BLACK restored only partially its legitimacy with commercial stakeholder, and namely it restore its legitimacy with those public bodies which had a greater ethical commitment and understood the social impact behind BLACK sweeping services. On the contrary BLACK was not able to restore its legitimacy with those commercial stakeholders which were not really interested in the social impact embedded in its activities and in particular with for profit organizations.

Our social approach has undermined our growth, for sure, because social skills are not legitimizing instrument. You don't have any positive mark on your shirt if you work with marginalized workers. It is difficult. This is a context which doesn't reward these resources. (source second interview with vice-president. D. 97)

Table 27: Timetable of substantive and symbolicactions carried out by BLACK

Year	Substantive actions	Symbolic actions
2004	• New director	• Social Report
	• New certificates of quality	• New social worker
	• New social worker	
2005	• Organizational restructuring	• Social report
	• Organizational chart	• Ineffectifve commercial advertising
	• Secretariat	• New director
2006	• Management accouting system	• Ineffective social advertising
	• Secretariat fired for financial difficulties	• Vice president as front-office figure

8.3.2 *The legitimizing strategy in the period 2008-2010*

BLACK efforts to become much more market oriented caused an internal conflict between the vice president, which was sustaining the social logic, and the director, the champion of the commercial logic. This conflict followed a dynamic which is quite common in hybrid organizations when a new logic challenged the incumbent one (Glynn, 2000; Goodrick and Salancik, 1996).

This conflict blew up between 2006 and 2007 (source board of directors 8.3.2006. 18.12.2006. 26.3.2007). On the one side the director challenged the managerial approach of the vice president: according to him the social enterprise was still managed as a family firms with no hierarchical control and any clear definition of roles and responsibilities and this was undermining organizational growth (Source board of directors 8.3.2006. D. 35; and interview with external stakeholder #1. D. 102). On the other side the vice-president challenged the director managerial style to be too much expensive in a period of financial resource constrains and mostly to be too much inflexible for a social enterprise (Source first – D. 96 - and fourth –D.99- interview with vice-president).

At the end of 2007 the ongoing conflict between the director and the vice president run out because the latter resigned from his role (source board of directors 1.10.2007. D.53): the conflict between competing social and commercial institutional logics was therefore solved by eliminating one of them (Oliver, 1991; Glynn, 2000).

According to our data, the vice president won the conflict for at least three reasons. First she was much more committed to the organization than the director (source fifth interview with vice-president. D.105); second, she could rely on a strong charismatic leadership, in particular with marginalized workers (source sixth interview with vice president. D.106); third middle management and marginalized workers suffered for the formal and hierarchical managerial approach imposed by the director (interview with external stakeholder #2. D.103).

Immediately after the director's resignation, the vice-president started managing BLACK prioritizing values and norms embedded in the social logic, almost irrespectively of the norms and values of the commercial one. As a consequence, BLACK have progressively given up previously achieved substantive organizational changes in terms of management control system, hierarchical control, organizational

restructuring and certificates of quality. For instance, regarding the real implementation of the management control system, during an interview the vice president admitted that:

At the moment we lack precision in certain things. For instance we don't have a monthly management control system, and activity based costing anymore. I am not able, nor the new president, We analyze our financial balance sheet every three months with our auditor (source fifth interview with vice-president. D.105)

Moreover, the commercial area manager pointed out that:

At an organizational level, in these years the structure has changed, which means that we have tried to formalize area managers, but it doesn't work so much, at the end everything is up to the vice president (interview with marketing area manager. D.100).

The case study under investigation points out that some of the reasons leading organizations to adopt certain practices merely symbolically (Deepphouse and Suchman 2008) also drive them to shift from substantive actions to decoupling. In particular BLACK decided to decouple certificate of quality from their real implementation considering them as too much expensive (first interview with vice president) (Meyer and Rowan, 1977), and it decoupled the organizational chart considering it as inconsistent with organizational goals and values (Weaver et al., 1999; Westphal and Shortell, 2010; Westphal and Zajac, 2001) embedded in the participative managerial approach of a social enterprise (interview with administrative area manager). Finally, in some circumstances decoupling was not a deliberate strategy adopted by the organization but an unintended effect of restored social identity. For instance, despite existing conflicts with former director, the vice president was aware of the importance of a management control system therefore when the director resigned, she immediately employed a new responsible. However she also wanted to avoid any risk to hybridize the organization with a too strong commercial logic (source sixth interview with vice-president. D.106). Accordingly, BLACK employed an employee coming from another social enterprise who had a strong social commitment but only little skills regarding financial and costs accounting (source sixth interview with vice president D.106). Accordingly, since 2007 anybody has no more been really able to deploy the management control system, which has been progressively compartmentalized (Source interview with psychologist D.108; and sixth interview with vice-president D.106) .

However, decoupling strategy adopted by BLACK caused the organization to lose its partially restructured legitimacy because they were clearly discovered by external commercial stakeholders for at least three reasons.

- Stakeholders providing BLACK with financial consultancy discovered that BLACK has partially dismissed its management control system:

Nowadays they have a cost analysis which is not so precise as the one they had until 2007 with the removed director, with break even analysis, market analysis and so on.. Moreover, now they lack a working budget (source interview with external stakeholder #1. D.1002)

- Former director, was used to precisely check the quality of sweeping services provided by marginalized workers. These controls guaranteed high quality, thus legitimizing BLACK with clients. However they were disliked by marginalized workers, thus they have been no more done when he resigned. This has undermined performances and quality of services, thus undermining BLACK legitimacy with clients (Asforth and gibbs, 1990).(source interview with psychologist D.108).
- BLACK found it difficult to respect rules and constrains of achieved certificates of quality, therefore in 2008 it definitively dismissed them, being forced to communicate it to commercial stakeholders (Source seventh interview with vice-president. D.107).

Table 28: Decoupling process in the period 2008-2010

	2008	2009	2010
Management control system	✓	✓	✓
Certificates of quality	✓ ¹¹		
Organizational restructuring	✓	✓	✓

Legitimacy challenges caused by decoupled strategies were perceived by the organization as pointed out in several board of directors discussions (Board of Directors: 16.6.2008; 22.1.2009; 29.10.2009). In particular in one of the board of Director the president pointed out that

Probably a greater effectiveness is needed. Public bodies, such as for profit organizations, are decreasing costs and probably they are not served as the cooperative should do, maybe controlling better

¹¹ In 2008 bLACK was forced to inform commercial stakeholders it dismesse its certificates of quality.

the quality of our services, without waiting for customers complaints and enabling them to feel our commitment.(Source Board of Director, 22.1.2009. D. 68)

This feeling has been pointed out also by some interview with internal stakeholders, in particular the vice-president had to admit that:

In 2007 the director moved away and we progressively dismissed the rigidity he introduced. This didn't undermine our efficiency, but our image. Perhaps some of our stakeholders noticed these organizational changes, disliking them (source second interview with vice president D.97).

As a consequence, BLACK started sending a series of symbols and with the aim to restore its legitimacy with commercial stakeholders. However being unable and unwilling to send symbols reinforcing the coherence of its substantive actions with myths and values embedded in the commercial logic it has started sent symbols reinforcing its commitment and coherence with the social one (Kraatz and Block, 2008),.

BLACK was unwilling to send symbols reinforcing its market oriented identity because as a reaction of the internal conflict, the vice-president was willing to underline firstly and foremost those socially oriented characters which she considers as central, distinctive and enduring for the organization (Albert and Whetten, 1985; Kraatz and Block, 200).

I dislike to be perceived just as a normal enterprise, with eventually a social mission. This is not enough, I don't like this "just", neither this "eventually". If i wanted to have a normal enterprises i didn't found a social enterprise (source, fifth interview with vice-president D.105)

Moreover having entered in decoupling process regarding those practices legitimating with commercial stakeholders, BLACK has been unable to use meta-symbols to highlight that declared commercial commitment was coupled with coherent substantive actions.

They can only leverage on their social impact, this is the only instrument they have that for profit firms does not. But at the moment, with this crisis, this is also very weak (interview with external stakeholder #2. D.103)

As a consequence, in order to restore its legitimacy BLACK has started sending symbols reinforcing its social dimension and achieved socially oriented outcomes. Accordingly, since 2007 BLACK has:

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- continued to strongly leverage on the vice president as the only front office figure, (source interview with psychologist D.108 and marketing area manager. D. 100).
- organized and taken part to many conferences and seminars at local level in order to explain and discuss its approach to work integration of drug addicted and former inmates (source third and sixth interview with vice-president D. 98 and D.106)
- acquired advertising on local newsstudys, to promote commercial skills of the organization but also highlighting its social mission (source second interview with vice-president D.97)
- acquired a new and bigger headquarter (in 2009). The headquarter has any real substantial usefulness for BLACK, but it is in the city centred (source sixth interview vice-president D.106) and:

Here you see our guys taking the bus, walking, their disabilities...now people know there is this socially oriented organization, while before we were hidden. My goal was to be in a place that everybody can see. I would have acquired a bigger and more central place if it was possible, but it wasn't. (second interview with vice-president D.97)

- used symbolically the “assembly area” to leverage the social value created by BLACK to strength its commercial relationships with public bodies,

BLACK uses the assembly area to strength the relationship with public bodies, to help them BLACK takes people with disabilities. To me this is the very reason. BLACK does them this favor, taking these people who would cost 100€ per day if they live in therapeutic communities. Instead BLACK employees them, giving public bodies a tangible advantage. On the other side Calimero asks job orders with them (source interview with external stakeholder #2. D.103)

Tabella 29: Symbolic actions in the period 2008-2010

	2008	2009	2010
Conferences	✓	✓	✓
Vice president as representative of front-woman	✓	✓	✓
Advertising	✓	✓	
New headquarter		✓	✓
Assembly area	✓	✓	✓

However these legitimizing strategies based on social value creation have been unsuccessful because they were perceived by commercial stakeholders as peripheral with respect to the reasons at the core of the legitimacy gap suffered by BLACK.

According to our data it seems that BLACK has been perceived as relying too much on its social identity to restore its legitimacy with commercial stakeholders, without having previously sent messages of coherence with dominant values and beliefs embedded in the commercial logic.

BLACK socially oriented approach does not allow the organization to be really entrepreneurial (Source interview with external stakeholder #1.D.102)

In particular BLACK has tried to restore its legitimacy symbolically portray itself as consistent with its socially oriented core values, thus trying to acquire legitimacy with commercial stakeholders by leveraging what Kraatz and Block (2008) call “second order evaluative criteria”¹². However according to our data these messages of consistency and coherence have not been enough to legitimate BLACK, since they have not been used to reinforce previously sent convincing isomorphic messages, but as the only legitimacy strategy.

Social impact could be a reinforcement, when you are contracting with public bodies maybe you can ask an extra price of 10 cents because you are also selling something else, so that these 10 cents are justified. However a successful social enterprise is that social enterprise which does not use its social commitment as the only driver but as a reinforcing driver....BLACK deficiency is that it uses this driver as the only one (Source, external stakeholder #2. D.103)

Table 30: Timetable of the Symbolic and decoupled strategies adopted between 2008 and 2010 by Black

	Decoupled actions	Symbols sent
2008	<ul style="list-style-type: none"> • Decoupled certificates of quality 	<ul style="list-style-type: none"> • Conferences • Assembly area • Advertising • Vice –president
2009	<ul style="list-style-type: none"> • Loosely coupled management control system • Loosely coupled organizational chart 	<ul style="list-style-type: none"> • Conferences • New headquarter • Assembly area • Advertising • Vice –president
2010	<ul style="list-style-type: none"> • Loosely coupled management control system • Decoupled organizational chart 	<ul style="list-style-type: none"> • New headquarter • Assembly area • Vice –president

¹² Following Frankfurt (1971) and Selznick, (1957), Kraatz and Block (2008) define first order evaluative criteria in assessing legitimacy those relying on the consistency of the legitimacy seeking organization with norms and values of legitimacy holders, while second order evaluative criteria those relying on the commitment, coherence and trustworthiness and non-arbitrariness with organizational **identity**.

8.4 Conclusions

To develop conclusions regarding BLACK case study we follow Eisenhardt's (1989) cross-cases strategy of analysis and we compare BLACK with Red since both the organizations suffered for legitimacy gaps with commercial stakeholders (Suchman, 1995, Oliver, 1991).

Confronting Red and BLACK case studies gives insights to better understand the role of symbolic and substantive actions in legitimizing organizations (Ashforth and Gibbs, 1990), the drivers leading the interplay between them (Berrone et al, 2010) and their role in allowing hybrid organization to manage their multiple identities (Battilana and Dorado, 2010; Block and Kratz, 2008).

To date, research on hybrid organizations has shown a series of strategies that organizations permanently embedded in different institutional logics could adopt to manage different pressures (Pache and Santos, 2010; Battilana and Dorado, 2010; Glynn, 2000; D'Aunno, Sutton and Price, 1991) but it has analysed the role of symbolic actions to acquire legitimacy and to manage institutional pluralism only partially (Glynn, 2000; Pache and Santos, 2010b). In this sense, comparing BLACK and Red symbolic strategies could give important insight to the research stream studying hybrid organizations (Pratt and Foreman, 2000; Glynn, 2000).

On the one side, Red has been able to reinforce its legitimacy with commercial stakeholders because it has been extremely able to firstly send messages of conformances with commercial stakeholders claims (DiMaggio, 1988; Oliver, 1995) and then – when a minimum level of legitimacy was acquired – to send messages of dissonance with their values, thus making commercial stakeholders aware of its hybrid identity (Battilana and Dorado, Pache and Santos, 2010). This strategy allowed Red to leverage a positive crowding-out effect.

In particular Red used symbols to make commercial stakeholders aware that it was not only able to achieve claims and needs presented by commercial stakeholders, but also to satisfy competing demands coming from social stakeholders, thus enabling external stakeholders to understand that Red was a “coalition of identities” (Block and Kratz, 2008).

On the other side BLACK has not been particularly skilful in managing the interplay between symbolic and substantive actions to convey its hybrid identity with

commercial stakeholders. Instead it has always used symbols to communicate its social identity rather than the commercial one, even when the new director substantially introduced a more market oriented approach into the organization, hybridizing it. Namely BLACK has always used symbols to convey a message of coherence first and foremost with beliefs embedded in the social institutional logic, thus trying to underline its consistency and commitment with those values which have historically been at the core of its identity. In this way BLACK has tried to restore legitimacy by virtue of second order evaluative criteria (Block and Kratz, 2008). However our findings suggest that symbolic messages leveraging second order evaluative criteria are ineffective in legitimizing BLACK as it has happened with Red. While Red used them to reinforce already restored legitimacy, BLACK has deployed symbols of coherence with its mission not as a reinforcing strategy, but as the only strategy. These findings are important for the literature on hybrid organizations (Glynn, 2000; Pache and Santos, 2010) because they point out that symbols leveraging second order evaluative criteria are effective in restoring legitimacy when they are used to reinforce symbols conveying a message of consistency with institutionalized values and belief, which impact on first order evaluative criteria.

Moreover comparing Red and BLACK cases, we give also suggestion to further develop institutional theory (Meyer and Rowan, 1977) and legitimacy theory (Suchman, 1995; Deephouse and Suchman, 2008) because it points out the importance of symbols and meta-symbols to reinforce the legitimizing role of substantial actions (Berrone et al, 2010) and to underline organizational changes (Block and Kratz, 2008).

With some important exceptions (Berrone et al., forthcoming; Fiss and Zajac, 2006; Zott and Huy, 2007), institutional theory has proposed symbolic and substantive actions as dichotomic and per se sufficient strategies to legitimate organizations (Ashforth and Gibbs, 1990; Stevens et al, 2005, Meyer and Rowan, 1977). Our findings challenge these assumptions, pointing out the accelerating role of meta-symbols in legitimating organizations and the importance of strategically managing the interplay between symbols and substantive actions. In the first phase of its legitimacy restoring process, BLACK main troubles were caused by its difficulties in deploying the right symbols to highlight the coherence of its organizational changes with commercial stakeholders expectations. Instead, in the first phase of its legitimacy restoring process

Red strategy has been successful because it has been able not only to use symbols and meta-symbols to underline its substantial coherence with commercial stakeholders expectations but also to use meta-symbols to highlight the coherence of its decoupled practices with commercial institutional logics (since decoupling has not been discovered by external stakeholders).

9 DISCUSSION: COMPARING THE FOUR ENTERPRISES

9.1 The legitimacy threats suffered by the WISEs

Previous literature has defined a legitimacy gap as the misalignment between an organizational self-concept and the categories to which others think it belongs (Davis and Thompson, 1994; Zuckerman, 1999). A legitimacy gap is generally caused by an unaccepted strategic shift (Ni Sullivan et al., 2007; Fiss and Zajac, 2006) or by the organizational incapacity to align its behaviours with the emerging values and cultural norms of an institutional environment (Glynn and Marquis, 2004).

As a consequence of the changed environmental conditions of early 2000s, the four social enterprises of this study experienced legitimacy gaps alternatively within the social and the commercial institutional environments. Namely, Alpi and BLACK were challenged by stakeholders belonging to the commercial institutional environment, while GREEN and WHITE suffered for legitimacy threats within the social institutional field.

Data gathered suggest that Alpi was challenged because it had been unable to align its practices, structures and image with the routines and beliefs of the new commercial logic (Davis, 1994; Zuckerman, 1999; Glynn and Marquis, 2004). This threat is vividly illustrated by the following quote from our informant of Alpi:

we looked like a very sheltering social workroom..... and at a certain point some of them [commercial stakeholders] found the courage to tell us we were too small and unorganised for their needs (Interview with the director of Alpi).

To the same token, Also BLACK was questioned by commercial partners because it was unable to meet their expectations (Ashforth and Gibbs, 1990), as the following statement points out:

during 1990s we were an old style social enterprise with a voluntary and idealistic approach. The commercialization of the sector of 2000s led us to enter in a reorganization process... we understood that our idea was not so consistent with what we were supposed to offer (interview with the vice president of BLACK).

In the mid of 2000s WHITE and GREEN also suffered from a legitimacy gap. However, they were questioned within the social institutional environment because the

strategy they adopted to address commercial pressures had caused them to enter into a dangerous mission drift. Namely, GREEN was challenged because of the hierarchical management style of the technical director, who “was the only owner and leader” (interview with the director of GREEN) of the organization, and for some unethical behaviours the director himself had adopted to gain better economic performances, which were perceived as a sign of “a profit-oriented approach, disregarding social value creation” (volunteer, general assembly of GREEN, 2006).

In the early 2000s, WHITE started increasing the standard for the employment of marginalized workers and firing them at the end of the three-year funding period as a strategy to address the financial constraints it was facing. This strategy exposed WHITE to a legitimacy gap with social stakeholders since they perceived the organization as relying on public grants not to sustain the social purpose of reintegrating marginalized workers, but vice versa.

they have this kind of behaviour so that they are used to say: “until we are financed by public grants we do our job, thereafter we no more do it”. I strongly disagree with this strategy, I don’t get it, this is opportunistic in nature (interview with an expert of the sector)

9.2 The reparation process

Prior research has suggested that organizations facing legitimacy threats should adopt alternatively special symbolic and substantive actions to “first address the immediate disruption” (Suchman, 1995: 597), and then conform with institutionalized practices (Ashforth and Gibbs, 1990; Suchman, 1995).

Yet, our data point out that the classical symbolic and substantive strategies are ineffective in repairing organizational legitimacy in environments characterized by institutional complexity, and a strategy based on two different, complementary and temporally related stages is presented. Namely, as soon as the four social enterprises recognized to be under legitimacy attack they tried to restore a minimum level of legitimacy by sending symbols of conformance with institutionalized values and beliefs (first stage); thereafter they tried to reinforce their legitimacy by exposing their capacity to satisfy a more complex set of values (second stage).

Table 31: legitimacy gaps faced by the four WISEs

Illustration of Triangulation of data for the identification of the legitimacy gap				
Org.	Gap	Internal Stakeholder	External Stakeholder	Archival Data
Alpi	Comm-Logic	<i>At that time we had to choose whether to die or to survive..presenting ourselves to the market as a reliable partner, able to offer good services in terms of product quality and price reduction,(interview with volunteer and Board member).</i>	<i>Alpi was strongly focused on its social purposes and it had to acquire a more entrepreneurial approach (expert of the sector)</i>	<i>our commitment is meaningful only if we are able to reproduce the those characteristics of competitiveness such as in for profit enterprise. (speech of the president during the General Assembly 2004)</i>
Calimero	Comm.Logic	<i>There are also some biases regarding the social enterprises movement..the lack of professional organizing (interview with vice president)</i>	<i>Their problems were caused by a lack of managerial control (...).this didn't allow them to enter in partnership with private clients and in new markets (expert of the sector)</i>	<i>For the survival of the organization it is extraordinary important increase our market performances (social report 2006)</i>
Gabbiano	Social Logic	<i>labor union claims are causing dangerous concerns with external stakeholders (interview with director)</i>	<i>If we want to criticize them, they are a little bit draconian in firing their marginalized employees immediately at the end of the financed project; I mean, they are quite persistent in this strategy...I don't get this (interview with social stakeholder).</i>	<i>During 2007 the social enterprise has been challenged by trade unions...and this has created several problems in the work integration process. One of the effect of this labour unions action has been a point of order to the local Council and some inspections by the Labour Agency. (social report, 2007)</i>
Ecosviluppo	Social Logic	<i>the problem of Ecosviluppo is that it was perceived as a too strongly market oriented organization, and it was criticized because it paid little attention to its social purposes ... (interview with director)</i>	<i>We know we are not all angels but at that time we risked to feel ashamed with Ecosviluppo, (interview with social stakeholder)</i>	<i>this situation is the result of a profit-oriented perspective, disregarding social value creation (Board meeting 2006. volunteer)</i>

9.2.1 *The first stage: conforming with institutionalized values and beliefs*

In the first stage of their reparation process, the two organizations that successfully defended their legitimacy – Alpi and GREEN – adopted symbolic actions decoupled from their implementations (Wesphal and Zajac, 1994) and gave a symbolic meaning to substantial organizational changes (Zott and Huy, 2007) with the aim to provide an immediate, highly visible answer to the legitimacy threats they faced. Afterwards, these organizations entered in a series of organizational and technological changes with the aim to tangibly improve their performances and effectively fulfil external expectations (Ashforth and Gibbs, 1990).

A good example is Alpi. As soon as Alpi realized that it was under a legitimacy challenge with commercial stakeholders, it carried out a number of symbolic actions with the aim of conveying an image of efficiency, effectiveness and professional organizing (Zott and Huy, 2007), because “when you say social enterprise you are already fighting with a bad perception” (interview with the director of Alpi). Accordingly, the first strategic action that Alpi adopted to restore its legitimacy was the acquisition of a larger headquarters. Alpi needed the new headquarter because “without wide spaces it is impossible to manage big job orders. It was an issue of effectiveness” (interview with board member and volunteer of Alpi). However along with the substantial value related to the opportunity to manage more and more complex job orders, the new headquarters had also a clear symbolic meaning since it was strategically deployed to symbolically convey an image of Alpi as a business-oriented organization to commercial stakeholders:

With this building we wanted to send a message to the “for-profit world”; I mean, we are here, we are able to do what you ask us. (Interview with volunteer and board member of Alpi).

Afterwards, Alpi tried to gain legitimacy with its commercial stakeholders by conveying an image of professional organizing (Zott and Huy, 2007): to this end, it formalized a new organizational chart, it introduced a management control system and it deceitful used its certificate of quality on the work integration process to appear organized also in regard to the production process. Initially, these practices had merely a symbolic value, since they were decoupled from substantive structures (Fiss and Zajac, 2006; McLean and Behnam, 2010):

We decided to certify our work integration process...we understood that having a certificate of quality was an important symbol that enterprises appreciated, thus we used it, we were used to say that we were certified but without clarify on what...we were used to say that we had an headquarters, a lot of skills, even a certify of quality...We knew we planted a flag. (Interview with the director of Alpi).

Yet, very early on, Alpi integrated the management control system and the certificate of quality in its daily activities and started restructuring the production area, with the aim of achieving greater efficiency and effectiveness as requested by the market:

The restructuring process—which is still in progress—started after the new building acquisition because we needed to be more efficient ... (Interview with the president of Alpi)

GREEN—the social enterprise that successfully solved a legitimacy threat within the social environment—addressed legitimacy challenges following a path similar to the one of Alpi. Namely, GREEN first organized conferences to symbolize its socially oriented purposes (Dowling and Pfeffer, 1975; Ashforth and Gibbs, 1990) and established a social commission to symbolically convey a message of professional structures (Zott and Huy, 2007; Meyer and Rowan, 1977). Afterwards, GREEN entered in a substantial organizational restructuring, thus coupling previously deployed symbols:

In the past we conveyed an outward image of socially oriented organization...nowadays a marginalized worker is well followed... we have entered into partnerships with public bodies, with the local penitentiary, with social workers...partnerships that didn't exist in the past. (Interview with a board member of GREEN)

Data suggest that both Alpi and GREEN always coupled symbolic actions with substantive ones and that they did not used symbols to abide only superficially by institutional pressures and conceal nonconformity with them as predicted by institutional theory (Weaver et al., 1999; Wesphal and Shortell, 2010; Macleand and Behnam, 2010). This happened because these two social enterprises believed that practices and changes requested by their constituents would have been useful to significantly improve organizational performances. This issue is vividly explained by the following statement:

Some years there was a director factotum who led the social enterprise, but we understood we need to clarify our roles and responsibilities in order to successfully and consistently address external demands (interview with member of the Board of directors of GREEN)

Accordingly, Alpi and GREEN adopted symbolic actions as a first step of a process aiming at substantially conforming with institutional pressures. Namely, these social enterprises strategically deployed symbolic actions to ignite external stakeholders' expectations and to artificially create pressure to boost those internal organizational changes that were needed to address the promises launched in regard to the symbolic actions. This statement clarifies this dynamic:

I would say we have sent messages as a stimulus to concretely adopt declared changes. We foresee that something could be useful, so we start adopting it but we don't wait until it is ready to send the message because we know it takes time, so we put ourselves in trouble to force ourselves to really change. (Interview with the director of Alpi)

The described path allowed both Alpi and GREEN to restore a minimum level of legitimacy: symbolic actions, which are by definition outward signs (Meyer and Rowan, 1977; Berrone et al., forthcoming), were used to convey a message of consistency with expected behaviours, while substantive actions—which require concrete changes in core practices—allowed Alpi and GREEN to be perceived by key stakeholders as self-consistent in the organizational stream of actions.

After the organizational restructuring they have become more socially oriented. In the past the social area was a subset of the commercial area.. then they organized some conference, they did some donations, at the beginning of their reorganizations process they used these things to become more conscious of their purposes, for sure, but, yes, I have always seen a coherence of these initiatives with their actions and strategies.. (expert of the sector, GREEN).

In contrast, BLACK and WHITE—the two organizations unable to successfully address the legitimacy challenges they suffered—used alternatively mainly substantial or symbolic actions to face legitimacy threats, and this undermined their reparation process. BLACK hired a new technical director who gave a more entrepreneurial structure to the WISE and adopted a number of substantial organizational changes that enabled BLACK to partially restore its legitimacy with commercial stakeholders because they recognized that “in a sense there was a fundamental reorganization process... that helped BLACK to deal with difficult years” (interview with an external stakeholder of BLACK). Yet, the legitimizing value of BLACK's actions was undermined by organizational difficulties in reinforcing them through the right symbols.

BLACK performed few symbolic actions and with poor skills in order to underline its increased effectiveness and efficiency:

We didn't convey our image (to commercial stakeholders) because we were unable to show our economic results, our numbers... our management control system was effective but we were not able to show it to public bodies because we didn't have the right instrument, I think. (Interview with the vice-president of BLACK)

Table 32: Symbolic and substantive actions adopted by WISEs in the first stage of their legitimizing process

Legitimizing Actions	Commercial logic		Social logic	
	Red	BLACK	GREEN	WHITE
Symbolic actions of conformance	<ul style="list-style-type: none"> • Advertising of the new headquarter • Management control system • Visits to the headquarters • Certificates of quality • Formal organizational restructuring 	<ul style="list-style-type: none"> • Certificates of quality • business oriented advertising 	<ul style="list-style-type: none"> • Social area decoupled from implementation • Social report • Socially oriented events • donations 	<ul style="list-style-type: none"> • Partnership with prominent social workers communicated to social stakeholders • Justification • Excuse • Apologies
Substantive actions of conformance	<ul style="list-style-type: none"> ✓ Greater product diversification ✓ Integration of the management control system ✓ Effective organizational restructuring 	<ul style="list-style-type: none"> ✓ Organizational restructuring ✓ Integration of the management control system ✓ Certificates of quality ✓ New director 	<ul style="list-style-type: none"> ✓ Effective Social area ✓ Effective social accounting system ✓ Participative management ✓ Partnerships with other nonprofit organizations 	<ul style="list-style-type: none"> ✓ Training Courses ✓ Quality certificate on social process

Given these difficulties of BLACK to communicate its restructuring process, the “perception from outside, no, it has not changed...the outward image of BLACK has never changed...I know they entered in a restructuring process just because I worked with them as a consultant” (expert of the sector, BLACK).

Conversely, WHITE addressed the legitimacy gap it suffered mainly through symbolic actions, because financial constrains and a lack of professional processes (Feldman and March, 1981) undermined its capacity to substantially change organizational practices in order to reintegrate marginalized workers. Accordingly, WHITE defended its legitimacy by deploying classical symbols of denials, excuses and

apologies (Ashforth and Gibbs, 1990; Lamin and Zaheer, 2012). The described strategy undermined WHITE's capacity to repair its legitimacy because the WISE was perceived by social stakeholders as unwilling to substantially address the threats it was facing:

What I get only partially is that historically they are inclined, I think, to stress their need to be financed by the local agency [to keep workers]... however if they are a work integration social enterprise, an enterprise which reintegrates marginalized workers, they should become autonomous from public funds (External stakeholder of WHITE)

9.2.2 *The second stage: satisfying a more complex constellation of values and beliefs.*

In the first stage of the reparation process all the social enterprises investigated tried to conform with institutionalized practices and beliefs of the institutional environment in which they suffered for a legitimacy gap. Conversely in the second stage of their reparation process, WISEs strategically deployed a new set of symbols with the aim to highlight organizational dissonance with the values and beliefs of the logic previously targeted. The aim of the social enterprises was to show their capacity to embody multiple values and successfully deal with conflicting institutional pressures (Kraatz and Block, 2008).

A good example is GREEN. While in the first stage of its legitimizing process, GREEN had strategically used symbolic and substantive actions to conform with values and routine embedded in the social logic, in the second stage it organized a convention for its anniversary with the aim of symbolizing its commercial dimension to social stakeholders.

The conference had such a clear function of transmitting an image of GREEN as a real enterprise because it is through our entrepreneurial dimension that we achieve our mission of work integration social enterprise, not vice versa (Interview with the director of GREEN).

In order to associate GREEN with an image of innovation, efficiency and effectiveness, the convention was organized in one of the most important technology centres in the North of Italy, and during the convention a new certificate of quality was presented.

In the public opinion that's an important location and by doing the convention over there they [GREEN] didn't position themselves in the social sector, but in the commercial one (Interview with social stakeholder of GREEN).

Similarly to GREEN, in the second stage of their repairing process, the other three WISEs of our sample also deployed symbolic actions of dissonance with cultural values of the targeted institutional environment. For instance, BLACK invited its commercial partners to the conferences and conventions it organized with the aim to present its social impact; WHITE used a business plan to show the entrepreneurial approach of its organization to social stakeholders, and Alpi presented the social report it published also to its commercial stakeholders.

Yet, Alpi and GREEN—that is, those WISEs that successfully defended their legitimacy—followed a different temporal and strategic path compared to the one followed by BLACK and WHITE, which have not repaired the legitimacy gap.

First, Alpi and GREEN deployed symbols of dissonance only when a minimum level of legitimacy had been already restored by virtue of substantial and symbolic actions used in the first stage of the repairing process. For instance, “Alpi tries always to manage the social and the commercial dimensions together...however the characteristics of our business model are communicated only after having provided perfect services...conveying our social purposes ex ante could even be counterproductive.” (interview with the director of Alpi) because commercial partners “may also be interested in the social mission, but at the end they ask for efficiency, effectiveness, price and quality of services” (interview with the production manager of Alpi).

Second, while sending symbols of dissonance, both Alpi and GREEN continued to deploy normal symbols of consistency with shared norms and beliefs of the institutional environment targeted, in order to highlight their consistency with values and beliefs of both the institutional logics they were embedded in.

Third, both Alpi and GREEN deployed a series of symbols with the aim of sending a message of trustworthiness, and non-arbitrariness in the stream of decisions taken over time (Kraatz and Block, 2008). We define these special symbols as *self-consistency symbols* because they aim to highlight that previously sent symbols have always been coupled with relevant substantive actions. For instance, when GREEN completed its organizational restructuring process, it published a social report projected and written together with other two social enterprises and a not-for-profit organization.

The purpose of this social report was to symbolise that GREEN had substantially adopted a socially oriented mission:

This isn't a social report as usual, rather it tries to be a symbolic instrument to convey our commitment to the local community the social report written in this way has been a powerful instrument to communicate that we really walk the talk. (Interview with the director of GREEN)

By the same token, Alpi also adopted a series of self-consistency symbols over time: for instance, in the second stage of its legitimizing process Alpi continued inviting commercial partners to the headquarters. While in the first stage these visits were aimed at conveying a message of a professional structure, in the second phase these visits were useful to impress commercial partners by showing them that Alpi “has really become more like a small enterprise rather than a not-for-profit organization” (interview with production manager of Alpi). This strategy impressed commercial stakeholders, as the following statement clarifies:

They asked me to go to visit the headquarter several times...I think they were pleased to show me how they were structured and organised. It was a fairly informal tour...and I positively discovered an effective organization. I didn't see a workroom with four tables. This definitely impressed me because in my mind a social enterprise is a lab with four chairs and a table. There was a positive crowding-out effect, discussing with the production manager and seeing the structure I had the idea to be in a competitive manufactory firm (interview with commercial stakeholder of Alpi).

Fourth, Alpi and GREEN were extremely skilful in framing symbols of dissonance in order to make them consistent with targeted stakeholders' cognitive patterns. Accordingly, Alpi has always communicated to its commercial partners its social purpose and the typology of workers it employed, explaining that “job orders are managed in a precise and perfect way because there is a team of social workers and employees that supports marginalized employees” (interview with the production manager of Alpi). Along the same lines, when GREEN presented its commercial dimension to its social stakeholders, it always stressed that it was a means towards the goal of achieving a socially oriented mission, because “in order to be an actor of social change it is necessary to be a real enterprise” (interview with the president of GREEN for a local newsstudy).

Our data suggest that the legitimizing strategy adopted by Alpi and GREEN allowed them to repair their legitimacy, because key stakeholders perceived these two organizations as able to embody multiple values and to successfully deal with apparently conflicting demands and expectations, thus building a bridge between

apparently conflicting institutional logics (Suddaby and Greenwood, 2005). For instance, at the end of its reparation process, Alpi was especially endorsed because it had ‘all the characteristics of a real manufacturing firm’ (commercial stakeholder of Alpi), and it is able to ‘successfully manage job orders and at the same time to integrate marginalized people’ (product manager of Alpi). To the same token, GREEN was endorsed by its social stakeholders not only by virtue of its restored consistency with their cognitive patterns, but also for its capacity to address demands and expectations of organizational commercial stakeholders as the following statement vividly explains:

Strategic choices and ongoing investments in new machineries and training confirm that GREEN is a social enterprise that has always pursued the entrepreneurial growth as a means to create new working opportunities for marginalized people. A mix of solidarity and entrepreneurship which enable to create social and economic value added (source federcooperative.it: GREEN, the social enterprise of the month, November, 2010)

On the contrary WHITE and BLACK—that is, the two WISEs unable to address external threats—were not able to strategically combine symbols of dissonance with symbols of consistency. For instance, WHITE tried to repair its legitimacy with social stakeholders by symbolizing its entrepreneurial approach since it was unable to meet their socially oriented expectations:

To highlight our greater professionalization we show our certificate and the courses our employees have done ... those things are useful to demonstrate that the enterprise works well and it has certain requirements which are touchable, tangible and demonstrable. (Interview with president of WHITE)

BLACK, on the other hand, relied mainly on symbols of dissonance, because in the first stage of the legitimacy repairing process it was unable to convey a message of consistency with the institutionalized cultural norms of the commercial environment. Moreover, despite external pressures, BLACK’s internal key stakeholders were still strongly tied to the incumbent social institutional logic and were unwilling to convey an image of market-oriented organization, because they “dislike to be perceived as a normal enterprise with—eventually—a social mission. This is not enough” (interview with the vice-president of BLACK).

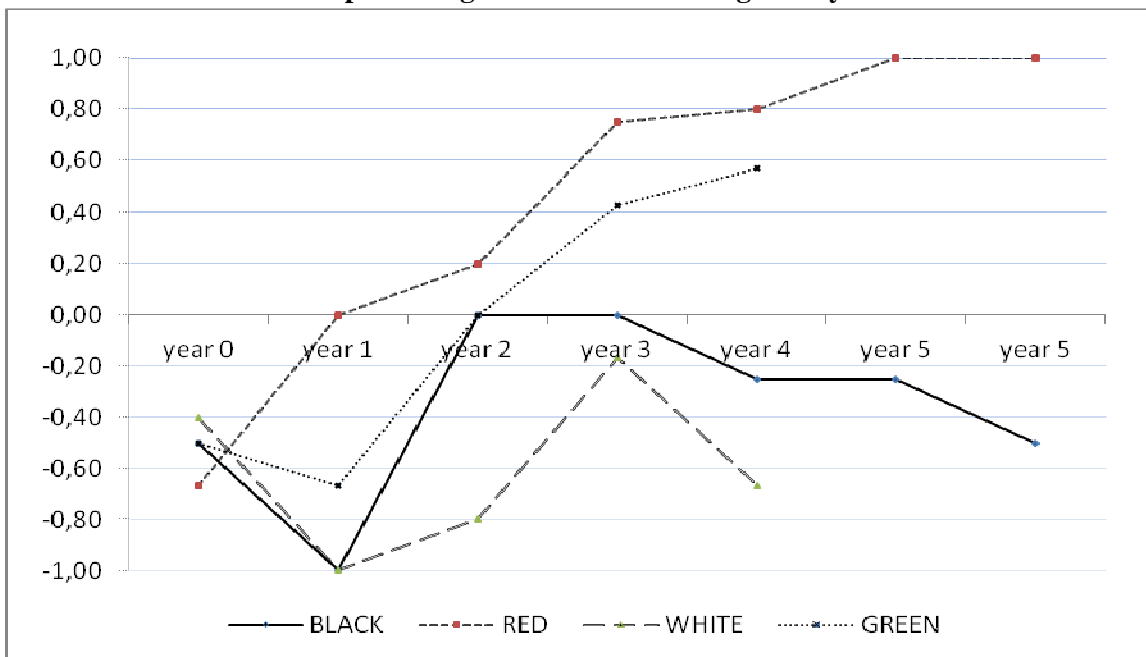
Table 33: Symbolic and substantive actions adopted by WISEs in the second stage of their legitimizing process

Legitimizing Actions	Commercial logic		Social logic	
	Alpi	Calimer	Ecosvilu	Gabbia
		o	ppo	no
Self-consistency symbols	<ul style="list-style-type: none"> ➤ Visits ➤ Convention presenting Alpi results ➤ New president employee 	None	<ul style="list-style-type: none"> ➤ Social report ➤ Convention for the anniversary of the organization ➤ Newsletter presenting the social impact of the social enterprise 	None
Symbolic actions of conformance	<ul style="list-style-type: none"> • Management control system • Certificate of quality • Production area manager 	None	<ul style="list-style-type: none"> • Donations • New president volunteer • Certificate of quality 	None
Symbolic actions of dissonance	<ul style="list-style-type: none"> * Advertising social mission * Presenting the social purpose of the organization to commercial stakeholders * Social report * Convention presenting the mission of Alpi 	<ul style="list-style-type: none"> * New headquarter in the city centre to show marginalized people to commercial partners * Vice president conveying a socially oriented image * Conferences presenting social purposes of Calimero 	<ul style="list-style-type: none"> * Location of the conference * Certificates of quality on production process presented to social stakeholders * Booklet of the conference stressing the entrepreneurial dimension of Ecosviluppo 	<ul style="list-style-type: none"> * Certificate of quality on production process * Business plan * Justification firing strategy with commercial needs

Summarizing, as well as GREEN and Alpi, also BLACK and WHITE deployed symbols of dissonance to introduce a new logic into the targeted institutional field. However, these organizations conveyed a message of dissonance from values and routines of the institutional logic targeted before having acquired a minimum level of legitimacy within it and they were not able to strategically couple symbols of dissonance with symbols of consistency. Thus, symbols of dissonance deployed by BLACK and WHITE widened the gap between conflicting institutional logics rather than filling it. For instance, WHITE sent symbols aimed at conveying its entrepreneurial approach that “have been perceived as inconsistent with the environment and

stakeholders' demands, and they have reinforced the inconsistency of organizational behaviours with social stakeholders expectations" (external stakeholder of WHITE). Moreover, messages symbolizing the social commitment of BLACK were perceived by key commercial stakeholders as "the only instrument it has that a for-profit firms doesn't, but it doesn't suffice" (interview with an external stakeholder of BLACK), since "working with marginalized people it's no more enough to acquire job orders, we should be really competitive on the free market" (Interview with vice-president of BLACK).

Table 34: Evidence pertaining to evolution of the legitimacy of the WISEs.



10 CONTRIBUTIONS TO THE LITERATURE

This study provides at least five contributions to the literature.

First, this study extends current understanding of organizational legitimacy dynamics in environments characterized by institutional pluralism (Pache and Santos, 2010; Greenwood et al, 2011, Kraatz and Block, 2008). In particular, this study shows an unknown temporal dynamic adopted by organizations to overcome the problems associated with dual conflicting logics (Greenwood et al., 2011; Binder, 2007) that emerge and affect legitimacy repairing processes (Suchman, 1995; Ashforth and Gibbs, 1990; Glynn and Marquis, 2004).

Previous studies have showed that managing legitimacy in environments characterized by conflicting logics can be a demanding and very difficult activity since organizations are requested to align to heterogeneous, sometimes contradictory, demands and expectations (Pfeffer and Salancick, 1978; Scott, 2001). In this context the literature has theorized the need to adopt special strategies such as accounts and apologies whenever the organization fails to address the expectations of some critical stakeholders (Ashforth and Gibbs, 1990; Suchman, 1995). Recent studies show that many symbolic strategies adopted by firms to recover legitimacy - e.g. denial, defiance, silence and accommodation - result ineffective (Lamin and Zaheer, 2012).

Our study instead presents a novel, two step, temporarily distributed strategy to successfully repair legitimacy in dual institutional logics. During the first phase, an organization develops new substantive and symbolic actions aimed at reaching consonance with the institutional logic that caused the original legitimacy failure. The completion of the first phase is reached whenever the organization perceives to have achieved an expected minimum level of endorsement. During the second phase, organizations reinforce and improve their legitimacy status by showing their concern in addressing a much more complex constellation of values and beliefs which can be partially dissonant with the institutional logic previously targeted but that include the second one. In this context, organizations strategically reframe symbolic and substantive

actions previously adopted to deal with one specific logic to create a new overarching institutional logic that combines the two.

Our result confirm and extends recent studies which proved that the higher the level of an organization's legitimacy capital the higher its capability to deviate from taken for granted beliefs and values (Kostova and Zaheer, 1999). Moreover, our contribution clarifies that symbolic and substantive actions, which can be considered deviant from an institutional logic, can be strategically leveraged whenever there is a minimum legitimacy capital, to introduce a new institutional logic into the field and further increase the legitimacy of the organization.

This empirical contribution confirms Kraatz and Block's (2008) theoretical claim asserting that “organizational legitimacy can be additive or even multiplicative rather than zero-sum” (2008, p. 261). In other words, our results contradict early formulations of institutional theory (Zucker, 1987; Meyer and Scott, 1983, Oliver, 1991) which framed organizational legitimacy as a zero-sum game. Organizations confronting, apparently incompatible institutional logics can strategically reframe them to reinforce their legitimacy status and introduce a more complex institutional logic and boost divergent change.

The second insight of this study extends the literature on decoupling (Meyer and Rowan, 1977; Wessphal and Zajac, 1994) and symbolic management (Zott and Huy, 2007; Berrone et al, 2010) since it is associated with the identification of a new predictor of decoupling (Boxenbaum and Johnson, 2008).

Previous studies have identified in decoupling a legitimizing strategy that allows an organization to convey an image of conformity with socially accepted norms in order to reduce social pressure associated with the request of significant change in organizational structure and practice (Meyer and Oliver, 1991; Edelman, 1990; Fiss and Zajac, 2006). In this sense, the literature has identified two critical decoupling predictors, i.e. the practices demanded by institutional referents are deemed ineffective (Meyer and Rowan, 1977) and social expectations are incoherent with organizational identity (Kellogg 2009; Rao, Monin, and Durand, 2003) or with organizational leaders' goals and values (Wessphal and Zajac, 1998, 2001, 2004; Kellogg, 2009; Rao, Monin and Durand, 2003). In these cases, substantive actions that eventually follows the symbolic

ones are considered unexpected results driven either by internal or external causes (Edelman, 1990; Jovanovic and Wood, 2007; Fiss and Zajac, 2006; Scott, 2001).

This study shows instead that organizations can strategically use symbolic actions decoupled from their real implementation in order to ignite, paradoxically, external social pressure that in turn boosts internal organizational change. In other terms, organizations use a symbolic action to capture social attention and artificially pressure its workforce to implement the necessary substantive actions, which in turns is a strategic objective and not an unintended effect of decoupling.

Third, this study introduces a temporal perspective on the dynamic between symbolic and substantive actions (Berrone et al., 2010). To date, the symbolic management and decoupling literatures have presented symbolic and substantive efforts largely as dichotomous strategies (Stevens et al, 2005; Boxenbaum and Johnson, 2008). However some recent researches suggest that “decoupling is not simply a binary choice (i.e., say, vs. do) but can be more nuanced” (Fiss and Zajac, 2006, p. 1187), and that “symbolic and substantive actions are actually complementary instead of alternative” (Berrone et al., 2010).

This study shows that the distinction between coupled and decoupled initiatives should not be constrained to a specific point in the time, but it should instead take into consideration the interaction between symbolic and substantive actions along the time. In this sense this research identifies four possible scenarios, i.e. when the symbolic action is intended to be followed by a substantive action, when the symbolic action is part of a traditional decoupling strategy over time, when the organization plans to launch the substantive action first and lately follow with a related symbolic effort, and finally, when the organization enacts substantive actions without planning any related symbolic activity over time.

The empirical evidence shows that the most successful temporal strategies are those which cyclically alternate symbolic and substantive actions over time in order to reinforce the effects associated with each action. This result confirms recent studies (Berrone et al., 2010), which predicted the legitimizing and reinforcing effects of the interaction between symbolic and substantive actions, and shows that repetitive interactions over time support consistent increases in organizational legitimacy. This confirms and extends recent studies (e.g. Berrone et al., 2010) which show that the

combination of symbolic and substantive actions support legitimacy improvements, but that have failed to provide a longitudinal perspective of these interactions.

The temporal analysis of symbolic and substantive interactions has also allowed the identification of a new construct, ie. self-consistency actions, which represents the forth contribution of this study. As already discussed above, prior research suggests that organizations use symbolic actions in order to convey an image of coherence with social norms and expectations without necessarily conforming with them (Ashforth and Gibbs, 1990;Wesphal and Zajac, 2001). However, strict consistency between symbolic and substantive actions can be considered, both internally and externally, as an important legitimating factor associated with organizational coherence and accountability. In this context, self-consistency symbols are meant to show that an organization has adopted only strictly coupled symbolic actions. In other words, the role of self-consistency symbols is to show that previously sent symbols were adopted by the organization to highlight real and tangible substantive actions. In this way, self-consistency symbols reinforce and improve organizational legitimacy conveying a message of trustworthiness, and non-arbitrariness, in the stream of decisions taken by the organization over time (Kraatz and Block, 2008).

Finally, in investigating the legitimizing strategies adopted by four Italian social enterprises this study addresses the call for studies adopting an institutional theory approach in contexts other than North America (Scott, 2005; Greenwood, 2010) and it contributes to a better understanding of the emergent phenomena of social enterprises and social entrepreneurial initiatives (Borzaga and Defourny, 2001; Mair and Marti, 2006), whose importance is rapidly spreading across the world (Terjesen et al., 2010; EU, 2011; Kerlin, 2009). In particular, this study suggests that social enterprises which are able to strategically frame symbolic and substantive actions can leverage their double social and commercial purpose in order to gain a surplus of legitimacy which may, in turn, allow them to boost their impact on society.

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12 APPENDIX 1: LEGITIMACY MEASURES

RED							
Nun	Item	2006	2007	2008	2009	2010	2011
1	public bodies	-1	0	1	1	1	1
2	Exp. sector	-1	1	1	1	1	1
3	key stakehold	-1	-1	0	1	1	1
4	printed medi	0	0	1	n.d	1	1
5	resources	-1	1	-1	0	0	1
6	internal conf	0	-1	-1	n.d	n.d	1
Total		-4	0	1	3	4	6
Index		-0,6	0,0	0,2	0,7	0,8	1,0

Black							
Nun	Item	2006	2007	2008	2009	2010	2011
1	public bodi	-1	-1	-1	1	-1	0
2	Exp. sector	-1	-1	1	-1	-1	-1
3	key stake	n.d	n.d	n.d	n.d	n.d	n.d
4	printed me	n.d	n.d	n.d	n.d	n.d	n.d
5	resources	-1	-1	1	1	0	-1
7	conflict	1	-1	-1	-1	1	1
totale		-2	-4	0	0	-1	-1
indice		-0,5	-1,0	0,0	0,0	-0,2	-0,2

WHITE						
Nun	Item	2006	2007	2008	2009	2010
1	public bodies	0	-1	0	-1	-1
2	expert of the sec	-1	-1	-1	-1	-1
3	key stakeholder	0	-1	-1	-1	-1
4	printed media	n.d	n.d	n.d	1	1
5	resources	-1	-1	-1	0	-1
6	internal conflict	0	-1	-1	1	-1
Total		-2	-5	-4	-1	-4
Index		-0,4	-1,0	-0,8	-0,1	-0,6

GREEN						
Nun	Item	2006	2007	2008	2009	2010
1	public bodies	0	0	-1	1	1
2	expert of the sec	-1	-1	-1	1	1
3	key stakeholder	-1	-1	1	1	1
4	printed media	n.d	n.d	1	0	1
5	resources	0	-1	1	1	-1
6	internal conflict	-1	-1	-1	-1	1
Total		-3	-4	0	3	4
Index		-0,5	-0,6	0,0	0,43	0,57

13 APPENDIX 2: DATA GATHERED

Title	S.E.	Source	Type of source
interview 1	Red	Interview	internal stakeholder
interview 2	Red	Interview	internal stakeholder
interview 3	Red	Interview	internal stakeholder
interview 4	Red	Interview	internal stakeholder
interview 5	Red	Interview	internal stakeholder
interview 6	Red	Interview	internal stakeholder
interview 7	Red	Interview	internal stakeholder
interview 8	Red	Interview	internal stakeholder
interview 9	Red	Interview	internal stakeholder
interview 10	Red	Interview	internal stakeholder
interview 11	Red	Interview	internal stakeholder
interview 12	Red	Interview	internal stakeholder
interview	Red	Interview	external stakeholder
interview 13	Red	Interview	external stakeholder
Director speech during public conference	Red	public speech	internal stakeholder
Storia di Sara: il lavoro come strumento di integrazione	Red	Journal: Cooperazione sociale	public available data
la coop sociale che batte la cina	Red	L'adige, newsstudy	public available data
il lavoro diventa capolavoro	Red	Cooperazione trentina	public available data
prende forma l'impresa di comunità	Red	Cooperazione trentina	public available data
Dire, fare sognare	Red	Cooperazione trentina	public available data
Nuova sede, nuova sfida	Red	Cooperazione trentina	public available data
Ragazzi che impresa	Red	Vita Trentina	public available data
Sacchetti Solidali	Red	Vita Trentina	public available data
Una città pulita, una città solidale	Red	Avvenire	public available data
brochure advertising new building	Red	Archival data	public available data
invitation to visit the new building	Red	Archival data	internal archival data
letter to stakeholders for funding the new building	Red	Archival data	public available data
internal business plan 2007	Red	Archival data	internal archival data
internal business plan 2008	Red	Archival data	internal archival data

internal business plan 2009	Red	Archival data	internal archival data
intrenal business plan 2010	Red	Archival data	internal archival data
internal business plan 2011	Red	Archival data	internal archival data
official presentation for the annual member's assembly 2005	Red	official document	internal archival data
official presentation for the annual member's assembly 2006	Red	official document	internal archival data
official presentation for the annual member's assembly 2007	Red	official document	internal archival data
official presentation for the annual member's assembly 2008	Red	official document	internal archival data
official presentation for the annual member's assembly 2008	Red	official document	internal archival data
Social Report 2004	Red	official document	internal archival data
Social Report 2005	Red	official document	internal archival data
Social Report 2006	Red	official document	internal archival data
Social Report 2007	Red	official document	internal archival data
Social Report 2008	Red	official document	internal archival data
Social Report 2010	Red	official document	internal archival data
official website	Red	official website	internal archival data
Internal financial report 2008	Red	archival document	internal archival data
Internal financial report 2009	Red	archival document	internal archival data
Internal financial report 2010	Red	archival document	internal archival data
interview 14	Red	Interview	internal stakeholder
interview15	Red	Interview	internal stakeholder
interview 16	Red	Interview	external stakeholder
report of the board of director	Red	Archival data	internal archival data
report of the board of director	Red	Archival data	internal archival data
report of the board of director	Red	Archival data	internal archival data
report of the board of director	Red	Archival data	internal archival data
report of the board of director	Red	Archival data	internal archival data
report of the board of director	Red	Archival data	internal archival data

report of the board of director	Red	Archival data	internal archival data
report of the board of director	Red	Archival data	internal archival data
report of the board of director	Red	Archival data	internal archival data
report of the board of director	Red	Archival data	internal archival data
interview 17	Red	Interview	external stakeholder
Interview 18	Red	Interview	external stakeholder
interview 19	Red	Interview	external stakeholder
interview with volunteer	Red	Interview	internal stakeholder
interview 20	Red	Interview	external stakeholder
interview 21	Red	Interview	external stakeholder
official brochure Euricse course	Red	archival data	public available data
financial report 2003	Red	Archival data	internal archival data
official presentation for the annual member's assembly 2004	Red	official document	internal archival data
advertising Alpi	Red	Archival data	public available data
advertising Alpi	Red	Archival data	public available data
advertising Alpi	Red	Archival data	public available data
advertising Alpi	Red	Archival data	public available data
interview22	Red	Interview	external stakeholder
Interview 23	Red	Interview	external stakeholder
interview 24	Red	Interview	external stakeholder

report of the board of director	BLACK	Archival data	internal archival
report of the board of director	BLACK	Archival data	internal archival
financial report 2004	BLACK	Archival data	internal archival
financial report 2005	BLACK	Archival data	internal archival
financial report 2006	BLACK	Archival data	internal archival
financial report 2007	BLACK	Archival data	internal archival
financial report 2008	BLACK	Archival data	internal archival
financial report 2009	BLACK	Archival data	internal archival
financial report 2010	BLACK	Archival data	internal archival
social report 2004	BLACK	Archival data	public available
social report 2005	BLACK	Archival data	public available
social report 2006	BLACK	Archival data	public available
social report 2007	BLACK	Archival data	public available
social report 2008	BLACK	Archival data	public available
social report 2009	BLACK	Archival data	public available
social report 2010	BLACK	Archival data	public available
first interview director	BLACK	interview	internal stakeholder
second interview director	BLACK	interview	internal stakeholder
third interview director	BLACK	interview	internal stakeholder
fourth interview director	BLACK	interview	internal stakeholder
interview area manager	BLACK	interview	internal stakeholder
interview accouter	BLACK	interview	internal stakeholder
interview expert 1	BLACK	interview	external stakeholder
interview expert 2	BLACK	interview	external stakeholder
due parole con marco caselli	BLACK	Archival data	public available
sixth interview with director	BLACK	interview	internal stakeholder
seventh interview with directot	BLACK	interview	internal stakeholder
interview with social assistant	BLACK	interview	internal stakeholder
second expert	BLACK	interview	external stakeholder
third expert	BLACK	interview	external stakeholder
Website	BLACK	Archival data	public available

Title	S.E.	Source	Type of source
Internal report "commissione sociale"	GREEN	Archival data	internal archival data
report "commissione sociale" october 2010	GREEN	Archival data	internal archival data
report "commissione sociale" November 2010	GREEN	Archival data	internal archival data
report "commissione sociale" December 2010	GREEN	Archival data	internal archival data
report "commissione sociale" January 2011	GREEN	Archival data	internal archival data
report to the board of directors Financial results 2007	GREEN	Archival data	internal archival data
report to the board of directors Financial results 2008	GREEN	Archival data	internal archival data
report to the board of directors Financial results 2010	GREEN	Archival data	internal archival data
first Interview with Fausto Gritti, director of Ecosviluppo	GREEN	interview	internal stakeholder
Second Interview with Fausto Gritti, director of Ecosviluppo	GREEN	interview	internal stakeholder
Interview with Social integration manager	GREEN	interview	internal stakeholder
Interview with volunteer n.1	GREEN	interview	internal stakeholder
Interview with volunteer n.2	GREEN	interview	internal stakeholder
Interview with quality manager	GREEN	interview	internal stakeholder
Interview with the president of Consorzio Il Solco	GREEN	interview	external stakeholder
A Bergamo l'igiene ambientale si fa sociale	GREEN	Magazine, Vita	archival public av. Data
la solidarietà è anche impresa	GREEN	Newsstudy: Eco di Bergamo	archival public av. Data
Social Report 2008	GREEN	official document	archival public av. Data
Social Report 2009	GREEN	official document	archival public av. Data
Social Report 2007	GREEN	official document	archival public av. Data
Financial statement 2010	GREEN	official document	archival public av. Data
Financial statement 2009	GREEN	official document	archival public av. Data
Financial statement 2008	GREEN	official document	archival public av. Data
Financial statement 2007	GREEN	official document	archival public av. Data
Report "commissione sociale" Ovctober 2010	GREEN	official document	internal archival data
Report "commissione sociale" November 2010	GREEN	official document	internal archival data
Report "commissione sociale" january 2011	GREEN	official document	internal archival data
Newsletter Ecosviluppo February 2011	GREEN	official document	archival public av. Data
Newsletter Ecosviluppo May 2011	GREEN	official document	archival public av. Data
Book presented for the conference	GREEN	www.ecosviluppo.it	archival public av. Data
advertising of the conference	GREEN	www.ecosviluppo.it	archival public av. Data
newsletter ecosviluppo	GREEN	www.ecosviluppo.it	archival public av. Data

report of the board of director	GREEN	Archival data	internal archival data
report of the board of director	GREEN	Archival data	internal archival data
report of the board of director	GREEN	Archival data	internal archival data
report of the board of director	GREEN	Archival data	internal archival data
report of the board of director	GREEN	Archival data	internal archival data
report of the board of director	GREEN	Archival data	internal archival data
General assembly	GREEN	Archival data	internal archival data
General assembly	GREEN	Archival data	internal archival data
General assembly	GREEN	Archival data	internal archival data
General assembly	GREEN	Archival data	internal archival data
General assembly	GREEN	Archival data	internal archival data
General assembly	GREEN	Archival data	internal archival data
General assembly	GREEN	Archival data	internal archival data
General assembly	GREEN	Archival data	internal archival data
Social report 2010	GREEN	official document	internal archival data
Interview with the production manager of APRICA	GREEN	interview	external stakeholder
fourth interview director	GREEN	interview	internal stakeholder
interview with salvetti comm part	GREEN	interview	external stakeholder
interview with social partner	GREEN	interview	external stakeholder
interview with baluda	GREEN	interview	external stakeholder
interview with colombo	GREEN	interview	external stakeholder
speech volunteer EURICSE	GREEN	interview	external stakeholder
speech social partner EURICSE	GREEN	interview	internal stakeholder

Title	S.E:	Source	Type of source
interview president	White	interview	internal stakeholder
interview director	White	interview	internal stakeholder
secondo interview president	White	interview	internal stakeholder
interview director	White	interview	internal stakeholder
interview director	White	interview	internal stakeholder
interview with employee 2	White	interview	internal stakeholder
interview with employee 1	White	interview	internal stakeholder
First interview with area manager	White	interview	internal stakeholder
Social Report 2007	White	official document	public av data
Social Report 2008	White	official document	public av data
Social Report 2009	White	official document	public av data
Official business plan 2010	White	official document	archival int data
official presentation for the annual member's assembly	White	official document	archival int data
advertising	White	official document	public av data
videoconference	White	official website	public av data
official website	White	ufficio stampa federazione trentina	public av data
Aggiungi un posto a tavola	White	Vita Trentina	public av data
vola alto	White	www.slaicobastrentino.wordpress.com	public av data
prosegue la causa di lavoro contro la vergogna del salario ridotto per il lavoratori svantaggiati	White	www.slaicobastrentino.wordpress.com	public av data
contributi intascati, qualcuno indagheri !!!	White	www.slaicobastrentino.wordpress.com	public av data
prosegue la causa di lavoro contro la vergogna del salario ridotto per il lavoratori svantaggiati	White	www.slaicobastrentino.	public av data
VENERDI' 16/10 h 20,30 SOLIDARIETA' CON I LAVORATORI DELLA COOPERATIVA	White	www.slaicobastrentino.	public av data

E' NECESSARIO UN COMITATO DI SOLIDARIETA' CON I LAVORATORI	White	www.slaicobastrentino	public av data
DEVE RITIRARE IL LICENZIAMENTO	White	www.slaicobastrentino	public av data
La protesta davanti alla Coop. il	White	www.slaicobastrentino	public av data
SOLIDARIETA' AL LAVORATORE LICENZIATO DALLA COOPERATIVA SOCIALE	White	www.slaicobastrentino	public av data
BASTA SOLDI PUBBLICI ALLE COOPERATIVE SOCIALI CHE SFRUTTANO I LAVORATORI	White	www.slaicobastrentino	public av data
LO SFRUTTAMENTO NELLA COOPERATIVA	White	Archival data	public av data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
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report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data

report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	Archival data	archival int data
report of the board of directors	White	official document	archival int data
interview with Social stake 1	White	interview	external stakeholder
interview with Social stake 2	White	interview	external stakeholder
interview with social stakeholder 3	White	interview	external stakeholder
financial report 2006	White	official document	archival int data
financial report 2007	White	official document	archival int data
financial report 2008	White	official document	archival int data
financial report 2009	White	official document	archival int data
financial report 2010	White	official document	archival int data
social report 2010	White	official document	public av data
Official business plan 2006	White	official document	archival int data
Official business plan 2007	White	official document	archival int data
Official business plan 2008	White	official document	archival int data
Official business plan 2009	White	official document	archival int data
internal business plan 2010	White	internal document	archival int data
internal business plan 2009	White	internal document	archival int data
internal business plan 2008	White	internal document	archival int data
internal business plan 2007	White	internal document	archival int data
interview with commercial stake	White	interview	external stakeholder
fourth interview with director	White	interview	internal stakeholder
interview with Borzaga	White	interview	external stakeholder

second interview with area manager	White	interview	internal stakeholder
fifth interview with the director	White	interview	internal stakeholder
interview with libardi	White	interview	external stakeholder
interview with zandonai	White	interview	external stakeholder
interview with fontana	White	interview	external stakeholder

